



# ANNUAL REPORT 2022





# Corporate Directory

**Directors**

Reg Weine (Non-executive Chairman)  
Chantale Millard (Chief Executive Officer/Executive Director)  
Maggie Beer AO (Non-executive Director)  
Tom Kiing (Non-executive Director)  
Hugh Robertson (Non-executive Director)  
Susan Thomas (Non-executive Director)  
(Appointed 1 July 2022)

**Company Secretary**

Sophie Karzis

**Registered office**

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

**Principal place of business**

2 Keith Street,  
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](http://www.maggiebeerholdings.com.au)

**Corporate Governance**

The company's Corporate Governance charters are  
located on the company's website at the following link:  
[www.maggiebeerholdings.com.au/investors/corporate-governance/](http://www.maggiebeerholdings.com.au/investors/corporate-governance/)



# Our Brands

OUR PASSION IS MAKING AND CURATING QUALITY, PREMIUM AUSTRALIAN FOOD, BEVERAGE AND GIFTING PRODUCTS, WITH THE FINEST INGREDIENTS.

Maggie Beer Holdings proudly represents four premium Australian brands, all with a passion for providing exceptional food and beverage products. Our brands use Australian ingredients wherever possible, generating support for local farmers, growers, their families and communities. Now with a substantial e-commerce presence, we connect with an ever-expanding consumer base.

Maggie Beer Products, Hampers and Gifts Australia, Paris Creek Farms and St David Dairy are all committed to making and providing innovative products, meeting consumer demand for high quality, nutritious, convenient and indulgent food, beverage and gifting products.

All four brands resonate strongly with Australian consumers who are increasingly looking for premium products that strive to support local.



## Maggie Beer Products

Maggie Beer Products is an iconic brand that bases its reputation on Maggie's own philosophy of using superior in season ingredients, to produce premium cooking, entertaining, gifting and indulgent products, for the domestic and international markets. Flavour always comes first!



## Hampers and Gifts Australia

Hampers and Gifts Australia is home to two leading e-commerce brands: The Hamper Emporium and Gifts Australia. These two premier e-commerce platforms specialise in providing premium, luxury hampers as well as personalised, beautiful and thoughtful gifts. Offering a unique selection of premium quality food, beverage and gifting items (including Maggie Beer Products), these businesses are two of Australia's most sought after and trusted online destinations for beautiful gifts for any occasion.



## Paris Creek Farms

Paris Creek Farms is a leading Australian bio-dynamic organic dairy processing and manufacturing company. For more than 30 years, it has created a wide range of natural dairy products in the most sustainable way, and its award-winning dairy products are sold and loved in both domestic and international markets. As part of its sustainability journey, Paris Creek Farms has worked with its farmers to achieve Carbon Neutral status in FY22.



## Saint David Dairy

St David Dairy is inner-Melbourne's only premium micro-dairy. Loved by baristas, restaurateurs and consumers, its ever-growing appeal comes from its community roots, local dairy and superior tasting dairy products. Based in Fitzroy, St David Dairy delivers the flavour of artisanal crafted produce into the hands of the community - real milk, real local.





*“MBH is Australia’s leading purveyor of premium food, beverage and gifting products”*

- REG WEINE, CHAIRMAN





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**We create premium, innovative and memorable food, beverage and gifting products of the highest quality, that match people's ever changing shopping habits and lifestyles.**

**Maggie Beer Holdings Ltd**

ABN 69 092 817 171

Annual Report - 30 June 2022



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*“The 2022 financial year  
was a transformative year for  
Maggie Beer Holdings Ltd.”*

- REG WEINE, CHAIRMAN



# Letter from the Chairman



**REG WEINE**  
CHAIRMAN

## Dear Shareholders

The 2022 financial year was a transformative year for Maggie Beer Holdings Ltd (MBH).

Towards the end of FY22 the MBH Board made the difficult but important decision to commence a process to divest the Company's legacy Dairy Assets – Paris Creek Farms and St David Dairy which were considered non-core.

## Future focus on Maggie Beer Products and Hampers & Gifts Australia

This decision means Maggie Beer Products (MBP) and Hampers & Gifts Australia (HGA) are now the two core business units forming our Continuing Operations. These two businesses are premium Australian food and gifting brands that have been growing strongly.

## Continuing Operations generating strong e-commerce sales and above average investment returns

With 66% of our FY22 revenues from these businesses coming from e-commerce, we have successfully de-risked our portfolio and go-to-market channels and built a platform for sustained future growth.

HGA's main e-commerce site, the Hamper Emporium, saw its website visits and revenue increase by 26% in FY22. At the same time, the MBH e-commerce business continued its strong growth with revenue up 156% in FY22.

MBH now has an engaged digital audience of more than 900k consumers. Combined with our range of new innovative products and hampers, our e-commerce businesses are positioned for sustained growth.

## Strong growth in Continuing Operations revenue and trading EBITDA in FY22

Despite the challenging operating conditions that all businesses have had to operate in over the past 12 months, our Continuing Operations achieved 22% sales growth on a proforma basis\* in FY22 with a healthy 53% gross margin. Trading EBITDA from Continuing Operations was \$11.3 million and NPAT was \$7.5 million.

\*Pro-forma results include unaudited HGA results prior to the acquisition on 21/05/2021

## Dairy Assets being sold and classified as Discontinued Operations

The Dairy Assets have been classified as Discontinued Operations for the purpose of this financial report, and we are currently in advanced discussions with potential purchasers of these businesses. Given the wide range of possible divestment outcomes, the MBH Board has written down the fair value of the Dairy Assets to \$11.4 million, recording a non-cash impairment of \$17.5 million.

## MBH to reward shareholders

As announced in May 22, it's MBH's intention to commence paying dividends but due to the loss on its Dairy Assets, the board proposes to recommend a Return of Capital of 1.0 cent per share, in lieu of a FY22 Dividend, subject to shareholder approval at the 2022 AGM.

## Our businesses are only as good as our people

I would like to take this opportunity to acknowledge our extraordinary team led by our CEO Chantale, who have yet again proved how committed and resilient they are in the face of adversity. We continue to invest in our people and culture and in FY22 we launched the new Company values: Passionate, Nimble, Ambitious, Inclusive, & Community Focused and we created a Reward & Recognition Program, to recognise the great work done by our people and teams.

## Well positioned to continue the Company's growth trajectory

Consistent with our growth strategy, the successful integration of HGA and the planned divestment of the non-core Dairy Assets, MBH is now a focused, fast growing, profitable, premium branded food, beverage & gifting business with bright prospects.

MBH has a strong balance sheet, is profitable and cashflow positive. We believe we have the people, brands, platform, and a strong pipeline of innovative new products to ensure Maggie Beer Holdings remains uniquely positioned for sustained growth in revenue and earnings.

On behalf of the Board, I would like to thank all stakeholders including employees, customers, suppliers, and our shareholders for their continued support.

I very much look forward to welcoming you at our Annual General Meeting in November.

Yours sincerely,

**Reg Weine**  
Chairman





*“FY23 will see MBH continue to grow its retail grocery businesses, with new product launches and increased ranging as well as growing its e-commerce businesses through strategic marketing investment of its premium hamper and gifting range.”*

- CHANTALE MILLARD,  
CEO & MANAGING DIRECTOR



# CEO & Managing Director's Report



**CHANTALE MILLARD**  
CEO & MANAGING DIRECTOR

## Dear Shareholders,

I am delighted to present MBH's FY22 Annual Report to you.

The past 12 months have been unprecedented in terms of the challenges we have faced, like many other businesses. And yet the operational and financial results achieved over FY22 clearly demonstrate the strength of our brands and products with consumers in Australia and overseas.

As I reflect on the incredibly busy year we've had, I would like to thank our entire team within our four businesses and at head office, who have worked tirelessly over the past 12 months to keep our businesses operating and the Group growing.

I would also like to thank our loyal customers for continuing to purchase our premium products and trust that our beautiful food, beverage and gifting products have delighted customers and loved ones during these difficult times.

## Mental health and wellbeing of our people

Our people are our most important asset and looking after their wellbeing and mental health has been a priority over the past 12 months. Our first ever People, Culture and Performance Manager started in July 2021 and is part of our investment in our people.

We have made some great progress on our employee engagement initiatives with new Group values formulated and embedded into the Group in FY22, with the participation and inclusion of ideas from our teams. We have implemented a new online HR portal that allows us to communicate with, assess wellbeing, review employee performance and run training sessions and we have created a Reward & Recognition Program, to recognise the great work done by our people and teams. We continue to have an Employee Assistance Program that is available to employees and their families, to confidentially discuss any mental health and wellbeing issues.

We will continue this journey over FY23, to attract and retain great people.

## Group robust against multiple challenges in Australia and globally over FY22

Whilst we knew that FY22 was going to have its challenges, as we continued to grapple with the fallout of COVID-19, we could not have foreseen the disruption that would be caused by the numerous natural disasters across Australia and the impact of global events.

The continued fallout from COVID-19 resulted in staff shortages across our businesses and those of our customers and suppliers. This, coupled with a low unemployment rate and an increasing demand for workers as Australian businesses re-opened, exacerbated labour shortages and increased employment costs.

Supply chains, already in disruption from COVID-19 were disrupted further by the floods in Central Australia and then Northern New South Wales and Queensland. The demand for sea freight resulted in higher import costs which did not ease as hoped in Q3 FY22, with war breaking out in the Ukraine and COVID-19 lockdowns in China stifling this recovery. The war in Ukraine also drove up fuel prices, further increasing transport costs from the end of February 22.

Inflation increased at a rapid pace in FY22, with cost pressure across all our businesses. However, our premium brands have pricing power and we have successfully implemented price increases across our products to respond to the cost inflation felt.

As a Group, our focus continues to be on employee wellbeing & retention as well as sustained growth through increased ranging, new product launches and price increases. The results for FY22 show the resilience of MBH with continued revenue growth, strong gross margins, cash generation, a strong cash balance, no non-asset backed debt and a workforce that is engaged, safe and well.

## Strategic decision implemented to sell our Dairy Assets

The MBH Board made the difficult but strategic decision in Q4 FY22 to divest the Company's legacy Dairy Assets – Paris Creek Farms and St David Dairy. These two businesses would now be considered as Assets Held for Sale (Discontinued Operations), with Maggie Beer Products (MBP) and Hampers & Gifts Australia (HGA) continuing as the Continuing Operations.



# CEO & Managing Director's Report, cont.

The decision to treat the Dairy Assets as Assets Held for Sale has not been made lightly, but after careful consideration the MBH Board believes there is a more natural owner of these assets that will have synergistic operations to strengthen and grow the businesses.

The following information is laid out to allow the reader to see the performance of our Continuing Operations, while also tying back to the previous FY22 guidance provided to the market of \$100 million in revenue, and \$9.25 million to \$10.5 million in trading EBITDA.

## FY22 trading EBITDA guidance achieved

The Group (Continuing and Discontinued Operations) generated net sales of \$98.3 million in FY22 and a trading EBITDA of \$10.3 million. The Group's revenue was within its guidance range and it achieved the upper end of its revised trading EBITDA guidance.

The FY22 Financial Statements show net sales of \$75.3 million and trading EBITDA of \$11.3 million. These results only include MBP and HGA (Continuing Operations). Inclusion of the Dairy Assets increases net sales to \$98.3 million and reduces the trading EBITDA to \$10.3 million.

## Continuing Operations lead the charge in FY22

The successful integration of HGA into the Group is already realising benefits as the Group successfully transitions to a diversified portfolio with 66% of its revenue now coming from e-commerce and the remaining 34% from the traditional grocery retail service model.

MBP and HGA performed strongly in FY22 and clearly show the EPS accretive nature of the two businesses combined. In terms of the underlying growth (ex-Discontinued Operations) of these businesses, they achieved 22.1%\* net sales growth to \$75.3 million in FY22. In addition, the two continuing businesses generated a trading EBITDA of \$11.3 million (or 15.1% of net sale revenue) and a NPAT of \$7.5 million.

## Key results for growth Continuing Operations for FY22



### NET SALES\*

**+22.1%**  
on FY21  
to \$75.3m



### GROSS MARGIN

**53%**



### TRADING EBITDA

**\$11.3m**



### EBITDA AS A % OF SALES

**15.1%**



### NPAT

**\$7.5%**



### STRONG BALANCE SHEET

**\$10.8m**

in cash &  
no debt\*\*

\*Pro-forma results include unaudited HGA results prior to the acquisition on 21/05/2021

\*\* Only asset backed leases/debt



MBP and HGA have attractive organic growth opportunities, through new product launches, and increased ranging still to be realised. In addition, once the future of our Dairy Assets has been resolved, we plan to turn our minds back to synergistic acquisitions – like the value creating HGA acquisition – that will accelerate growth through our large base of grocery retail and e-commerce consumers.

#### **New product launches continue to drive growth in grocery retail and e-commerce**

FY22 saw revenue grow through increased product ranging and the launch of new products, which is a key part of our focused growth strategy.

We were able to increase ranging of our current products in major supermarkets, together with launching a new range of Bone Broths nationally in Woolworths and Coles, a range of 1L Stocks nationally in Coles and a range of Finishing Sauces nationally in Woolworths. All these products were also launched nationally in independent supermarkets.

This new ranging gave us 3,790 new distribution points and is a key part of our strategy to expand our footprint in Australia. In addition, these products are proving to be very successful and tap into the “cooking at home” category, which is a space that the Maggie Beer Products brand excels in. We have seen 85% growth in this category in FY22 vs FY21. We are now working on more products to expand this category in both major grocery retailers and independent supermarkets in FY23.

HGA launched its new range of homewares, pamper and wellness hampers in FY22 together with its new cheese and entertaining hampers delivered chilled to most states in Australia. These hampers are a key part of HGA's growth plan in FY23, and the cheese hampers in particular offer a point of difference to our B2B and B2C customers.

#### **Strong online sales performance in FY22**

MBH's e-commerce businesses continued to grow with HGA's revenue up 26%\* and MBP's revenue up 156% in FY22 (compared to FY21). While below the COVID-19 high growth rates of FY21, this was still a strong result and both HGA and MBP are looking to continue their growth in FY23.

#### **Growing audience of engaged consumers driving repeat purchase rates**

FY22 saw MBH increase its marketing spend across its brands, in particular for HGA and MBP.

MBP increased its marketing investment across grocery retail with the launch of its new products and creation of new TVCs for free to air and online streaming channels. It also increased its investment in its e-commerce sites which saw its website visits increase by 18% and conversion rate increase by 38%.

While Customer Acquisition Costs (CAC) increased by 8%, the number of repeat customers increased by 310%. This increase is partly due to our engaged Food Club which now has 75k members.

HGA's main e-commerce site, the Hamper Emporium, saw its website visits increase by 26% and its conversion rate increase by 5%. The extra investment in marketing initiatives did see its CAC increase by 33% in FY22 but the number of repeat customers increased by 67%, meaning those shoppers are returning to its site to shop. The investment in the Customer Data Platform in FY22 has created a more automated way to talk to customers and offers them a more personalised and seamless shopping experience.

HGA also launched its new online corporate ordering tool, which will transform the way corporates shop with us, allowing them a seamless online experience. HGA had an excellent Net Promoter Score (NPS) of 74 and we intend to leverage our strong brands to reduce customer acquisition costs and drive our NPS and repeat customer rate.

With an engaged audience of over 900k for our e-commerce businesses, we are looking forward to a solid FY23.

#### **Underlying growth trajectory to continue in FY23, maintaining MBH's high gross margin**

With renewed focus on the Group's growth assets, MBH has a clear path to sustained earnings and revenue growth, with Australian premium brands that remain on-trend with consumers. FY23 will see our Continuing Operations continue to grow with:

- Renewed focus on expanding the ranging of core and new products for MBP and HGA. We intend to leverage our strong brands to reduce customer acquisition costs, drive repeat customers and increase our NPS.
- Finalise the divestment of the Dairy Assets in the near term.
- COVID-19 lockdowns in FY22 will make it difficult to cycle growth in some months however we expect revenue growth to continue across FY23, through our diversified channels of retail and e-commerce.
- Cashflow increases substantially in Q2 FY23, with no debt\*\*.



## CEO & Managing Director's Report, cont.

- Positioned to take advantage of strategic opportunities and fund growth initiatives.
- As announced in May 22, it's MBH's intention to commence paying dividends but due to the loss on its Dairy Assets, the board proposes to recommend a Return of Capital of 1.0 cent per share, in lieu of a Dividend, subject to shareholder approval at the 2022 AGM.
- MBH Group has \$7.6m in franking credits which will support a future dividend program.
- GM% is expected to remain above 50% in FY23 for Continuing Operations.
- Inventory is at its highest point and will decrease substantially by end of H1 FY22 and no risk stock expected. Everything in place for an excellent H1 FY23 of trade.
- We will continue to grow our customer IP and data base for e-commerce leveraging the investment in our Customer Data Platform and online Corporate Sales Platform in FY22.
- We will continue our employee engagement program, with the investment in our team in FY22, to ensure employee retention and productivity.

MBH has a strong balance sheet and continued growth ability, which will see the Group not only be able to weather the uncertainties of the next 12 months, but be in a position to take advantage of opportunities as they arise, to strategically grow the Group.

FY23 will see MBH continue to grow its grocery retail businesses, with new product launches and increased ranging as well as growing its e-commerce businesses through strategic marketing investment of its premium hamper and gifting range.

After a long road, a decision has been made regarding our legacy Dairy Assets and whilst FY22 has been a year of challenges and change, we have come out the other side with a renewed focus and excitement about our future aspirations for the MBH Group.

Thank you again to our employees, customers and business partners and thank you to our shareholders for their continued support of our group and we hope that you are as excited about the future of MBH as we are.



**Chantale Millard**  
CEO and Managing Director

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*“With renewed focus on the Group's growth assets, MBH has a clear path to sustained earnings and revenue growth, with Australian premium brands that remain on-trend with consumers.”*

- CHANTALE MILLARD,  
CEO & MANAGING DIRECTOR





# Operations Report

In addition to the financial metrics of the Group highlighted already, the below outlines some of the key operational challenges and opportunities for FY22, including Continuing and Discontinued Operations.

## Price increases implemented to offset cost inflation

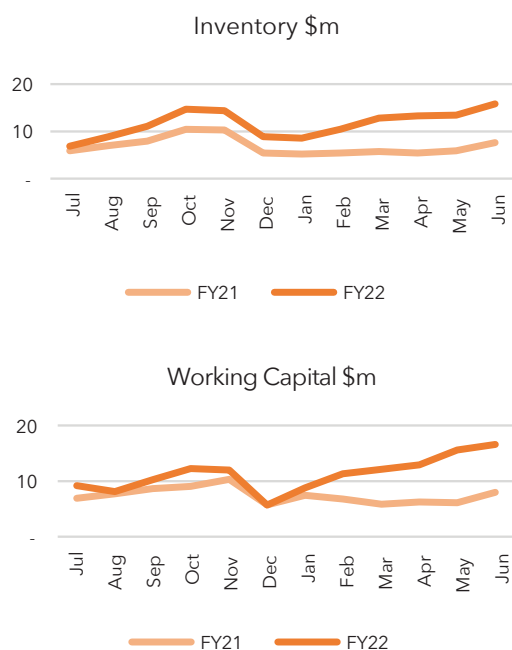
Like the majority of businesses, MBH experienced cost increases from global events and inflationary cost pressures. The Group has been successful in implementing price increases across its retail and e-commerce platforms to help reduce the impact of these cost increase. We are continuing to monitor cost increases and will implement further price increases where sensible and necessary.

## Working capital

Working capital timing changed in FY22, with inventory peaking earlier than previous years to avoid supply chain delays and disruptions. Inventory is expected to reduce to more normal levels between now and Christmas 22.

Inventory has been carefully timed so that long life products such as packaging, alcohol/champagne, homewares, pamper and wellness items have arrived and are packed into finished goods.

Any food items with a shorter shelf are locally sourced and arrive just in time for Christmas production.



## Benefits from the HGA transaction

We successfully completed the integration of HGA into the Group in H1 FY22, which involved an expansion of the Sydney warehouse to optimise operational efficiencies. MBH's e-commerce business is now fully managed by HGA from Sydney, including pick/pack, dispatch and customer service. This has improved dispatch and delivery times. In FY22 HGA included \$1.1 million of MBP products in its hampers, growing group sales and brand awareness. A strong cultural alignment exists across both businesses.

## Expanding ranging and launching new products

In FY22 we expanded ranging of our core lines and launched new products in both e-commerce and retail.



### MBP

National ranging of new 1L Cooking Stocks, 500mL Bone Broths & Finishing Sauces



### MBP

3,790 extra distribution points for Stocks & Bone Broths from ranging in a 2nd major retailer



### MBP

Investment in an additional National Account Manager to ensure further increased ranging



### HGA

National chilled delivery service established for new Cheese & Entertaining Hampers



### HGA

Expansion into New Zealand & reviewing other expansion opportunities



### PCF

Launched 2L milk range into 300 stores across NSW/ VIC in a major retailer

## Corporate

Shared services and corporate office costs of \$2.8 million (excluding one-off items) were \$0.8 million higher than FY21, with the investment in a People, Culture & Performance Manager, Group Sales Manager and some other key roles, as we get the group ready for its next stage of growth.

## Balance Sheet and Cashflows

The main change in the balance sheet in FY22 is the decision to treat Paris Creek Farms and St David Dairy as Assets Held for Sale (Discontinued Operations). As part of this decision the Board assessed the fair value of these assets, which took into consideration current market conditions, offers received for the assets and business trading conditions of the assets. St David Dairy experienced a significant downturn in performance in the second half of FY22. This included the impact of considerable quality issues in March 22 which resulted in lost customers which combined with ongoing impacts from COVID-19 had a material impact on its trading performance and business valuation. Paris Creek Farms was impacted by lower milk volume throughput due to the loss of a private label white milk contract in March 21, coupled with the delay of the launch of its 2L white milk range into a major retailer in NSW and VIC from March 22 to Q1 FY23. These events lowered overhead recoveries, earnings and overall business valuation. Both businesses were also impacted by adverse local and global events which increased costs and created inflationary pressures that were largely outside the control of MBH. These considerations have led to an impairment of intangible and tangible assets of \$17.5m.

The Group is supported by a strong balance sheet with net assets at 30 June 2022 of \$90.9 million (30 June 2021: \$102.8 million), including a cash balance of \$10.8 million (30 June 2021: \$13.6 million). The decrease in group net assets is mainly due to the impairment of Dairy Assets to fair value less cost of disposal. Net tangible assets increased by \$4.2 million to \$28.6 million (30 June 2021: \$24.4 million).

The positive operating cashflow result of \$0.7 million (30 June 2021: \$1.5 million) includes a net outflow of \$2.3 million used in the operating activities of the Dairy Assets held for sale (30 June 2021: \$0.6 million net inflow). In addition to the increase (approx. \$8 million) of inventory purchased earlier in FY22 compared to previous years.

Inventory at 30 June 2022 was \$15.8 million (30 June 2021: \$8.5 million) or 21% of annualised sales (FY20: 27.2%), with HGA holding \$9.5 million (30 June 2021: \$4.3 million) and Maggie Beer Products holding \$6.3 million (30 June: \$3.3 million).

Overall working capital for the company is at circa 22% of sales, a decrease of 7 points compared to 30 June 2021, due to the full 12 months of net sales from HGA.

The management team's disciplined approach to working capital and the group's cash management will continue.

## Positive outlook for continued growth

With its strong financial position MBH will continue to grow its retail grocery businesses, with new product launches and increased ranging as well as growing its e-commerce businesses through strategic marketing investment of its premium hamper and gifting range. With a renewed focus on its Continuing Operations MBH is excited about its future.



*“This decision means Maggie Beer Products (MBP) and Hampers & Gifts Australia (HGA) are now the two core business units forming our Continuing Operations.”*

- REG WEINE, CHAIRMAN



# Environmental, Sustainability and Governance

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## OUR COMMITMENT TO OURSELVES AND OUR COMMUNITY

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As a proudly Australian owned company, Maggie Beer Holdings is always looking for ways to help support our employees, the local communities as well as our environment. We use Australian ingredients and materials wherever possible, with a focus on sustainability, reduced food waste and innovation to ensure we are building a better future for generations to come.

Our aim is to make products that people love, in a sustainable way and staying true to our values: by being **Passionate, Nimble, Ambitious, Inclusive and Community Focused**.

The purpose of this report is to outline our approach to Environmental, Social and Corporate Governance (ESG). It explores what we've done to strengthen positive outcomes with our team, our customers, stakeholders and our community.

### Our Values

In FY22 an initiative to develop Maggie Beer Holdings Group values "Recipe for Success" was undertaken. This involved engaging with all employees, leaders and the Board. Following this extensive consultation and a review of all perspectives, Maggie Beer Holding's values were articulated, endorsed by the Board and launched. The new values have now been embedded throughout the organisation.

*We create premium, innovative & memorable food, beverage and gifting products of the highest quality that match people's every-changing shopping habits and lifestyles by being:*

- ✓ **Passionate**
- ✓ **Nimble**
- ✓ **Ambitious**
- ✓ **Inclusive**
- ✓ **Community Focused**

Further, an Employee Value Proposition was developed, to help attract and retain employees with goals and values that are in alignment with our organisational goals and values.

### People and Culture - Access and Equity

Our People and our culture are two of our most important assets. In addition to the below initiatives, our employees have access to an Employee Assistance Program which gives them counselling services for any issues that arise in their or their family's lives. This has been a key part of our employee support program during the past two years.

#### Employment Hero

The implementation of our new Human Resources Information System 'Employment Hero' has provided equitable access to all employees to corporate information and has increased employee engagement and participation, through the ability to access the system and important information via any electronic device, together with conducting employee engagement surveys and employee annual reviews within the system.

This system will also enable us to better monitor, measure and report on our workforce, including diversity.

#### Reward and Recognition program

Maggie Beer Holdings is developing an employee reward and recognition program, designed to recognise employees for their achievements in contributing to our Recipe for Success and enhance the employee experience. Recognising employees for their contributions at work, makes them feel appreciated and valued. This reinforces positive behaviour while boosting morale, increasing productivity, loyalty, wellbeing, strengthening working relationships and reducing employee turnover and absenteeism.

As part of our contributions to the community, aligned to our values, we encourage and support our people to contribute to the welfare of others, by the generous donation of money and time. Our Reward and Recognition program will include a workplace giving element through offering volunteering days to our employees.

To support the measurement of initiatives put in place, we can conduct employee pulse and engagement surveys with our people regularly, via Employment Hero. The results are reviewed with a summary given to employees at Company updates, along with action planning to continually retain/improve the employee experience.

### Inclusion partnerships

Maggie Beer Holdings is in discussions with several organisations to partner with and put in place diversity and inclusion programs and action plans with the aim to:

- provide job ready work skill opportunities for people with disabilities.
- create meaningful connections and engagement with Aboriginal and Torres Strait Island communities.

### Governance policies

Governance policies and procedures are in place at Maggie Beer Holdings to provide clear directions and intended practices that are consistent with the organisation's values and culture. They are based on integrity and fairness and outline clear ethical guidelines and terms of required roles, treatment and conduct of Board members and employees.

Included in the set of Governance policies are:

- Code of Conduct
- EEO Anti-Discrimination Sexual Harassment and Bullying
- Diversity and Inclusion
- Modern Slavery
- Workplace Health and Safety

### Sustainability

At Maggie Beer Holdings, we strive to lead the way in the ethical and sustainable production of food, beverage and gifting products, with the Group making significant improvements in FY22.

As of February 2022, the milk that is used to produce Paris Creek Farms' range of 100% organic dairy products now comes entirely from carbon neutral dairy farms, putting the business at the forefront of sustainable primary production. With one dairy already carbon neutral in their own right due to the regenerative nature of bio-dynamic organic farming and the remaining dairies initially supported through the purchase of carbon credits, the launch of this milk from carbon neutral dairy farms is a key part of the business's sustainability journey, reducing our carbon footprint and helping to fight climate change.

In addition to producing our dairy products with milk from carbon neutral dairy farms, Paris Creek Farms also uses 100% recyclable packaging, has solar panels installed at its processing facility and repurposes all of its wastewater into organic compost and mulch via a local sustainable business

Maggie Beer Products also places a focus on sustainable production, having recently updated the pots and lids of our core Fruit Paste and Pate range so they are 100% recyclable. Maggie Beer Products will now investigate the potential to utilise recycled materials to create these pots and lids as well as our overwraps, reducing our use of virgin packaging.

The Hamper Emporium ensures that its hamper packaging is made from recyclable materials wherever possible. Where we cannot have recyclable materials, we give the consumers instructions on how to separate this from the rest of the hamper when recycling. We have strategically created the layout of each hamper to avoid the use of fillers and padding, which reduces the amount of waste from each hamper.

### Food Waste

The Group has a strict policy on reducing food waste by donating any unwanted or short shelf-life product to Food Bank, OzHarvest and Second Bite so that it can support those in need, in our community.



*“Our people are our most important asset and looking after their wellbeing and mental health has been a priority over the past 12 months.”*

- CHANTALE MILLARD,  
CEO & MANAGING DIRECTOR



“We believe in sustainable farming & creating products as naturally as they can be.”





# Risk Management

## KEY RISKS AND MITIGANTS

The Group's approach to risk management is addressed in the Corporate Governance Statement, which is available on the Group's website [www.maggiebeerholdings.com.au/investors/corporate-governance/](http://www.maggiebeerholdings.com.au/investors/corporate-governance/). The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of strategic plans designed to meet stakeholders' needs and manage business risk; and
- implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including monitoring of financial and non-financial key performance indicators ("KPIs").

As part of its risk management framework, the Group has identified the following key material business risks that may affect the Group's financial performance:

- a prolonged deterioration in general economic conditions as a result of the COVID-19 pandemic and other international events, resulting in a sustained downturn in consumer spending and in the food and beverages retail industry generally;
- continued cost increases and disruption to global supply chains impacting retail orders and customer deliveries;
- shortages of raw materials;
- food quality health and safety issues; and
- the ability to attract and retain employees with relevant food industry experience.

The Company seeks to mitigate the key material business risks it faces through a number of actions and initiatives including strong quality and safety assurance systems, engaging, motivating and retaining highly skilled staff, fostering a culture committed to food and people safety, investing in branding and marketing and in the quality of our relationships with key customers, growing and diversify our customer base, and where practicable holding relevant insurances to further mitigate key risks.



# Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') 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 year ended 30 June 2022.

## Directors

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

**Reg Weine** (Non-executive Chairman)

**Chantale Millard** (Executive Director/Chief Executive Officer)  
(Appointed Director on 2 August 2021)

**Maggie Beer AO** (Non-executive Director)

**Tom Kiing** (Non-executive Director)

**Hugh Robertson** (Non-executive Director)

## Principal activities

During the financial year, the principal continuing activities of the consolidated entity was the sale of branded premium food and beverage & gifting products in Australia and overseas markets.

## Non-IFRS measures

The directors' report includes references to Non-IFRS financial measures such as Trading EBITDA. 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	
	2022	2021
	\$'000	\$'000
<b>Statutory profit/(loss) after income tax from continuing operations</b>	7,352	2,814
Finance costs	149	330
Interest income	(21)	(25)
Depreciation expense	1,442	920
Amortisation expense	2,424	599
Tax	(1,278)	(3,835)
<b>Statutory EBITDA</b>	<b>10,068</b>	<b>803</b>
<b>Non-Trading Items from continuing operations:</b>		
Non-recurring items:		
Cashflow boost	-	(100)
Jobkeeper repaid/(received)	821	(405)
Professional fees	161	153
(Gain)/Loss on disposal of fixed assets / right-of-use assets	(55)	-
Claim settlement	-	(692)
Acquisition costs		843
Redundancies	58	47
Non-cash items:		
LTI - non-cash options and performance rights issued	289	1,635
<b>Trading EBITDA from continuing operations</b>	<b>11,342</b>	<b>2,284</b>
<b>EBITDA from discontinued operations</b>	<b>(1,089)</b>	<b>464</b>
<b>Combined Trading EBITDA</b>	<b>10,253</b>	<b>2,748</b>

	Consolidated	
	2022 \$'000	2021 \$'000
Revenue from continuing operations	75,227	27,709
Revenue from discontinued operations	22,898	25,170
Combined revenue	98,125	52,879

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

### Review of operations

#### Operating results for the year

The loss for the consolidated entity after providing for income tax amounted to (\$12.5 million) (30 June 2021: profit of \$1.9 million). This is due to a \$17.5 million impairment of tangible and intangible dairy assets.

#### Financial Position

The net assets of the consolidated entity decreased by \$11.9 million to \$90.9 million (30 June 2021: \$102.8 million). This decrease was mainly due to impairment and write-down of intangible and tangible dairy assets.

#### Significant changes in the state of affairs

On 2 August 2021, Chantale Millard was appointed as a director of the board.

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

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

#### Matters subsequent to the end of the financial year

On 3 August 2022, the group entered into exclusive negotiations for the sale of St David Dairy with the intended transaction to be completed in the near term.

On 19 August 2022, the group entered into exclusive negotiations for the sale of Paris Creek Farms with the intended transaction to be completed in the near term.

Subsequent to year-end, the Board has proposed to recommend a Return of Capital of 1.0c per share, subject to shareholder approval at the 2022 AGM.

No other matter or circumstance has arisen since 30 June 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.

#### Likely developments and expected results of operations

The future developments of the consolidated entity includes leveraging the strength of each brand, growing the distribution points for each business, launching new products, creating further synergies across the group and driving brand awareness through targeted marketing campaigns.

Information on these developments is included in the review of operations and activities.

#### Environmental regulation

The company takes a proactive approach in relation to the management of environmental matters. Paris Creek Farms is licenced under the *Environment Protection Act 1993* to undertake milk processing works. In accordance with customary wastewater management practices for a dairy facility, wastewater generated by the plant is tanked offsite and fully utilised by a business local to Paris Creek Farms, which includes the wastewater in its organic compost matter. The EPA has approved Paris Creek Farms' action plans in regard to wastewater generated at the site.

All other significant environmental risks have been reviewed and the group has no other legal obligation to take corrective action in respect of any environmental matter.



# Directors' Report, cont.

## INFORMATION ON DIRECTORS

### REG WEINE

Non-executive Chairman

#### Experience and expertise:

Reg Weine is a dynamic and trusted executive with over 25 years experience in agri-food and FMCG businesses, including 10 years as Managing Director/CEO. Reg has worked with large companies and leading brands including SPC Ardmona (Coca-Cola Amatil), Bulla Dairy Foods, and Blackmores. His FMCG experience includes international expansion and new market entry and Reg has a deep understanding of global food & beverage markets including China.

Reg is the Chair of the Apple & Pear Association Ltd (APAL) and The Pastoral Pork Company and is on the Board of the Starlight Children's Foundation. He was previously a Board Member of the Australia Food & Grocery Council (AFGC) and past Chair of the AFGC's Sustainability Committee. Reg has a Bachelor of Business from Monash University, is a Graduate of the Australian Institute of Company Directors (GAICD) and is a Certified Practising Marketer and Fellow with the Australian Marketing Institute.

#### Other current directorships:

None

#### Former directorships (last 3 years):

None

#### Interests in shares:

350,000 fully paid up ordinary shares

#### Interests in options:

4,000,000 options over ordinary shares

### TOM KIING

Non-executive Director

#### Experience and expertise:

Board member since July 2008, Tom is also a director of Bridge Capital Pty Ltd, an Australian technology investment firm that manages a portfolio of investments in the IT sector. Tom also sits on the Board of The Atomic Group, a retail and footwear company in Australia which holds the Adidas license in Australia. Tom has extensive experience as a technology, retail and consumer brand executive in building and growing businesses in the field. Tom travels extensively through the ASEAN region to promote a wide range of Australian investment opportunities to Asian institutions and private investors.

#### Other current directorships:

None

#### Former directorships (last 3 years):

None

#### Special responsibilities:

Chairman of Audit Committee and a member of the Remuneration and Nomination Committee

#### Interests in shares:

9,490,968 fully paid up ordinary shares

#### Interests in options:

None

### HUGH ROBERTSON

Non-executive Director

#### Experience and expertise:

Hugh has over 30 years' experience in financial services as an investor, advisor and company director across a broad range of businesses. Hugh's deep experience and knowledge in capital markets with a

particular concentration on small cap industrials is highly valued. Hugh is a stockbroker and investment adviser working with a variety of firms including Bell Potter, Investor First and Wilson HTM.

#### Other current directorships:

Envirosuite Limited (ASX:EVS)  
Touch Ventures Limited (ASX:TVL)  
Credit Clear Limited (ASX:CCR)

#### Former directorships (last 3 years):

None

#### Special responsibilities:

Member of Audit and Risk Committee and Chairman of Remuneration and Nomination Committee

#### Interests in shares:

4,705,248 fully paid up ordinary shares

#### Interests in options:

None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**MAGGIE BEER AO**

Non-executive Director

**Experience and expertise:**

Maggie Beer's career in the food industry spans over 40 years, beginning as a farmer at the Pheasant Farm in 1979, whereby the fresh, seasonal ingredients produced led to a farm shop in the Barossa, and soon after a nationally acclaimed restaurant, followed by a commercial food production business, Maggie Beer Products.

Maggie was Telstra South Australia Business Woman of the Year in 1997, Senior Australian of the Year 2010 and once again in 2011, appointed as a Member of the Order of Australia in 2012, then in 2022 was appointed as an Officer of the Order of Australia, and awarded an honorary doctorate of Macquarie University in 2013, and honorary doctorate of the University of South Australia in 2016 in recognition of her achievements in tourism, hospitality and the promotion of Australian cuisine and an honorary doctorate of Flinders University in 2022 in recognition for her services to the food industry. In addition to this, Maggie established the Maggie Beer Foundation in 2014 to improve the food experiences for older Australians, particularly those living within aged care homes.

Maggie Beer joined the board of the consolidated entity as part of the acquisition of Maggie Beer Products Pty Ltd by the group. Maggie continues to play a pivotal role in the growth and strategy of the Maggie Beer Products business as well remaining deeply involved in the development of new and exciting products.

**Other current directorships:**

None

**Former directorships (last 3 years):**

None

**Special responsibilities:**

None

**Interests in shares:**

9,106,987 fully paid up ordinary shares

**Interests in options:**

None

**CHANTALE MILLARD**

CEO & Managing Director  
(Appointed Director  
on 02 August 2021)

**Experience and expertise:**

Chantale has 15 years' experience in executive roles holding the position of Chief Operating Officer, Finance Director and Chief Financial Officer in private companies and private equity owned businesses in Australia and overseas. Her experience includes FMCG, manufacturing, hospitality, publishing and financial services.

Chantale is currently on the Board of KeyInvest Limited, was previously on the Board of not-for-profit YWCA Adelaide and on the board of a large privately owned family group. Chantale has a Bachelor of Commerce, is a qualified FCPA and a member of the Australian Institute of Company Directors (GAICD).

**Other current directorships:**

None

**Former directorships (last 3 years):**

None

**Interests in shares:**

106,853

**Interests in options:**

6,000,000

**SUSAN THOMAS**

Non-executive Director  
(Appointed Director on 01 July 2022)

**Experience and expertise:**

Sue has had a distinguished career in law, corporate finance, IT and financial services.

She is an experienced company director and held audit and risk committee chair positions on other boards.

During the 1990s, Sue established and grew FlexiPlan Australia (subsequently MasterKey Custom), a successful investment administration platform sold later to MLC. Sourcing strategic partners, growing administered funds, Sue's achievements saw her acknowledged as an industry leader by the financial planning community and was at the forefront of the FinTech market.

Sue brings strong commercial, technology, compliance and regulatory skills and background to her board positions.

Sue is also a Senior Executive Coach at Foresight Global Coaching, working with multinational c-suite executives.

**Other current directorships:**

Nuix Limited (ASX: NXL)

Temple and Webster Limited  
(ASX: TPW)

Cash Converters Limited (ASX: CCV)

Fitzroy River Holdings Limited  
(ASX: FZR)

**Former directorships (last 3 years):**

Royalco Resources Limited (formerly ASX: RCO). Royalco Resources Limited became a wholly owned subsidiary of Fitzroy River Resources Limited in February 2020. Sue is still a director of Royalco but it is now a private company.

**Interests in shares:**

605,000

**Interests in options:**

None



# Directors' Report, cont.

## COMPANY SECRETARY

### Sophie Karzis

Sophie is a practising lawyer with over 15 years' experience as a corporate and commercial lawyer, and Company Secretary and General Counsel for a number of private and public companies.

Sophie is the principal of Legal Counsel, a corporate law practice with a focus on equity capital markets, mergers and acquisitions, corporate governance for ASX-listed entities, as well as the more general aspects of corporate and commercial law.

## Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Nomination & Remuneration Committee		Audit & Risk Committee	
	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND
Chantale Millard	12	12	-	-	-	-
Reg Weine	12	12	1	1	3	3
Maggie Beer AO	12	12	-	-	-	-
Tom Kiing	12	12	1	1	3	3
Hugh Robertson	11	12	-	1	2	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

## Retirement, election and continuation in office of directors

The Board of Directors (Board) has power to appoint persons as directors to fill any vacancies. Other than those directors appointed during the year, at least one director is required to retire by rotation at each annual general meeting and is eligible to stand for re-election together with those directors appointed during the year to fill any vacancy who must retire and stand for election. A director may not hold office for more than three years or beyond the third annual general meeting following the directors appointment (whichever is the longer period) without submitting for re-election.

## Remuneration report (audited)

### Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors. KMP at the date of this report are:

Reg Weine - Non-executive Chairman

Tom Kiing - Non-executive Director

Hugh Robertson - Non-executive Director

Maggie Beer AO - Founder, Brand Ambassador and Non-executive Director

Sue Thomas - Non-executive Director  
(Appointed 1 July 2022)

Chantale Millard - Chief Executive Officer and Managing Director (Appointed Managing Director 2 August 2021)

Eddie Woods - Chief Financial Officer

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Executive contracts
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

### **Principles used to determine the nature and amount of remuneration**

The senior executive remuneration policy is designed to strengthen the alignment between performance related remuneration and shareholder returns, ensuring that remuneration outcomes for senior executives are directly linked to performance (both Group and individual) in a manner that is aligned to shareholder interest.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

Reviews are conducted by the Remuneration & Nomination Committee (and recommendations made to the Board) to assess Group performance, team performance, individual contribution as well as market remuneration based on the executive's position within the organisation. The Board ensures that all executive rewards are market competitive, fair and reasonable, have an appropriate mix and 'at risk' remuneration linked to performance in a transparent framework.

No external specialist remuneration advice was sought in respect of remuneration arrangements for non-executive directors of the Board and key management personnel of the group during the year however external advice was sought for the remuneration of key management personnel during the year. General reward advice is sought also on an ad hoc basis.

Each non-executive director receives \$65,000 annually for being a director of the company and an additional \$10,000 annually for chairing committees. Director fees are inclusive of superannuation entitlements (if applicable). All non-executive directors except Tom Kiing and the company's Chairman elected to receive their fees in shares in the company up until December 2021. This was approved by shareholders at the Annual General Meeting held on 16 July 2020. The maximum director aggregate fee pool is \$600,000.

### **Executive remuneration**

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- fixed annual remuneration (FAR) comprising base salary, superannuation and other non-monetary benefits.
- annual short-term performance incentives (STI), paid in cash.
- long term incentives (LTI) awarded in equity and expensed as share-based payments.
- other remuneration costs such as long service leave.

The combination of these comprises the executive's total remuneration.

### **Fixed Annual Remuneration**

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market executive remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits, with FBT grossed up on a Total Employment Cost basis) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.



# Directors' Report, cont.

## Short Term Incentives

The short-term incentive (**STI**) program is designed to align the identified key performance targets of the Company and business units with the targets of those executives responsible for meeting those targets. Short-term incentives are used to differentiate rewards based on performance on a year-by-year basis. The principal performance indicator of the STI Program is the group's financial performance. The financial performance measurements selected are revenue growth and trading Earnings Before Interest, Tax, Depreciation and Amortisation (trading EBITDA), together with key projects and milestones for each specific year. They have been selected by the Board as the most appropriate measures of trading performance, and are calculated based on a percentage above a revenue and trading EBITDA threshold level and on the achievement of projects within specified timeframes. This allows the individual to be rewarded for growth in revenue and profitability of the company or their responsible business unit. The percentage and threshold level can differ for each individual and are reviewed every year. The revenue and trading EBITDA thresholds are determined based on the ability of the key management personnel to influence the group's earnings and to ensure alignment between executive remuneration and company performance.

Executive KMP short term incentives for FY22 and the relative achievement were as follows:

	CEO (Chantale Millard)	CFO (Eddie Woods)
FY22 STI Opportunity	\$112,930	\$82,930
FY22 STI Awarded	\$33,879	\$40,000
%	30%	48%
Key STI measures*		
Trading EBITDA - Target	20%	20%
Trading EBITDA - Awarded	0%	0%
Revenue - Target	20%	20%
Revenue - Awarded	0% (achieved revenue target)	0% (achieved revenue target)
Other Operational - Target	60%	60%
Other Operational - Awarded	0% (achieved 37%)	48%

\*A performance gate applies for the CEO which states that if trading EBITDA does not achieve 95% of target, all STI can be withheld. The Board exercised its discretion to pay up to 30% of the total STI available, due to sales hurdle of \$98m (including revenue from discontinued operations) being met, and the completion of some key projects during FY22 in what was a very disruptive year. The trading EBITDA for FY22 was negatively impacted by local and global events causing increased costs and inflationary pressures that were largely outside the control of MBH and impacted the CEO's and CFO's ability to achieve their full STI targets.

The STI award is determined after the end of the financial year following a review of performance over the year by the Remuneration and Nominations Committee. The Board approves the final STI award, which is paid after the annual audited accounts are signed.

## Long Term Incentives

The objectives of the long-term incentive (**LTI**) plans are to:

- establish a method by which eligible participants can participate in the future growth and profitability of the Group;
- provide an incentive and reward to recognise eligible participants for their contributions to the Group; and
- attract and retain a high standard of managerial and experienced personnel for the benefit of the Group.

The Group currently has two long term incentive plans: the Employee Share Option Plan (**ESOP**) under which share options are granted and the Performance Rights Plan (**PR Plan**) under which performance rights are granted to employees. The long-term incentives are awarded in equity, subject to performance conditions. Performance Rights and options have been awarded to selected executives with vesting subject to service and performance over a period of three years. At present the LTI is linked directly to trading EBITDA hurdles, which are linked to increasing shareholder value.

Feature	Description
KMP participant	Chantale Millard
Options	Options to acquire ordinary shares
Opportunity/Allocation	9,000,000 options with each tranche comprising 3,000,000 options
Performance Hurdle	Tranche 1: EBITDA requirement and continuous employment until 1 July 2021 Tranche 2: EBITDA requirement and continuous employment until 1 July 2022 Tranche 3: EBITDA requirement and continuous employment until 1 July 2023
Last exercise date	20 May 2024
Exercise price	Exercisable at \$0.15 (Tranche 1), \$0.18 (Tranche 2) and \$0.20 (Tranche 3)
Forfeiture and termination	Options will lapse if performance conditions are not met. Options will be forfeited on cessation of employment unless the board determines otherwise, e.g. in the case of retirement due to injury, disability, death or redundancy.
Purpose	The options were granted to the CEO on 7 August 2020 with performance hurdles linked to improving the financial performance of the Company and tested over a 3-year performance period. The CEO was not issued any options during the year ended 30 June 2022. The Board believes the three-year LTI for the CEO was appropriate at that time as it was aligned with the strategic objective of leading a restructure and revitalisation of the Group's businesses and establishing a firm foundation for growth. The retention aspect of the options granted to the CEO will end on 1 July 2023, the vesting date of Tranche 3 and the Board intends to establish a program of annual grants going forward. The Board intends to present for approval a market contemporary long-term incentive plan for the CEO at the upcoming AGM.

Feature	Description
KMP participant	Reg Weine
Options	Options to acquire ordinary shares
Opportunity/Allocation	4,500,000 options with each tranche comprising of 1,500,000 options
Performance Hurdle	No performance hurdle required. Options have vested immediately on grant date of 16 July 2020
Last exercise date	16 July 2024
Exercise price	Exercisable at \$0.15 (Tranche 1), \$0.18 (Tranche 2) and \$0.20 (Tranche 3)
Forfeiture and termination	Options will be forfeited on cessation of employment unless the board determines otherwise, e.g. in the case of retirement due to injury, disability, death or redundancy.
Purpose	The options were granted to Mr Weine on 16 July 2020 under the Company's ESOP as part of his remuneration arrangements in relation to his role as the Company's new Chairman. Shareholder approval was received for the grant of options at the General Meeting held in 16 July 2020. The Board was of the view that in order to attract a chairman of Mr Weine's calibre, the cash component of the Chairman's fee of \$66,000 per annum needed to be appropriately augmented with a one-off grant of options. With a strong background in FMCG, the Board was unanimously of the view that Mr Weine's appointment added considerable value to the Company in terms of strategic direction and discipline.

# Directors' Report, cont.

Feature	Description
KMP participant	Eddie Woods
Options	Rights to acquire ordinary shares
Opportunity/Allocation	528,572
Performance Hurdle	Tranche 1(300,000): continuous employment until 31 August 2022 Tranche 2 (114,285): trading EBITDA and continuous employment until 31 August 2022 Tranche 3 (114,285): trading EBITDA and continuous employment until 31 August 2023 Tranche 4 (114,287): trading EBITDA and continuous employment until 31 August 2024
Exercise price	\$0.00
Forfeiture and termination	Rights will be forfeited on cessation of employment unless the board determines otherwise
Purpose	The initial 300,000 performance rights was a one-off reward to the prior year's of service to the MBH Group and contribution to the restructure and rebuild of the Group. Tranche 2 of the Performance Rights was not achieved as the group's performance hurdles were not achieved. Future performance rights allocations are based on trading EBITDA and continuous employment hurdles. Objectives of granting the LTI to the CFO include to provide an incentive and to reward the CFO for his contribution to the Group as well as to serve as a retention mechanism for the benefit of the Group.

## Consolidated entity performance and link to remuneration

A component of remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

## Voting and comments made at the company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, 99.46% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices

## Executive contracts

The remuneration and other terms of employment for executives are covered in formal employment contracts that have no fixed terms. The group may terminate an executive's employment contract immediately for cause, in which case the executive is not entitled to any payment other than the value of total fixed remuneration (and accrued entitlements) up to the termination date. Executive KMP contracts have a notice period of 2-3 months by either the employee or company. Details of Fixed Annual Remuneration are as follows:

<b>Name</b>	Chantale Millard	Eddie Woods
<b>Title</b>	Chief Executive Officer & Managing Director	Chief Financial Officer
<b>Details</b>	The CEO is entitled to receive Fixed Annual Remuneration (FAR) of \$400,000 (inclusive of superannuation)	The CFO is entitled to receive Fixed Annual Remuneration (FAR) of \$300,000 (inclusive of superannuation)

## Details of remuneration

### Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.



Table A: KMP Remuneration for the year ended 30 June 2022

	Short-term benefits			Post-employment benefits	Leave provisions	Share-based payments	
2022	Cash salary and fees \$	Bonus \$	Others* \$	Super-annuation \$	Annual and long Service leave*** \$	Equity-Settled**** \$	Total \$
Non-Executive Directors:							
Reg Weine	100,000	-	-	10,000	-	-	110,000
Tom Kiing	75,000	-	-	-	-	-	75,000
Hugh Robertson*	37,500	-	-	-	-	37,500	75,000
Maggie Beer AO*	32,500	-	-	-	-	32,500	65,000
Executive Directors:							
Chantale Millard***	376,432	33,879	-	23,568	101,037	246,751	781,667
Other Key Management Personnel							
Eddie Woods	276,432	40,000	-	23,568	26,132	137,117	503,249
	897,864	73,879	-	57,136	127,169	453,868	1,609,916

\* Non-executive directors have agreed to have their salaries settled for shares in the company in lieu of cash up to December 2021. This amounts to \$37,500 for Hugh Robertson and \$32,500 for Maggie Beer respectively. This was granted and approved by shareholders at the Annual General Meeting held on 16 July 2020. The shares are issued to the directors on a quarterly basis based on an issue price of 5 day VWAP.

\*\* Chantale Millard was appointed Managing Director on 2 August 2021. Her salary had not been reviewed since 2019 and after an external market review conducted by the Remuneration and Nominations committee Chantale's salary was increased to \$400,000 (including superannuation), which is competitive with similar sized listed companies

\*\*\* Annual and long service leave represents the expense recognised during the year for the change in annual and long service leave provisions

\*\*\*\* Equity Settled for the CEO represents an accrual of \$246,751 for options that could potentially be received under the LTIP Plan for FY23 if performance hurdles are met. Equity Settled for the CFO represents an accrual for Performance Rights that will be issued to the CFO on completion of performance hurdles

Table B: KMP Remuneration for the year ended 30 June 2021

	Short-term benefits			Post-employment benefits	Leave provisions	Share-based payments	
2021	Cash salary and fees \$	Bonus \$	Others \$	Super-annuation \$	Annual and long Service leave**** \$	Equity Settled \$	Total \$
Non-Executive Directors:							
Reg Weine*	60,274	-	-	5,726	-	549,865	615,865
Maggie Beer AO**	-	-	-	-	-	40,000	40,000
Tom Kiing**	-	-	-	-	-	40,000	40,000
Hugh Robertson**	-	-	-	-	-	40,000	40,000
Other Key Management Personnel:							
Chantale Millard	270,318	83,400	-	21,694	30,634	1,085,065	1,491,111
Eddie Woods***	228,729	71,233	-	21,021	13,377	-	334,360
	559,321	154,633	-	48,441	44,011	1,754,930	2,561,336

\* Reg Weine equity settled amount relates to 4,500,000 options granted and approved by shareholders at the Annual General Meeting held on 16 July 2020.

\*\* Non-executive directors have agreed to have their salaries settled for shares in the company in lieu of cash for FY21. This amounts to \$40,000 each for Tom Kiing, Hugh Robertson and Maggie Beer respectively. This was granted and approved by shareholders at the Annual General Meeting held on 16 July 2020. The shares are issued to the directors on a quarterly basis based on an issue price of 5 day VWAP.

\*\*\* Eddie Woods appointed on 1 October 2020 as Chief Financial Officer.

\*\*\*\* Annual and long service leave represents the expense recognised during the year

# Directors' Report, cont.

## Share-based compensation

**Table C: Number of performance rights granted as remuneration to KMP during FY22**

KMP	Grant Date	Number granted	Value per Option	Number Vested
Eddie Woods	01/07/2021	300,000	\$0.40	-
Eddie Woods	01/07/2021	228,572	\$0.40	-

No options were granted as remuneration to KMP during FY22.

**Table D: Movements during FY22 in the options and rights over shares in the company held directly, indirectly or beneficially, by each KMP, including their related parties**

Options	Balance at start of year	Granted as part of remuneration	Additions	Forfeited/ Other	Exercised	Total	Number vested
Reg Weine	4,500,000	-	-	-	(500,000)	4,000,000	4,000,000
Chantale Millard	9,000,000	-	-	(3,000,000)	-	6,000,000	3,000,000
Eddie Woods	-	528,572	-	-	-	528,572	-
	13,500,000	528,572	-	(3,000,000)	(500,000)	10,528,572	7,000,000

\* Reg Weine's 4,500,000 options vested on 16 July 2020

**Table E: Terms and conditions of rights over ordinary shares affecting remuneration of directors and KMP**

Grant date	Vesting/ exercisable date	Expiry date	Exercise Price	Number of rights	Fair value per option at grant date
01/07/2021	31/08/2022	31/08/2022	\$0.00	300,000	\$0.400
01/07/2021	30/06/2023	30/06/2023	\$0.00	114,285	\$0.400
01/07/2021	30/06/2024	30/06/2024	\$0.00	114,287	\$0.400

### Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000
Total revenue	75,248	28,633	45,555	25,753	8,733
Profit/(loss) before tax from continuing operations	6,074	(1,022)	(14,754)	(24,160)	(7,694)
Profit/(loss) after income tax from continuing operations	7,505	2,814	(14,754)	(21,656)	(6,670)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021	2020	2019	2018
Share price at financial year end (\$)	0.350	0.390	0.140	0.210	0.730
Basic earnings per share (cents per share) from continuing operations	2.093	1.217	(7.120)	(16.726)	(10.308)
Diluted earnings per share (cents per share) from continuing operations	2.093	1.217	(7.120)	(16.726)	(10.308)

### Additional disclosures relating to key management personnel

#### Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Reg Weine	500,000	-	500,000	(650,000)	350,000
Hugh Robertson	3,721,129	89,623	894,496	-	4,705,248
Tom Kiing	9,472,100	18,868	-	-	9,490,968
Maggie Beer AO	8,296,423	80,189	730,375	-	9,106,987
Chantale Millard	106,853	-	-	-	106,853
Eddie Woods	20,000	-	-	-	20,000
	22,116,505	188,680	2,124,871	(650,000)	23,780,056



# Directors' Report, cont.

## *Loans to key management personnel and their related parties*

There were no loans given to KMPs during the year.

## *Other transactions with key management personnel and their related parties*

Maggie Beer has continued as a brand ambassador, continuing her association with the Maggie Beer brand, its product development program and customer relationships. Under the ambassador agreement between Maggie Beer and the Company, Maggie Beer provides services in connection with the positive image of the brand and sale, promotion, marketing and advertising of the Group's products including the Cooking with Maggie and other product videos, assisting in the development, creation and implementation of new products, and media engagements such as MasterChef. Maggie Beer receives fees of \$13,092 per month for her services. She also received a one-off \$10,000 fee in FY22 in relation to promotional filming activities. Maggie Beer received \$167,104 for services provided during the year.

Reg Weine has stepped in for the short term to take over the leadership of St David Dairy in preparation for sale. Reg was paid consultancy fees of \$60,000.

***This concludes the remuneration report, which has been audited.***

## **Shares under option**

Unissued ordinary shares of Maggie Beer Holdings Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
16 July 2020	16 July 2024	\$0.150	1,000,000
16 July 2020	16 July 2024	\$0.180	1,500,000
16 July 2020	16 July 2024	\$0.200	1,500,000
28 October 2020	27 October 2024	\$0.150	3,000,000
28 October 2020	27 October 2024	\$0.200	3,000,000
			<u>10,000,000</u>

## **Shares under performance rights**

Unissued ordinary shares of Maggie Beer Holdings Ltd under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
01/07/2021	31/08/2022	600,000
01/07/2021	30/06/2023	319,285
01/07/2021	30/06/2024	319,286
		<u>1,238,571</u>

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

## **Shares issued on the exercise of options or performance rights**

The following ordinary shares of Maggie Beer Holdings Ltd were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

	Number of shares issued
Exercise of options on 30 June 2022	500,000

### Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

The company has indemnified each director referred to in this report, the company secretary and previous directors and secretaries (officers) against all liabilities or loss (other than to the company or a related body corporate) that may arise from their position as officers of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the company will meet the full amount of any such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an officer of the company.

The company has also indemnified the current and previous directors of its controlled entities and certain members of the company's senior management for all liabilities and loss (other than to the company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act.

The company has executed deeds of indemnity in favour of each non-executive director of the company and certain non-executive directors of related bodies corporate of the company as well as with the company secretary.

The company has paid insurance premiums in respect of directors' and officers' liability insurance contracts, for officers of the company and of its controlled entities. The insurance cover is on standard industry terms and provides cover for loss and liability for wrongful acts in relation to the relevant person's role as an officer, except that cover is not provided for loss in relation to officers gaining any profit or advantage to which they were not legally entitled, or officers committing any criminal, dishonest, fraudulent or malicious act or omission, or any knowing or wilful violation of any statute or regulation. Cover is also only provided for fines and penalties in limited circumstances and up to a small financial limit.

The insurance does not provide cover for the independent auditors of the company or of a related body corporate of the company.

In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

### Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

### Non-audit services

There were no non-audit services provided during the financial year by the auditor.

### Officers of the company who are former partners of PricewaterhouseCoopers

There are no officers of the company who are former partners of PricewaterhouseCoopers.

### 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.

### Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Reg Weine**  
Non-executive Chairman

24 August 2022

# Auditor's Independence Declaration



## Auditor's Independence Declaration

As lead auditor for the audit of Maggie Beer Holdings Limited for the year ended 30 June 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'Brad Peake'.

Brad Peake  
Partner  
PricewaterhouseCoopers

Melbourne  
24 August 2022

PricewaterhouseCoopers, ABN 52 780 433 757  
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*“MBP and HGA have attractive organic growth opportunities, through new products and extra ranging still to be realised.”*

- CHANTALE MILLARD,  
CEO & MANAGING DIRECTOR







*“FY22 saw revenue grow through increased product ranging and the launch of new products, which is a key part of our focused growth strategy.”*

- CHANTALE MILLARD,  
CEO & MANAGING DIRECTOR





“Consumers are choosing premium Australian brands”





# Financial Statements



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2022

Continuing Operations	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Revenue</b>			
Revenue	5	75,227	27,813
Other income		21	820
		<u>75,248</u>	<u>28,633</u>
<b>Expenses</b>			
Raw materials and consumables used		(35,421)	(14,690)
Overheads		(550)	(546)
Occupancy and utilities costs		(608)	(315)
Employee benefits expense		(12,421)	(7,234)
Transportation expense		(6,638)	(1,468)
Professional fees		(802)	(1,202)
Marketing and advertising expense		(6,425)	(992)
Other expenses		(2,294)	(1,358)
Depreciation expense		(1,442)	(921)
Amortisation expense		(2,424)	(599)
Finance costs		<u>(149)</u>	<u>(330)</u>
<b>Profit/(loss) before income tax benefit from continuing operations</b>		6,074	(1,022)
Income tax benefit	6	<u>1,278</u>	<u>3,836</u>
Profit after income tax benefit from continuing operations		7,352	2,814
Loss after income tax benefit from discontinued operations	7	<u>(19,830)</u>	<u>(953)</u>
<b>Profit/(loss) after income tax benefit for the year attributable to the owners of Maggie Beer Holdings Ltd</b>		(12,478)	1,861
<b>Other comprehensive income</b>			
<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		<u>153</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>153</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to the owners of Maggie Beer Holdings Ltd</b>		<u>(12,325)</u>	<u>1,861</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		7,505	2,814
Discontinued operations		<u>(19,830)</u>	<u>(953)</u>
		<u>(12,325)</u>	<u>1,861</u>

Prior year comparatives have been restated due to discontinued operations, refer to note 7 for details.

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, CONT.**  
**FOR THE YEAR ENDED 30 JUNE 2022**

		Consolidated	
		2022	2021
		Cents	Cents
<b>Earnings per share for profit from continuing operations attributable to the owners of Maggie Beer Holdings Ltd</b>			
Basic earnings per share	33	2.093	1.217
Diluted earnings per share	33	2.046	1.193
<b>Earnings per share for loss from discontinued operations attributable to the owners of Maggie Beer Holdings Ltd</b>			
Basic earnings per share	33	(5.646)	(0.412)
Diluted earnings per share	33	(5.646)	(0.412)
<b>Earnings per share for profit/(loss) attributable to the owners of Maggie Beer Holdings Ltd</b>			
Basic earnings per share	33	(3.552)	0.805
Diluted earnings per share	33	(3.552)	0.789

Prior year comparatives have been restated due to discontinued operations, refer to note 7 for details.

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



## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2022

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		10,801	13,542
Trade and other receivables	8	5,632	8,001
Inventories	9	15,813	8,514
Derivative financial instruments	10	153	-
Other	11	2,459	1,351
		34,858	31,408
Assets classified as held for sale	7	14,976	-
Total current assets		49,834	31,408
<b>Non-current assets</b>			
Property, plant and equipment	12	2,472	16,768
Right-of-use assets	13	3,973	3,066
Intangibles	14	62,337	78,414
Deferred tax	6	2,064	-
Total non-current assets		70,846	98,248
<b>Total assets</b>		120,680	129,656
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	6,875	7,925
Contract liabilities	16	460	411
Lease liabilities	13	1,313	1,644
Employee benefits	17	1,222	1,249
		9,870	11,229
Liabilities directly associated with assets classified as held for sale	7	3,552	-
Total current liabilities		13,422	11,229
<b>Non-current liabilities</b>			
Lease liabilities	13	2,179	1,636
Employee benefits	19	156	217
Contingent consideration	20	14,000	13,790
Total non-current liabilities		16,335	15,643
<b>Total liabilities</b>		29,757	26,872
<b>Net assets</b>		90,923	102,784
<b>Equity</b>			
Issued capital	21	169,561	169,386
Reserves	22	3,556	3,267
Accumulated losses		(82,194)	(69,869)
<b>Total equity</b>		90,923	102,784

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2022

	Contributed Equity	Option Reserves	Cashflow Hedge Reserve	Accumulated Losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
Balance at 1 July 2020	120,695	1,634	-	(71,730)	50,599
Profit after income tax benefit for the year	-	-	-	1,861	1,861
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,861	1,861
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 21)	48,540	-	-	-	48,540
Share-based payments (note 34)	151	1,633	-	-	1,784
Balance at 30 June 2021	169,386	3,267	-	(69,869)	102,784

	Contributed Equity	Option Reserves	Cashflow Hedge Reserve	Accumulated Losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
Balance at 1 July 2021	169,386	3,267	-	(69,869)	102,784
Loss after income tax benefit for the year	-	-	-	(12,478)	(12,478)
Other comprehensive income for the year, net of tax	-	-	153	-	153
Total comprehensive income for the year	-	-	-	(12,325)	(12,325)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 21)	75	-	-	-	75
Share-based payments (note 34)	100	289	-	-	389
Balance at 30 June 2022	169,561	3,556	153	(82,347)	90,923

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

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2022

		Consolidated	
	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		102,938	54,106
Payments to suppliers and employees (inclusive of GST)		(102,265)	(53,530)
Other income received		-	891
Net cash from operating activities	32	673	1,467
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	29	-	(20,000)
Payments for property, plant and equipment	12	(1,200)	(766)
Payments for intangibles	14	(180)	(207)
Proceeds from disposal of property, plant and equipment		62	59
Net cash used in investing activities		(1,318)	(20,914)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	21	75	30,200
Payment for share issue costs		-	(1,660)
Repayment of loan		-	(1,303)
Principal elements of lease		(1,947)	(1,122)
Interest and other finance costs paid		(244)	(404)
Interest received		20	33
Net cash from/(used in) financing activities		(2,096)	25,744
Net increase/(decrease) in cash and cash equivalents		(2,741)	6,297
Cash and cash equivalents at the beginning of the financial year		13,542	7,245
Cash and cash equivalents at the end of the financial year		10,801	13,542

The above cashflow statement includes continuing and discontinued operations. Refer to note 7 for details on cashflow relating to discontinued operations.

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



# Notes to the Financial Statements

## 30 June 2022

### NOTE 1. GENERAL INFORMATION

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and Interpretations, the *Corporations Act 2001* and complies with other requirements of the law.

The financial report covers the company and controlled entities. The company is a public company, incorporated and domiciled in Australia.

For the purpose of preparing the consolidated financial statements, the company is a for-profit entity.

The financial report includes the consolidated financial statements of the group and is referred to as the group or consolidated entity.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2022. The directors have the power to amend and reissue the financial statements.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, 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 amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

#### Going concern

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company expects its normal cash flows over the next 12 months from the date of signing to be sufficient to continue as a going concern.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The presentation and functional currency of the group is Australian dollars.

#### Historical cost convention

The financial statements have been prepared under the historical cost convention.

#### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

#### Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

#### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Maggie Beer Holdings Ltd ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Maggie Beer Holdings Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

A controlled entity is any entity the company has the power over and is exposed or has rights to variable returns from its involvement in the entity, and has the ability to use its power to affect its returns.

A list of controlled entities is contained in note 30 to the financial statements.

All inter-company balances and transactions between entities in the consolidated entity, including any recognised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

The investments in controlled entities are measured at cost in the parent entity's financial statements.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the consolidated entity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### Revenue recognition

The consolidated entity recognises revenue as follows:

#### *Sale of goods - retail and online*

Revenue from the sale of goods is recognised to the extent that the group satisfies its single performance obligation to transfer agreed goods and the transaction price can be readily identified. All revenue is recognised at a point in time when control of the goods is transferred to the customer i.e. when the goods are delivered to the customer. Revenue is measured at the fair value of the consideration received or receivable being the amount to which the entity expects to be entitled to in exchange for goods. Amounts disclosed as revenue are net of discounts, trade allowances and rebates, and does not include revenue from discontinued operations.

All revenue from the sale of goods is recognised at a point in time.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### Income tax

The charge for current income tax expense/(benefit) is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, CONT.**

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is recognised or liability is settled. Deferred tax is credited in the profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognised its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group entered into the tax consolidation regime from 1st June 2006 and notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1st June 2006. The tax will be paid by the parent entity as the group has not entered into a tax funding agreement. The company is the designated parent entity for tax consolidation purposes.

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the

term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The group has not applied any practical expedients for lease liabilities.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.



*Cash flow hedges*

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss.

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

**Non-current assets or disposal groups classified as held for sale**

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

*Discontinued operations*

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

**Impairment of non-financial assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss and other comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in income.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, CONT.****Financial Liabilities**

Financial liabilities are classified as other financial liabilities.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

**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.

**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 14. 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.

*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 subsequent to the financial year and any anticipated costs management are aware of.

*Business combinations*

As discussed in note 29, the business combinations accounting as at 30 June 2022 has been finalised, in the 30 June 2021 financial statements they were determined on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities has been finalised by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

**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 Chief Executive Officer ('CEO') in order to allocate resources to the segment and to assess its performance.

There are currently two operating segments under the criteria set out in AASB 8, being Maggie Beer Products Pty Ltd ("MBP") and Hampers & Gifts Australia Pty Ltd ("HGA") 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 7 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 - 2022	Hampers & Gifts Australia \$'000	Maggie Beer Products \$'000	Other segments \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	45,325	31,036	-	76,361
Intersegment sales	(127)	(1,007)	-	(1,134)
Total sales revenue	45,198	30,029	-	75,227
Other revenue	4	17	-	21
<b>Total revenue</b>	45,202	30,046	-	75,248
 <b>Profit/(loss) before income tax expense, impairment and fair value gain from continuing operations</b>	 9,704	 1,955	 (5,585)	 6,074
<b>Profit/(loss) before income tax benefit</b>	9,704	1,955	(5,585)	6,074
Income tax benefit				1,278
<b>Profit after income tax benefit from continuing operations</b>				7,352
 <b>Assets</b>				
Segment assets	72,274	28,594	19,812	120,680
<b>Total assets</b>				120,680
 <b>Liabilities</b>				
Segment liabilities	6,545	3,345	20,453	30,343
Intersegment eliminations				(586)
<b>Total liabilities</b>				29,757



**NOTE 4. OPERATING SEGMENTS, CONT.**

Consolidated - 2021	Hampers & Gifts Australia \$'000	Maggie Beer Products \$'000	Other segments \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	2,169	25,644	-	27,813
Other revenue	-	77	743	820
<b>Total revenue</b>	<b>2,169</b>	<b>25,721</b>	<b>743</b>	<b>28,633</b>
<b>Profit/(loss) before income tax expense, impairment and fair value gain from continuing operations</b>	<b>450</b>	<b>2,841</b>	<b>(4,313)</b>	<b>(1,022)</b>
<b>Profit/(loss) before income tax benefit</b>	<b>450</b>	<b>2,841</b>	<b>(4,313)</b>	<b>(1,022)</b>
Income tax benefit				4,290
<b>Profit after income tax benefit from continuing operations</b>				<b>3,268</b>
<b>Assets</b>				
Segment assets	62,670	28,212	50,498	141,380
Intersegment eliminations				(11,724)
<b>Total assets</b>				<b>129,656</b>
<b>Liabilities</b>				
Segment liabilities	4,939	3,381	11,734	20,054
Intersegment eliminations				6,818
<b>Total liabilities</b>				<b>26,872</b>

Prior year comparatives have been restated due to discontinued operations, refer to note 7 for details.

**NOTE 5. REVENUE**

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

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Continuing operations - Types of goods</b>		
Sale of goods - retail	25,440	23,798
Sale of goods - online	49,787	3,911
<b>Discontinued operations - Type of goods</b>		
Sale of goods - retail	22,898	25,170
	<b>98,125</b>	<b>52,879</b>

All revenue is recognised at a point in time.

**NOTE 6. INCOME TAX BENEFIT**

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Income tax benefit</i>		
Current tax expense / (benefit)	2,640	452
Deferred tax expense / (benefit)	(1,855)	2
Recognition of Deferred Tax Assets	(2,063)	(4,290)
Aggregate income tax expense / (benefit)	(1,278)	(3,836)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Profit before income tax expense from continuing operations	6,075	(999)
Tax at the statutory tax rate of 30%	1,823	(307)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	817	1,095
Non-assessable non-operating income	-	(222)
Movement in Deferred Taxes	(3,918)	(112)
Recognition of Deferred Tax Asset - Acquisition of HGA	-	(4,290)
Income tax benefit attributable to continuing operations	(1,278)	(3,836)
Deferred Tax Assets and Liabilities		
Deferred tax assets	9,205	-
Deferred tax liabilities	(7,142)	-
Net temporary differences	2,063	-

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	-	5,995
Potential tax benefit @ 30%	-	1,799

All unused tax benefits for tax losses have been recognised in FY22.

**NOTE 7. DISCONTINUED OPERATIONS***Description*

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

The non-core assets are expected to be sold within 12 months and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the 12 month period is set out below.

*Financial performance information*

	Consolidated	
	2022 \$'000	2021 \$'000
Revenue	22,898	25,170
Raw materials and consumables used	(12,685)	(13,437)
Overheads	(960)	(929)
Occupancy and utility costs	(1,073)	(989)
Employee benefits expense	(6,200)	(6,449)
Transportation costs	(1,494)	(1,685)
Professional expenses	(395)	(93)
Marketing and advertising fees	(279)	(272)
Other expenses	(901)	(852)
Depreciation	(1,352)	(1,278)
Amortisation	(553)	(519)
Impairment	(17,559)	-
Finance costs	(62)	(74)
Total expenses	(43,513)	(26,577)
Loss before income tax benefit	(20,615)	(1,407)
Income tax benefit	785	454
Loss after income tax benefit	(19,830)	(953)
Loss after income tax benefit from discontinued operations	(19,830)	(953)



*Cash flow information*

	Consolidated	
	2022 \$'000	2021 \$'000
Net cash from/(used in) operating activities	(2,346)	604
Net cash used in investing activities	(923)	(444)
Net cash from/(used in) financing activities	2,078	(2)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	(1,191)	158

*Carrying amounts of assets and liabilities classified as held for sale*

	Consolidated	
	2022 \$'000	2021 \$'000
Trade and other receivables	2,604	-
Inventories	1,129	-
Other current assets	313	-
Property, plant and equipment	9,910	-
Intangibles	40	-
Right of use assets	980	-
Total assets	14,976	-
Trade and other payables	2,099	-
Lease liabilities	1,117	-
Provisions	336	-
Total liabilities	3,552	-
Net assets	11,424	-

*Accounting policy for discontinued operations*

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

*Accounting policy for fair value measurement*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**NOTE 8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES**

	Consolidated	
	2022 \$'000	2021 \$'000
Trade receivables	5,106	6,774
Lease receivable (sub-lease)	217	367
Other receivable	34	640
GST receivable	275	220
	<hr/>	<hr/>
	5,632	8,001

*Accounting policy for trade and other receivables*

Trade receivables and other receivables are all classified as financial assets held at amortised cost.

Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less a loss allowance provision. The carrying value of trade and other receivables, less loss allowance provisions, is considered to approximate fair value, due to the short term nature of the receivables.

The collectability of trade and other receivables is reviewed on an ongoing basis with a further focus in this financial year on collection risk following the impact of the COVID-19 pandemic. Individual debts which are known to be uncollectable are written off when identified. The group recognises a loss allowance provision based upon anticipated lifetime losses of trade receivables. The anticipated losses are determined with reference to historical loss experience adjusted to reflect current and forward-looking information and is regularly reviewed and updated. This includes general macroeconomic indicators such as RBA cash rate and GDP growth.

Trade receivables are generally due for settlement between 30 and 60 days.

*Credit risks related to receivables*

Refer to note 23 for additional information.

**NOTE 9. CURRENT ASSETS - INVENTORIES**

	Consolidated	
	2022 \$'000	2021 \$'000
Raw materials	4,916	994
Work in progress	93	205
Finished goods	7,845	5,403
Stock in transit	819	935
Packaging	2,140	977
	<hr/>	<hr/>
	15,813	8,514

The total amount of inventory recognised as an expense during the year is \$38.3 million (FY21: \$16.7 million).

*Accounting policy for inventories*

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**NOTE 10. CURRENT ASSETS - DERIVATIVE FINANCIAL INSTRUMENTS**

	Consolidated	
	2022	2021
	\$'000	\$'000
Forward foreign exchange contracts - cash flow hedges	153	-

**NOTE 11. CURRENT ASSETS - OTHER**

	Consolidated	
	2022	2021
	\$'000	\$'000
Prepayments	1,849	1,169
Bank guarantees	603	123
Other current assets	7	59
	2,459	1,351

*Prepayments*

Included in the prepayments balance is \$1.3 million (FY21: Nil) worth of deposits paid on inventory arriving in FY23.

*Bank guarantees*

Bank guarantees relate to cash held in term deposits given to landlords upon inception of the lease. The funds are released upon vacating the lease.



**NOTE 12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT**

	Consolidated	
	2022 \$'000	2021 \$'000
Land	-	460
Motor vehicles	16	474
Less: Accumulated depreciation	(16)	(164)
	-	310
Plant and equipment	5,749	15,005
Less: Accumulated depreciation	(3,288)	(5,226)
	2,461	9,779
Building and leasehold improvements	11	7,007
Less: Accumulated depreciation	-	(788)
	11	6,219
	2,472	16,768

*Reconciliations*

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

Consolidated	Land \$'000	Motor vehicles \$'000	Building and leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2020	460	880	6,408	9,599	17,347
Additions	-	15	41	710	766
Additions through business combinations (note 32)	-	-	11	362	373
Disposals	-	(10)	-	(9)	(19)
Transfer out	-	(513)	-	-	(513)
Depreciation expense	-	(62)	(241)	(883)	(1,186)
Balance at 30 June 2021	460	310	6,219	9,779	16,768
Additions	-	15	11	1,174	1,200
Classified as held for sale	(460)	(192)	(5,998)	(3,261)	(9,911)
Disposals	-	(45)	-	(16)	(61)
Impairment of assets	-	-	-	(4,112)	(4,112)
Depreciation expense	-	(88)	(221)	(1,103)	(1,412)
Balance at 30 June 2022	-	-	11	2,461	2,472

*Accounting policy for property, plant and equipment*

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

*Impairment expense*

Impairment expense relates to assets held for sale during the year which was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification, resulting in the recognition of a write-down of \$4.112 million as impairment expense in the statement of profit or loss. The fair value of the assets was determined based on the fair value less cost to sell.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of all fixed assets including recognised lease assets is depreciated on a straight line or diminishing value basis over their useful lives to the group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The following estimated useful lives are used in the calculation of depreciation:

Motor vehicles	5 years
Plant and equipment	4 to 20 years
Building and leasehold improvements	10 to 33 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**NOTE 13. NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS****Right-of-use assets**

	Consolidated	
	2022 \$'000	2021 \$'000
Land and buildings - right-of-use	3,308	3,486
Less: Accumulated depreciation	(1,052)	(2,214)
	2,256	1,272
Plant and equipment - right-of-use	1,871	1,871
Less: Accumulated depreciation	(759)	(599)
	1,112	1,272
Motor vehicles - right-of-use	1,407	1,122
Less: Accumulated depreciation	(802)	(600)
	605	522
	3,973	3,066

**NOTE 13. NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS, CONT.***Reconciliations*

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

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2021	1,050	1,273	743	3,066
Classified as held for sale	(263)	(113)	(604)	(980)
Additions	3,130	-	285	3,415
Disposals	(43)	-	(21)	(64)
Depreciation expense	(1,123)	(160)	(181)	(1,464)
Balance at 30 June 2022	2,751	1,000	222	3,973

Lease liabilities	Consolidated	
	2022 \$'000	2021 \$'000
Current	1,313	1,644
Non-current	2,179	1,636
	3,492	3,280

Lease liabilities	Consolidated	
	2022 \$'000	2021 \$'000
Interest expense (included in finance costs)	166	146

The total cash outflow for leases in 2022 was \$1.92 million (2021: \$1.37 million).



**NOTE 14. NON-CURRENT ASSETS - INTANGIBLES***Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial 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*	Customer Contracts**	Other Intangible	Total
Balance at 1 July 2020	-	11,802	3,585	-	6,141	2,306	304	24,138
Additions from internal development	-	-	-	-	-	-	207	207
Additions through business combinations (note 32)	-	-	-	40,717	9,440	4,860	208	55,225
Amortisation expense	-	-	-	-	(529)	(540)	(87)	(1,156)
Balance at 30 June 2021	-	11,802	3,585	40,717	15,052	6,626	632	78,414
Additions from internal development	-	-	-	-	-	-	180	180
Classified as held for sale	-	-	-	-	-	-	(40)	(40)
Revaluation increments	-	-	-	210	-	-	-	210
Impairment of assets	-	(11,802)	-	-	(1,316)	(329)	-	(13,447)
Amortisation expense	-	-	-	-	(1,394)	(1,431)	(155)	(2,980)
Balance at 30 June 2022	-	-	3,585	40,927	12,342	4,866	617	62,337

\* The cost of the brand intangible asset consists of \$4.7 million allocated to the Maggie Beer Products CGU and \$9.4 million allocated to the Hampers & Gifts Australia CGU as at 30 June 2022.

\*\* The cost of the customer contract intangible asset consists of \$1.6 million allocated to the Maggie Beer Products CGU and \$4.9 million allocated to the Hampers & Gifts Australia CGU as at 30 June 2022.

Goodwill was acquired as a result of business combinations entered during the FY21, refer to note 29 for details.

*Accounting policy for intangible assets*

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Accounting policy for goodwill*

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the statement of profit or loss and other comprehensive income as a bargain purchase gain.

**NOTE 14. NON-CURRENT ASSETS - INTANGIBLES, CONT**

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or when a subsidiary is disclosed as an asset held for sale, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

*Intangible Assets acquired in a business combination*

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

*Recoverable amount of goodwill*

In accordance with AASB 136, impairment testing has been undertaken for all cash generating units (CGUs) with indefinite intangibles or where there is an indication of impairment. These impairment tests have been completed via a multiple scenario approach in response to significant uncertainties in the market.

At 30 June 2022, for Maggie Beer Products, 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 Maggie Beer Products is based on management's latest forecast for financial year 2023 and incorporating previous revenue growth, achievable margin, reasonable expense increases, capital expenditure for maintenance and entity specific long-term averages for the latter years.

In considering the outlook for Maggie Beer Products, and the specific impacts of the COVID-19 pandemic, management considered a range of possible scenarios and have applied a probability weighting to each of these in order to determine an estimation of future cash flows which has a reasonable and appropriate basis.

**Maggie Beer Products***Revenue growth*

Revenue growth over the five-year period is based upon forecasted revenue on a business-as-usual basis and assumes no New Products Development ('NPD') or new geographies (in accordance with AASB 136). The starting point is an assessment of the market, leveraging industry reports and overlaying with known sales growth opportunities.

The average revenue growth over the forecast period is assumed at 10.73% per annum (compared with an actual growth rate of 21.03% in FY22).

*Costs*

Gross margin in FY23 is expecting to soften slightly from its FY22 levels, due to the increase in input costs, and is then assumed to remain flat for the remainder of the model's period with the sales mix including increased higher margin from e-commerce sales. Raw material price increases are to be matched by price increases with retailers to offset. All fixed costs, including selling, administration and management labour, are modelled to grow at 2.0% a year, in line with the Reserve Bank of Australia's inflation target range of 2-3 percent, on average, over time.

*Long-term growth rate*

The long-term growth rate is the weighted average growth rate used to extrapolate cash flows beyond the modelled period. A long-term growth rate of 2.0% has been used in the value-in-use calculations, which is on the lower end of the long-term Reserve Bank of Australia's inflation target range of 2-3 percent, on average, over time.

*Discount rate*

The discount rate represents the current market assessment of the risks relating to the relevant CGU. In performing the value-in-use calculations for the CGU, the Group has applied a pre-tax discount rate of 16.37% per annum (11.46% post tax) for Maggie Beer Products.

*Review outcome*

In completing the impairment review based on the aforementioned, the value in use of the Maggie Beer Products business exceeded its carrying value by \$4.2 million.

### Hampers & Gifts Australia

The HGA business was purchased in May 2021 for a total upfront consideration of \$40m, plus contingent consideration (earnout). As at 30 June 2022 the total net assets of HGA recognised was \$51.7m comprising \$40.9m of Goodwill.

Management has determined the recoverable amount of the Hampers and Gifts Australia (HGA) CGU by assessing the fair value less cost of disposal (FVLCD) of the underlying assets. The valuation is considered to be level 2 in the fair value hierarchy due to unobservable inputs used in the valuation. Given the recent transaction, Management applied the actual EBITDA multiple to the FY23 forecast EBITDA in assessing the CGU's recoverable amount.

No impairment was identified.

#### Brand

Brands acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life range of 5-20 years.

#### Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life range of 0-10 years.

### NOTE 15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2022 \$'000	2021 \$'000
Trade payables	5,286	5,953
Employee related payables	365	560
Other payables	1,224	1,412
	<u>6,875</u>	<u>7,925</u>

Refer to note 24 for further information on financial instruments.

#### Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured, non-interest bearing and are usually due for payment within 30 to 60 days of issue.

### NOTE 16. CURRENT LIABILITIES - CONTRACT LIABILITIES

	Consolidated	
	2022 \$'000	2021 \$'000
Contract liabilities	<u>460</u>	<u>411</u>

#### Accounting policy for contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.



**NOTE 17. CURRENT LIABILITIES - EMPLOYEE BENEFITS**

	Consolidated	
	2022 \$'000	2021 \$'000
Employee benefits	1,222	1,249

*Accounting policy for employee benefits**Short-term employee benefits*

Liabilities for annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**NOTE 18. NON-CURRENT LIABILITIES - OTHER NON-CURRENT FINANCIAL LIABILITIES**

Refer to note 27 for further information on related party transactions.

**NOTE 19. NON-CURRENT LIABILITIES - EMPLOYEE BENEFITS**

	Consolidated	
	2022 \$'000	2021 \$'000
Employee benefits	156	217

*Accounting policy for other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**NOTE 20. NON-CURRENT LIABILITIES - CONTINGENT CONSIDERATION**

	Consolidated	
	2022 \$'000	2021 \$'000
Contingent Consideration	14,000	13,790

Refer to business combination note 29 for details on contingent consideration.

**NOTE 21. EQUITY - ISSUED CAPITAL**

	Consolidated			
	2022 Shares	2021 Shares	2022 \$'000	2021 \$'000
Ordinary shares - fully paid	351,839,920	351,151,240	169,561	169,386

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	351,151,240		169,386
Issue of shares to directors	24 December 2021	188,680	\$0.530	100
Reg Weine exercise of options	30 June 2022	500,000	\$0.150	75
Balance	30 June 2022	351,839,920		169,561

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The capital structure of the group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves. Operating cash flows are used to maintain and expand the group's assets, as well as to make the routine outflows of payables and tax.

The capital risk management policy remains unchanged from the 2021 Annual Report.

*Accounting policy for issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**NOTE 22. EQUITY - RESERVES**

	Consolidated	
	2022 \$'000	2021 \$'000
Options reserve	3,556	3,267

**Options reserve**

Options reserve arises on the grant of share options to Directors and employees of the group under the group incentive option scheme. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

The company operates an ownership-based remuneration scheme through the Incentive Option Scheme, details of which are provided in note 34 to the financial statements. Other than minimal administration costs, which are expensed when incurred, the plan does not result in any cash outflow from the Company.

The fair value of equity-settled share-based payments is measured by use of the Black-Scholes model. The expected life used in the models have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

**Movements in reserves**

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

Consolidated	Options reserve \$'000
Balance at 1 July 2020	1,634
Share based payment	1,633
Balance at 30 June 2021	3,267
Share based payment	289
Balance at 30 June 2022	3,556

**NOTE 23. EQUITY - DIVIDENDS****Dividends**

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

**Franking credits**

	Consolidated	
	2022 \$'000	2021 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	7,568	7,568

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date



**NOTE 24. FINANCIAL INSTRUMENTS****Financial risk management objectives**

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves. Operating cash flows are used to maintain and expand the group's assets, as well as to make the routine outflows of payables and tax.

The consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits. These activities expose the consolidated entity to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The consolidated entity does not have formal documented policies and procedures for the management of risk associated with financial instruments. However, the Board has responsibility for managing the different types of risks to which the consolidated entity is exposed. These responsibilities include considering risk and monitoring levels of exposure to interest rate risk, and by being aware of market forecasts for interest rate, and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through general business budgets and forecasts.

**Market risk***Foreign currency risk*

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge 100% of anticipated foreign currency transactions for the subsequent 6 months.

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars 2022 \$'000	Average exchange rates 2022
<b>Buy US dollars</b>		
Maturity:		
0 - 3 months	1,878	0.7200
3 - 6 months	1,512	0.7200

*Price risk*

The group is not exposed to any significant price risk.

*Interest rate risk*

The group's exposure to market interest rates relates primarily to the group's cash and short-term deposits held.

**Sensitivity Analysis**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the statement of financial position date.

**NOTE 24. FINANCIAL INSTRUMENTS, CONT.**

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax-loss and equity would have been affected as follows:

Consolidated 2022	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000
Bank deposits	100	109	109	(50)	(54)	(54)

Consolidated 2021	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000
Bank deposits	100	135	135	(50)	(68)	(68)

**Credit risk**

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. This includes general macroeconomic indicators such as RBA cash rate and GDP growth.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for impairment losses, as disclosed in the statement of financial position and notes to the financial report.

The group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the group's policy to securitise its trade and other receivables. It is the group's policy to consider the credit worthiness of all customers who wish to trade on credit terms.

In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

**Allowance for expected credit losses**

The loss allowance as at 30 June 2022 was determined as follows for trade receivables:

	Loss allowance provision 2022 \$'000	Loss allowance provision 2021 \$'000	Gross amount 2022 \$'000	Gross amount 2021 \$'000
Not past due	-	-	3,358	4,184
Past due 0 - 60 days	-	1	1,450	2,528
Past due 60+ days	15	133	313	194
	15	134	5,121	6,906

**NOTE 24. FINANCIAL INSTRUMENTS, CONT.****Liquidity risk**

The group manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

**Remaining contractual maturities**

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated 2022	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	8,976	-	-	-	8,976
<i>Interest-bearing - fixed rate</i>						
Lease liability	3.27%	1,313	614	1,566	-	3,493
Total non-derivatives		10,289	614	1,566	-	12,469
Consolidated 2021	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	5,286	-	-	-	5,286
<i>Interest-bearing - fixed rate</i>						
Lease liability	4.75%	1,385	998	638	-	3,021
Total non-derivatives		6,671	998	638	-	8,307

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**NOTE 24. FINANCIAL INSTRUMENTS, CONT.****Fair value of financial instruments**

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

There were no financial instruments that are measured subsequent to initial recognition at fair value as at reporting date.

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the consolidated entity are as follows:

Consolidated	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>				
Cash and cash equivalents	10,801	10,801	13,542	13,542
Trade and other receivables	5,632	8,235	8,001	8,001
	16,433	19,036	21,543	21,543
<i>Liabilities</i>				
Trade and other payables	6,875	6,875	7,925	7,925
Lease liability	6,094	6,094	3,280	3,280
	12,969	12,969	11,205	11,205

**NOTE 25. KEY MANAGEMENT PERSONNEL DISCLOSURES****Directors**

The following persons were directors of Maggie Beer Holdings Ltd during the financial year:

Reg Weine	Non-Executive Chairman
Chantale Millard	Chief Executive Officer/Executive Director
Maggie Beer AO	Non-Executive Director
Tom Kiing	Non-Executive Director
Hugh Robertson	Non-Executive Director

**Other key management personnel**

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Eddie Woods	Chief Financial Officer
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**Compensation**

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2022 \$	2021 \$
Short-term employee benefits	971,743	713,954
Post-employment benefits	57,136	48,441
Leave provisions	127,169	44,011
Share-based payments	453,868	1,754,930
	1,609,916	2,561,336



**NOTE 26. REMUNERATION OF AUDITORS**

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company:

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Audit services - PricewaterhouseCoopers</i>		
Audit or review of the financial statements	219,300	186,660
<i>Other services - PricewaterhouseCoopers</i>		
Tax advisory	-	22,000
	219,300	7,925

**NOTE 27. RELATED PARTY TRANSACTIONS***Parent entity*

Maggie Beer Holdings Limited is the parent entity of the consolidated entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 30.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

*Transactions with related parties*

During the year, Maggie Beer Products Pty Ltd entered into the following trading transactions with related parties that are not members of the consolidated entity:

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Sale of goods and services:</i>		
- To entities with common directorship*	302,252	220,263
<i>Payment for goods and services:</i>		
- From entities with common directorship*	750,732	944,094
- From key management personnel**	167,104	157,104

\*Sales and purchases to entities with common directorship include rent, purchase and sale of products and other expenses to entities associated with Maggie Beer.

\*\*Maggie Beer has continued as a brand ambassador during the year, continuing her association with the Maggie Beer brand, its product development program and customer relationship. Maggie Beer receives fees of \$13,092 per month for her services. She also received a one-off \$10,000 fee in FY22 in relation to promotional filming activities. Maggie Beer received \$167,104 for services provided during the year.

\*\*During the year, Reg Weine has stepped in for the short term from April 2022 to take over the leadership of SDD in order to prepare the entity for sale. Reg was paid consultancy fees of \$60,000.

**NOTE 27. RELATED PARTY TRANSACTIONS, CONT.***Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties entered into by Maggie Beer Products Pty Ltd, with related parties that are not members of the consolidated entity:

	Consolidated	
	2022 \$	2021 \$
Current receivables:		
Trade receivables from entities with common directorship	31,921	32,936
Current payables:		
Trade payables to entities with common directorship	63,435	42,868

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**NOTE 28. PARENT ENTITY INFORMATION**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	Parent	
	2022 \$'000	2021 \$'000
Loss after income tax	(16,727)	(3,933)
Total comprehensive income	(16,727)	(3,933)

*Statement of financial position*

	Parent	
	2022 \$'000	2021 \$'000
Total current assets	1,227	2,833
Total assets	86,012	87,082
Total current liabilities	1,105	964
Total liabilities	4,768	998
Equity		
Issued capital	169,561	169,386
Options reserve	3,556	3,268
Accumulated losses	(91,872)	(86,570)
	81,244	86,084
Total equity	81,244	86,084

There were no contingent liabilities of the company (2021: Nil).

**NOTE 28. PARENT ENTITY INFORMATION, CONT.***Capital commitments - Property, plant and equipment*

There were no commitments for the acquisition of property, plant and equipment by the parent entity during the year (2021: Nil).

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

**NOTE 29. BUSINESS COMBINATIONS***Hampers and Gifts Australia*

On 21 May 2021, Maggie Beer Holdings Limited acquired 100% of the ordinary shares of Hampers & Gifts Australia Pty Ltd ("Hampers & Gifts Australia") for a total upfront consideration of \$40 million plus contingent consideration (earnout), comprising of cash and shares. Hampers & Gifts Australia is a leading e-commerce gourmet hamper and gift business.

At 30 June 2021, the amounts presented in the business combination note were provisionally determined. As at 30 June 2022, the numbers have been finalised. The changes made at finalisation was unwinding the discounting of the contingent consideration to recognise the full \$14.0 million. The impact increased the goodwill and contingent consideration by \$210,000 from the provisional calculation.

At the date of finalisation of the annual year report, the consolidated entity has ensured all identifiable intangible assets have been recognised and vendor warranties and representations met. Accordingly, the accounting for the acquisition of Hampers & Gifts Australia has been determined as final at the end of the reporting period. For tax purposes, the tax values of Hampers & Gifts Australia's assets are required to be reset based on market values of the assets when admitted into the tax consolidated group.

The acquired business contributed revenues of \$2.17 million and a profit after tax of \$0.45 million to the consolidated entity for the period ending 30 June 2021.

The final fair values of the identifiable net assets acquired are detailed below:

	Fair value \$000
Other current assets	179
Other receivables	199
Inventories	3,702
Leasehold improvements	11
Plant and equipment	362
Right-of-use assets	221
Website	208
Brand	9,440
Customer contracts	4,860
Trade and other payables	(1,726)
Contract liabilities	(273)
Deferred tax liability	(4,290)
Lease liability	(285)
Net assets acquired	12,608
Goodwill	40,926
Acquisition-date fair value of the total consideration transferred	53,534

**NOTE 29. BUSINESS COMBINATIONS, CONT.***Hampers and Gifts Australia, cont.*

	Fair value \$000
Representing:	
Cash paid or payable to vendor	20,000
MBH shares issued to vendor	20,000
Value of MBH shares issued at \$0.35 (35 cents) per share	14,000
Contingent consideration*	(640)
Cash receivable on Working Capital/Net Debt adjustment**	53,360

**i. Consideration transferred**

The company paid \$20 million cash and \$20 million worth of shares at an issue price of \$0.35 (35 cents) per ordinary share.

- 50% of the shares have been escrowed until the earlier of the release of the company's financial statements for the year ending 30 June 2022 or 31 October 2022; and
- as to the remaining 50% of the Vendor Shares: from the issue date until the earlier of the release of the company's financial statements for the financial year ending 30 June 2023 or 31 October 2023.

\*Contingent consideration

In the event that Hampers & Gifts Australia ("HGA") achieves no less than \$10 million EBITDA for the financial year ending 30 June 2023 (Earnout Period) the vendors will be entitled to a base earnout consideration of \$10 million (50% cash and 50% shares). However, 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 (up to a maximum of an additional \$5 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 million and if HGA achieves no less than \$17 million in EBITDA for the earnout period, then the total earnout will be \$15 million.

The potential undiscounted amount payable under the agreement is between \$0 for EBITDA less than \$10 million for the financial year ending 30 June 2023 (earnout period) and \$15 million for EBITDA above \$15 million. The fair value of the contingent consideration of \$14.0 million was estimated by calculating the expected trading EBITDA to be achieved.

\*\*Cash receivable on Working Capital/Net Debt adjustment

The share purchase agreement on acquisition of HGA utilised completion accounts where the target working capital amount and net debt amounts were agreed prior to acquisition date. The cash adjustment receivable from the vendors represents the difference between the actual amount of working capital and net debt on completion date compared to target.

The cash adjustment was received subsequently from the vendors on 04 August 2021.

*Accounting policy for business combinations*

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.



Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### NOTE 30. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2. St David Dairy Pty Ltd & B.-d Farms Paris Creek Pty Ltd are classified as discontinued operations and assets held for sale, refer to note 7 for details.

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
B.-d Farm Paris Creek Pty Ltd*	Australia	100.00%	100.00%
St David Dairy Pty Ltd*	Australia	100.00%	100.00%
Maggie Beer Products Pty Ltd*	Australia	100.00%	100.00%
Hampers and Gifts Australia Pty Ltd*	Australia	100.00%	100.00%

\* Maggie Beer Holdings Limited, B.-d Paris Creek Farms Pty Ltd, Maggie Beer Products Pty Ltd, St David Dairy Pty Ltd and Hampers & Gifts Australia Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

### NOTE 31. EVENTS AFTER THE REPORTING PERIOD

On 3 August 2022, the group entered into exclusive negotiations for the sale of St David Dairy with the intended transaction to be completed by the end of August 2022.

On 19 August 2022, the group entered into exclusive negotiations for the sale of Paris Creek Farms with the intended transaction to be completed by early October 2022.

Subsequent to year-end, the Board has proposed to recommend a Return of Capital of 1.0c per share, subject to shareholder approval at the AGM.

No other matter or circumstance has arisen since 30 June 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 32. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES**

	Consolidated	
	2022 \$'000	2021 \$'000
Profit/(loss) after income tax benefit for the year	(12,478)	1,861
Adjustments for:		
Depreciation and amortisation	5,770	3,317
Impairment and write down of discontinued operations	17,559	-
Share-based payments	388	1,785
Interest income classified as financing cashflow	21	(33)
Interest expense classified as financing cashflow	210	404
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,657)	118
Increase in inventories	(8,428)	(1,312)
Increase in deferred tax assets	(2,064)	(4,290)
Increase/(decrease) in trade and other payables	1,119	(574)
Increase in other provisions	233	191
Net cash from operating activities	673	1,467

Non-cash investing and financing activities consist of shares issued during the year as consideration for business combinations, as disclosed in note 29.

**NOTE 33. EARNINGS PER SHARE**

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax attributable to the owners of Maggie Beer Holdings Ltd	7,352	2,814
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	351,250,310	231,277,191
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	8,000,000	4,500,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	359,250,310	235,777,191
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	2.093	1.217
Diluted earnings per share	2.046	1.193

**NOTE 33. EARNINGS PER SHARE, CONT.**

	Consolidated	
	2022	2021
	\$'000	\$'000

*Earnings per share for loss from discontinued operations*

Loss after income tax attributable to the owners of Maggie Beer Holdings Ltd	(19,830)	(953)
--	----------	-------

	Cents	Cents
Basic earnings per share	(5.646)	(0.412)
Diluted earnings per share	(5.646)	(0.412)

	Consolidated	
	2022	2021
	\$'000	\$'000

*Earnings per share for profit/(loss)*

Profit/(loss) after income tax attributable to the owners of Maggie Beer Holdings Ltd	(12,478)	1,861
---	----------	-------

	Cents	Cents
Basic earnings per share	(3.552)	0.805
Diluted earnings per share	(3.552)	0.805

*Accounting policy for earnings per share**Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Maggie Beer Holdings Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**NOTE 34. SHARE-BASED PAYMENTS**

Set out below are summaries of options and performance rights 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:

**2022**

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
16/7/2020	16/7/2020	\$0.150	1,500,000	-	(500,000)	-	1,000,000
16/7/2020	16/7/2020	\$0.180	1,500,000	-	-	-	1,500,000
16/7/2020	16/7/2020	\$0.200	1,500,000	-	-	-	1,500,000
28/10/2020	1/7/2021	\$0.150	3,000,000	-	-	-	3,000,000
28/10/2020	1/7/2022	\$0.180	3,000,000	-	-	(3,000,000)	-
28/10/2020	1/7/2023	\$0.200	3,000,000	-	-	-	3,000,000
			13,500,000	-	(500,000)	(3,000,000)	10,000,000

**2021**

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
17/12/2013	17/12/2020	\$1.500	50,321	-	-	(50,321)	-
16/7/2020	16/7/2020	\$0.150	-	1,500,000	-	-	1,500,000
16/7/2020	16/7/2020	\$0.180	-	1,500,000	-	-	1,500,000
16/7/2020	16/7/2020	\$0.200	-	1,500,000	-	-	1,500,000
28/10/2020	1/7/2021	\$0.150	-	3,000,000	-	-	3,000,000
28/10/2020	1/7/2022	\$0.180	-	3,000,000	-	-	3,000,000
28/10/2020	1/7/2023	\$0.200	-	3,000,000	-	-	3,000,000
			50,321	13,500,000	-	(50,321)	13,500,000

*Performance rights*

Set out below is a summary of the performance rights outstanding at reporting date:

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the 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	-	319,285	-	-	319,285
01/07/2021	30/06/2024	-	319,286	-	-	319,286



**NOTE 34. SHARE-BASED PAYMENTS, CONT.**

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

Grant date	Vesting date	VWAP Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/07/2020	16/07/2020	\$0.225	\$0.150	90.00%	-	0.26%	\$0.131
16/07/2020	16/07/2020	\$0.225	\$0.180	90.00%	-	0.26%	\$0.121
16/07/2020	16/07/2020	\$0.225	\$0.200	90.00%	-	0.26%	\$0.115
28/10/2020	01/07/2021	\$0.321	\$0.150	90.00%	-	0.11%	\$0.220
28/10/2020	01/07/2022	\$0.321	\$0.180	90.00%	-	0.13%	\$0.217
28/10/2020	01/07/2023	\$0.321	\$0.200	90.00%	-	0.13%	\$0.219

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. The options relating to FY22 have been forfeited due to not reaching the performance hurdle trading EBITDA. Management has assessed the probability of future options and performance rights targets being reached as 90% as at 30 June 2022.

On 24 June 2021, the board approved one-off bonus grant of 600,000 performance rights. The performance rights expiring on 31 August 2022 in the below table are subject to vest based on time-based hurdle of continuous employment with the group until August 2022 being met.

On 24 June 2021, the directors approved a Long-Term Incentive Plan (LTIP) for the executive team in the form of granting performance rights over 3 years in 3 tranches. The performance rights are based on a % of each individual's Total Fixed Remuneration (including super) (TFR). Therefore, if an individual's TFR is increased, the LTIP value and number of shares is adjusted over the course of the 3 years at the same value of \$0.35.

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

For the performance rights granted during the current financial 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	30/06/2022	\$0.400	90.00%	-	0.06%	\$0.400
01/07/2021	30/06/2023	\$0.400	90.00%	-	0.06%	\$0.400
01/07/2021	30/06/2024	\$0.400	90.00%	-	0.20%	\$0.400

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 30/06/2022 have been forfeited due to performance hurdle not being met. Management has assessed the probability of FY23 and FY24 performance rights targets being reached as 90% as at 30 June 2022.

# Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Reg Weine**  
**Non-Executive Chairman**

24 August 2022



## Independent auditor's report

To the members of Maggie Beer Holdings Limited

### Report on the audit of the financial report

#### Our opinion

In our opinion:

The accompanying financial report of Maggie Beer Holdings Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Liability limited by a scheme approved under Professional Standards Legislation.



### Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope
<ul style="list-style-type: none"> <li>For the purpose of our audit we used overall Group materiality of \$497,573, which represents approximately 0.5% of the Group's total revenues from continuing and discontinuing operations.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> <li>We chose Group total revenues from continuing and discontinuing operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.</li> <li>We utilised a 0.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.</li> </ul>	<ul style="list-style-type: none"> <li>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>Maggie Beer Holdings Limited operates across four segments with its head office functions based in South Australia, Australia.</li> </ul>

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.





#### Key audit matter

#### How our audit addressed the key audit matter

##### **Assets held for sale and discontinued operations** (Note 7 - Discontinued Operations)

On 22 June 2022, the Group announced the appointment of an advisor in relation to the company's non-core dairy assets, Paris Creek Farms (PCF) and St David Dairy (SDD).

In accordance with Australian Accounting Standards, these assets were 'held for sale' and were written down to their respective fair values using fair value less costs to sell and disclosed as discontinued operations. This resulted in an impairment of \$17.6m.

We have considered the valuation of the assets held for sale to be a key audit matter due to the size of the impact on the group financial statements and the judgements applied by management in assessing the fair value of assets held for sale.

Our procedures included, amongst others:

- Obtained an understanding of the proposed offers received for PCF and SDD.
- Reviewed the proposed offers and Board meeting minutes to understand any terms and conditions attached to the offers.
- Agreed asset and liability values for PCF and SDD prior to fair value adjustments to underlying financial records.
- For a sample of items included within costs to sell, agreed the amounts to supporting documentation.
- Agreed the impairment recognised as the difference between the asset and liability values for PCF and SDD, prior to fair value assessment, and the amount included in the proposed sale contracts adjusted for costs to sell.
- We evaluated the reasonableness of the disclosures against the requirements of Australian Accounting Standards.

##### **Recognition of contingent consideration** (Note 29 Business combinations)

The Group acquired 100% of Hampers & Gifts Australia Pty Ltd on 21 May 2021 for a total upfront consideration of \$40.0 million plus contingent consideration (earnout), comprising of cash and shares. The business combination was presented on a provisional basis at 30 June 2021.

As at 30 June 2022, the amount of contingent consideration was reassessed increasing to \$14.0m. This change from 30 June 2021 resulted in an increase in goodwill of \$0.2m.

We determined this is a key audit matter due to the materiality of the contingent consideration balance and judgement and uncertainty involved in forecasting the estimated earnout.

Our procedures included amongst others:

- Obtained an understanding of the share purchase deed and the terms and conditions associated with the contingent consideration.
- Reviewed the budget for FY23 to re-calculate the amount of contingent consideration payable.
- Tested the mathematical accuracy of key data within the Group's calculation of the contingent consideration and subsequent adjustment to goodwill.
- We evaluated the business combination disclosures in the financial statements against the requirements of Australian Accounting Standards.




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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.



## Report on the remuneration report

### Our opinion on the remuneration report

We have audited the remuneration report included in pages 24 to 32 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Maggie Beer Holdings Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Brad Peake  
Partner

Melbourne  
24 August 2022









# Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 4 August 2022 (Report Date).

## CORPORATE GOVERNANCE STATEMENT

The Company's directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (**Recommendations**) to the extent considered appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any recommendations that have not been followed, and provides reasons for not following such recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (<https://www.maggiebeer.com.au/investor-info/corporate-governance>) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will particularise each recommendation that needs to be reported against by the Company, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on its website (<https://www.maggiebeer.com.au/investor-info/corporate-governance>).

## Number of Holdings of Equity Securities

As at the **Report Date**, the number of holders in each class of equity securities on issue in Maggie Beer Holdings Ltd is as follows:

Class of Equity Securities	Number of holders
Fully paid ordinary shares	2,834
Options exercisable at \$0.15 and expiring 16 July 2024	1
Options exercisable at \$0.18 and expiring 16 July 2024	1
Options exercisable at \$0.20 and expiring 16 July 2024	1
Options exercisable at \$0.15 and expiring 28 October 2024	1
Options exercisable at \$0.18 and expiring 28 October 2024	1
Options exercisable at \$0.20 and expiring 28 October 2024	1

## Voting Rights of Equity Securities

The only class of equity securities on issue in the Company which carry voting rights is ordinary shares.

As at the Reporting Date, there were 2,834 holders of a total of 351,839,920 ordinary shares of the Company. The voting rights attaching to the ordinary shares as set out in clause 20 of the Company's constitution are that every member who is present at a general meeting and entitled to vote:

- on a show of hands, has one vote;
- on a poll, has one vote for each fully paid share the member holds; and
- in the case of a partly paid share, that fraction of a vote equivalent to the proportion which the amount paid up (excluding any amount credited as paid up) on that partly paid share bears to the total issue price of that share. Amounts paid in advance of a call are ignored when calculating the proportion.

### Distribution of Holders of Equity Securities

The distribution of holder of equity securities on issue in the company as at the Report Date is as follows:

Ordinary Fully Paid Shares			
Range	Total Holders	Units	% of Issued Capital
1 - 1,000	934	210,839	0.06
1,001 - 5,000	789	2,060,060	0.59
5,001 - 10,000	320	2,471,576	0.70
10,001 - 100,000	637	20,333,627	5.78
100,001 and over	154	326,763,818	92.87
<b>Total</b>	<b>2,834</b>	<b>351,839,920</b>	<b>100</b>

### Unmarketable Parcels

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price as at the Reporting Date is as follows:

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum \$500 parcel at \$0.35 per unit	1429	1,076	385,104

### Substantial Shareholders

As at the Report Date, the names of the substantial holders of Maggie Beer Holdings Ltd and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Company, are as follows:

Substantial Shareholder	Number of Shares	Percentage
Perennial Value Management Ltd	24,149,956	14.65%
Emily McWaters Investments Pty Ltd < Emily McWaters Invest A/C>	28,571,429	8.121%
David Morgan Investments Pty Ltd <The David Morgan Invest A/C>	28,571,429	8.121%
Geoff Wilson	19,494,507	6.89%
Rubi Holdings Pty Ltd	20,160,097	5.75%
Acorn Capital Limited	17,867,022	5.09%

### Twenty Largest Holders of Quoted Equity Securities

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

	Ordinary shares	
	Number held	% total shares issued
NATIONAL NOMINEES LIMITED	42,539,360	12.091%
DAVID MORGAN INVESTMENTS PTY LTD <THE DAVID MORGAN INVEST A/C>	28,571,429	8.121%
EMILY MCWATERS INVESTMENTS PTY LTD <EMILY MCWATERS INVEST A/C>	28,571,429	8.137%
RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	25,465,386	7.238%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,502,309	5.827%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	12,631,426	3.597%
CITICORP NOMINEES PTY LIMITED	16,391,572	4.659%
DYNASTY PEAK PTY LTD <THE AVOCA SUPER FUND A/C>	15,864,625	4.509%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	14,200,742	4.036%
BNP PARIBAS NOMS PTY LTD <DRP>	12,933,891	3.676%
UBS NOMINEES PTY LTD	12,201,453	3.468%
SIEANA PTY LTD	9,490,968	2.698%
MUTUAL TRUST PTY LTD	9,224,980	2.622%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,690,125	1.901%
BEER FAMILY HOLDINGS PTY LTD <BEER FAMILY A/C>	5,873,685	1.669%
BUNGEELTAP PTY LTD <H & B ROBERTSON S/F A/C>	4,465,625	1.269%
BUDUVA PTY LTD <BASKERVILLE SUPER FUND A/C>	4,100,000	1.165%
BICKFORDS (AUSTRALIA) PTY LTD	3,758,428	1.068%
C & M BEER NOMINEES PTY LTD	3,062,356	0.870%
ARTHINGWORTH PTY LTD	2,247,368	0.639%

### Voluntary Escrow

Voluntary Escrowed Shares	
Escrowed until the earlier of the release of the company's financial statements for the financial year ending 30 June 2022 or 31 October 2022	28,571,428
Escrowed until the earlier of the release of the company's financial statements for the financial year ending 30 June 2023 or 31 October 2023	28,571,430
TOTAL	57,142,858



### Unquoted Equity Securities

The number of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

Class of Equity Securities	Number of unquoted Equity Securities	Number of holders
Options	13,500,000	2

There are no persons who hold 20% or more of equity securities in each unquoted class other than under an employee incentive scheme.

### On Market Buyback

There is no current on-market buy-back program in place.

### Issues of Securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

### Securities purchased on-market

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

### Stock Exchange Listing

Maggie Beer Holdings Ltd's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: MBH).

### Other Information

Registers of securities are held by Boardroom Pty Limited, Level 12, 225 George Street Sydney NSW 2000.









# MAGGIE BEER HOLDINGS

ABN 69 092 817 171

[maggiebeerholdings.com.au](http://maggiebeerholdings.com.au)

