Maggie Beer Holdings Ltd

ABN 69 092 817 171

Appendix 4D & Half-Year Report - 31 December 2023

Maggie Beer Holdings Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Maggie Beer Holdings Ltd
ABN:	69 092 817 171
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	1.1%	to	58,964
Loss from continuing operations after tax attributed to the owners of Maggie Beer Holdings Ltd	N/a	-	to	(5,701)
Loss from discontinuing operations after tax attributed to the owners of Maggie Beer Holdings Ltd	N/a	-	to	-
Loss from ordinary activities after tax attributable to the owners of Maggie Beer Holdings Ltd	N/a	-	to	(5,701)
Loss for the half-year attributable to the owners of Maggie Beer Holdings Ltd	N/a	-	to	(5,701)

Comments

The loss for the consolidated entity after providing for income tax amounted to $5.7 million (31 December 2022: profit of $6.4 million).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	9.58	10.84

4. Control gained over entities

Not applicable.

5. Loss of control over entities

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

6. Dividends

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

Previous period
A fully franked dividend of half a cent per share was declared for the previous reporting period. The record date for determining entitlements was Friday 3 March 2023, with the shares trading ex-dividend from Thursday 2 March 2023 and the dividend was paid on Friday 31 March 2023.

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

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

Not applicable.

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10. Audit qualification or review

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

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

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11. Attachments

Details of attachments (if any):

The Half-Year Report of Maggie Beer Holdings Ltd for the half-year ended 31 December 2023 is attached.

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12. Signed

Signed S Thomas

Date: 22 February 2024

Susan Thomas
Non-Executive Chair

Directors	Susan Thomas (Non-executive Chair) Maggie Beer AM (Non-executive Director) Tom Kiing (Non-executive Director) Hugh Robertson (Non-executive Director) Reg Weine (Non-executive Director to 31 October 2023)
Executive Management	Kinda Grange (Chief Executive Officer) Eddie Woods (Chief Financial Officer to 31 August 2023) Craig Louttit (Chief Financial Officer from 1 September 2023)
Company secretary	Sophie Karzis
Registered office	2 Keith St Tanunda SA 5352 Tel: +61 8 7004 1307 Fax: +61 8 9077 9233
Principal place of business	2 Keith St Tanunda SA 5352 Tel: +61 8 7004 1307 Fax: +61 8 9077 9233
Share register	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 GPO Box 3993, Sydney NSW 2001 Tel: 1300 737 760 Fax: 1300 653 459
Auditor	PricewaterhouseCoopers One International Towers Sydney, Watermans Quay, Barangaroo, NSW 2000
Stock exchange listing	Maggie Beer Holdings Ltd shares are listed on the Australian Securities Exchange (ASX code: MBH)
Website	www.maggiebeerholdings.com.au
Corporate Governance Statement	The company's Corporate Governance charters are located on the Company's website at the following link: www.maggiebeerholdings.com.au/investors/corporate-governance/

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Maggie Beer Holdings Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

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

Susan Thomas (Non-executive Chairman)
Maggie Beer AM (Non-executive Director)
Tom Kiing (Non-executive Director)
Hugh Robertson (Non-executive Director)
Reg Weine (Non-executive Director to 31 October 2023)

Principal activities

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

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

Non-IFRS measures

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

	Consolidated	
	31 December 2023 $'000	**31 December 2022 $'000***
Profit/(loss) after income tax from continuing operations	(5,701)	6,390
Finance costs	120	61
Depreciation expense	1,681	1,129
Amortisation expense	1,401	1,178
Tax	(582)	557
EBITDA from continuing operations	(3,081)	9,315
Non-Trading Items:		
Redundancy	67	-
Professional fees	114	84
(Gain)/Loss on disposal of fixed assets / right-of-use assets	(3)	-
LTI - non-cash options and performance issued/lapsed	154	(435)
(Gain)/Loss on contingent consideration	-	(4,000)
Onerous contract and loyalty payment provision PCF	902	-
Impairment PCF	4,628	-
Trading EBITDA from continuing operations	2,781	4,964

* restated to include PCF in continuing operations.

Review of operations

Group net sales for the six months ended 31 December 2023 (H1) were $58.9 million; up 0.9% on the prior corresponding period (pcp). Second quarter (Q2) revenue growth of 5.8% on pcp reflected a strong recovery from the first quarter (Q1) revenue decline of 10.6%.

Maggie Beer Product (MBP) revenue growth for H1 was 4.1% against pcp, including Q2 up 7.4%. Strong sales growth was driven by category expansion in Cooking (stocks, broths and finishing sauces into Coles) and launch of Ice Cream into Woolworths.

Hampers and Gifts Australia (HGA) delivered revenue growth in H1 of 2.5% against pcp, including Q2 up 7.9% reflecting the strength of “The Hamper Emporium” brand. Growth has been delivered through successful execution of strategic priorities including:
- A more personalised approach to Corporate sales delivering 20% growth in Q2 vs. pcp
- New ranges and brand partnerships (including Penfolds) delivering $2m in sales in Q2
- Focus on customer service that resulted in improved NPS and “The Hamper Emporium” awarded the Canstar Blue 2024 Award for Customer Satisfaction for the category “online gift delivery”.

Paris Creek Farms (PCF) net revenue declined by 12.0% in H1, primarily due to lower bulk milk sales.

Gross margin of 50.2% (down 1.4 ppts) in H1 was impacted by:
- Delayed price recovery of higher input costs in Christmas Hampers and MBP
- Shifting product and channel mix in MBP
- Increased proportion of sales on promotion related to key revenue events such as Black Friday which reflects the market environment.

Trading EBITDA of $2.8m (H1 FY23: $5.0m) reflects:
- Gross margin impact referred to above;
- Lower volumes in PCF and increased labour costs;
- Increased investment in growth initiatives including brand building campaign in Maggie Beer to drive future growth, and investment in HGA labour to build capability and deliver key business initiatives. These investments have supported the delivery of revenue turnaround in Q2 and create a platform for future scale and growth; and
- Advertising spend in H1 for HGA was in line with pcp.

Underlying Net Profit After Tax was a gain of +$0.2m.

Net Profit after Tax was a loss of $5.7m and included a non-cash impairment in PCF of $4.6 million and onerous contracts (PCF milk supply contract) of $0.9m.

Update on PCF

Trading results in PCF reflect the decline in bulk milk sales, however gross margin was higher than pcp due to product mix improvement.

Following a periodic review of the carrying value of the PCF assets in accordance with the relevant accounting standards, the Company has recognised a non-cash, pre-tax impairment charge of $4.6 million. The carrying value of property, plant and equipment for PCF is now $4.8m, including land and buildings of $4.7m. As part of this review, the milk supply contracts were deemed onerous contracts under the accounting standards resulting in a profit and loss charge of $0.9m.

The Company remains focused on optimising its assets. In executing this strategy the Company has identified a cost efficient opportunity to leverage a large scale, quality manufacturer to supply Maggie Beer cheese. The Group (MBH) is well advanced in securing this supply and as a result, the planned capital expenditure for the facility’s cheese operation has been placed on hold.

HGA earn-out

MBH previously announced an update regarding the earn-out dispute related to the acquisition of Hampers and Gifts Australia (HGA). The parties are engaging in the disputes resolution process as set out in the share purchase deed. The Board maintains its previously stated position that there is no obligation to pay an earn-out to the HGA vendors due to the earn-out hurdle not having been met.

Strong financial position enables further investment for growth
MBH retains a strong balance sheet with total net assets of $80.2 million and a net cash position of $11.6 million at 31 December 2023 with no debt. Meanwhile, the Company continued to generate positive operating cashflow of $5.3 million for H1 FY24. The Group's strong financial position enables the business to respond to the current market challenges while maintaining investments in growth initiatives to build further scale and capability and optimise the Company's asset base.

Outlook and Strategic Priorities FY24

For H2 FY24, MBH is focused on accelerating strategic initiatives and delivering operational efficiencies to create further value.

For FY24 the Company expects to achieve positive sales growth driven by MBP and HGA. While MBH expects H2 FY24 Trading EBITDA to improve on H2 FY23, given the H1 FY24 result, the full year trading EBITDA is expected to be lower than FY23.

MBH will maintain a strong balance sheet which supports investments in growth initiatives.

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

Matters subsequent to the end of the financial half-year
No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

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

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

On behalf of the directors

S Thomas

Susan Thomas
Non-Executive Chair

22 February 2024

Auditor's Independence Declaration

As lead auditor for the review of Maggie Beer Holdings Ltd for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

P.J. Carney

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
22 February 2024

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	Note	Consolidated 31 December 2023 $'000	31 December 2022 $'000
Revenue from continuing operations			
Revenue	6	58,917	58,412
Interest income		28	15
Other income		19	3
Total revenue		58,964	58,430
Expenses from continuing operations			
Raw materials and consumables used		(30,264)	(28,280)
Overheads		(718)	(740)
Occupancy and utilities costs		(653)	(693)
Employee benefits expense		(10,071)	(8,503)
Impairment expense		(4,628)	-
Other gains		-	4,000
Transportation expense		(5,552)	(5,872)
Professional fees		(603)	(331)
Marketing and advertising		(7,218)	(6,654)
Other expenses		(2,310)	(2,027)
Depreciation expense		(1,681)	(1,129)
Amortisation expense		(1,401)	(1,178)
Finance costs		(148)	(76)
Profit/(loss) before income tax (expense)/benefit from continuing operations		(6,283)	6,947
Income tax (expense)/benefit		582	(557)
Profit/(loss) after income tax (expense)/benefit from continuing operations		(5,701)	6,390
Loss after income tax benefit from discontinued operations	7	-	(328)
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Maggie Beer Holdings Ltd		(5,701)	6,062
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax	12	-	28
Other comprehensive income for the half-year, net of tax		-	28
Total comprehensive income for the half-year attributable to the owners of Maggie Beer Holdings Ltd		(5,701)	6,090
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(5,701)	6,418
Discontinued operations		-	(328)
		(5,701)	6,090

Prior year comparatives have been represented due to Paris Creek Farms being converted to continuing operations, refer to note 4 for details.

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

		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Maggie Beer Holdings Ltd			
Basic earnings per share	16	(1.60)	1.82
Diluted earnings per share	16	(1.60)	1.79
Earnings per share for loss from discontinued operations attributable to the owners of Maggie Beer Holdings Ltd			
Basic earnings per share	16	-	(0.09)
Diluted earnings per share	16	-	(0.09)
Earnings per share for profit/(loss) attributable to the owners of Maggie Beer Holdings Ltd			
Basic earnings per share	16	(1.60)	1.73
Diluted earnings per share	16	(1.60)	1.69

	Note	Consolidated 31 December 2023 $'000	30 June 2023 $'000
Assets			
Current assets			
Cash and cash equivalents		11,598	9,216
Trade and other receivables		8,811	7,534
Inventories		12,628	14,028
Other assets		2,016	1,170
Total current assets		35,053	31,948
Non-current assets			
Property, plant and equipment	8	8,590	13,198
Right-of-use assets		6,444	7,448
Intangibles	9	46,339	47,580
Deferred tax		4,207	3,625
Total non-current assets		65,580	71,851
Total assets		100,633	103,799
Liabilities			
Current liabilities			
Trade and other payables		11,738	8,804
Contract liabilities		548	419
Lease liabilities		1,986	2,109
Employee benefits		1,152	1,156
Total current liabilities		15,424	12,488
Non-current liabilities			
Lease liabilities		4,367	5,400
Employee benefits		123	170
Provisions	10	525	-
Total non-current liabilities		5,015	5,570
Total liabilities		20,439	18,058
Net assets		80,194	85,741
Equity			
Issued capital	11	166,285	166,285
Reserves	12	3,100	2,946
Accumulated losses		(89,191)	(83,490)
Total equity		80,194	85,741

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

Consolidated	Contributed capital $'000	Share based payment reserves $'000	Cashflow hedge reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022	169,561	3,556	153	(82,347)	90,923
Profit after income tax expense for the half-year	-	-	-	6,062	6,062
Other comprehensive income for the half-year, net of tax	-	-	(69)	97	28
Total comprehensive income for the half-year	-	-	(69)	6,159	6,090
Transactions with owners in their capacity as owners:					
Return of capital	(3,516)	-	-	-	(3,516)
Share-based payments	-	57	-	-	57
Share-based payments forfeited	-	(484)	-	-	(484)
Balance at 31 December 2022	166,045	3,129	84	(76,188)	93,070

Consolidated	Contributed capital $'000	Share based payment reserves $'000	Cashflow hedge reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2023	166,285	2,946	-	(83,490)	85,741
Loss after income tax benefit for the half-year	-	-	-	(5,701)	(5,701)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(5,701)	(5,701)
Transactions with owners in their capacity as owners:					
Share-based payments	-	154	-	-	154
Balance at 31 December 2023	166,285	3,100	-	(89,191)	80,194

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

	Note	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Cash flows from operating activities			
Receipts from customers and others		60,199	58,134
Payments to suppliers and employees		(54,898)	(47,324)
Net cash from operating activities		5,301	10,810
Cash flows from investing activities			
Payments for financial assets		(788)	-
Payments for property, plant and equipment	8	(607)	(323)
Payments for intangibles	9	(233)	(100)
Proceeds from disposal of business, net of payments	7	-	603
Net cash from/(used in) investing activities		(1,628)	180
Cash flows from financing activities			
Principal elements of lease		(1,171)	(822)
Payment for return of capital		-	(3,521)
Finance costs paid		(148)	(69)
Interest received		28	15
Net cash used in financing activities		(1,291)	(4,397)
Net increase in cash and cash equivalents		2,382	6,593
Cash and cash equivalents at the beginning of the financial half-year		9,216	10,801
Cash and cash equivalents at the end of the financial half-year		11,598	17,394

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

Note 1. General information

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

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

Note 3. Critical accounting judgements, estimates and assumptions

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

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

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

Income tax expense
Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The impairment of the PCF property, plant & equipment resulted in a taxable temporary difference, which has not been recognised as a deferred tax asset of $1,388k.

Note 4. Restatement of comparatives

Reclassification
At 30 June 2023, Paris Creek Farms was converted back to Continuing operations and no longer disclosed as asset held for sale. The HY23 comparatives represents Paris Creek Farms as a continuing operation, including being removed from Discontinued operations in Note 7.

The comparatives and discontinued operations note have been restated. This has resulted in an NPAT of ($1.9 million) and ($5.0 million), for FY23 and FY22, respectively, and net liabilities (excluding intercompany loans) of ($3.9 million) and ($1.0 million), for FY23 and FY22, respectively.

Note 5. Operating segments

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

There are currently three operating segments under the criteria set out in AASB 8, being Maggie Beer Products Pty Ltd ("MBP"), Hampers and Gifts Australia Pty Ltd ("HGA"), B D Farm Paris Creek Pty. Ltd. ("PCF") and other corporate costs. St David Dairy Pty Ltd ("SDD") is 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.

Note 5. Operating segments (continued)

Operating segment information

Consolidated - 31 December 2023	Hampers & Gifts Australia $'000	Maggie Beer Products $'000	Paris Creek Farms $'000	Unallocated Corporate costs $'000	Total $'000
Revenue					
Sales to customers	33,670	19,005	7,872	-	60,547
Intersegment sales	-	(1,230)	(400)	-	(1,630)
Total external sales revenue	33,670	17,775	7,472	-	58,917
Other revenue	42	3	2	-	47
Total revenue	33,712	17,778	7,474	-	58,964
EBITDA	5,299	742	(1,141)	(2,451)	2,449
Depreciation and amortisation	(2,047)	(662)	(338)	(35)	(3,082)
Impairment of assets	-	-	(4,628)	-	(4,628)
Finance costs	(63)	(16)	(6)	(35)	(120)
Onerous contract	-	-	(902)	-	(902)
Profit/(loss) before income tax benefit*	3,189	64	(7,015)	(2,521)	(6,283)
Income tax benefit*					582
Loss after income tax benefit*					(5,701)
Assets					
Segment assets	60,719	26,039	8,903	4,972	100,633
Total assets					100,633
Liabilities					
Segment liabilities	11,250	5,644	2,668	877	20,439
Total liabilities					20,439

Note 5. Operating segments (continued)

Consolidated - 31 December 2022	Hampers & Gifts Australia $'000	Maggie Beer Products $'000	Paris Creek Farms $'000	Unallocated Corporate costs $'000	Total $'000
Revenue					
Sales to customers	32,889	17,893	8,486	-	59,268
Intersegment sales	(41)	(815)	-	-	(856)
Total external sales revenue	32,848	17,078	8,486	-	58,412
Other revenue	6	10	-	2	18
Total revenue	32,854	17,088	8,486	2	58,430
EBITDA	5,836	1,601	(1,184)	(1,435)	4,818
Depreciation and amortisation	(1,384)	(618)	(564)	(30)	(2,596)
Impairment of assets	-	-	289	-	289
Other gains	-	-	-	4,000	4,000
Finance costs	(39)	(30)	(7)	-	(76)
Profit/(loss) before income tax expense	4,413	953	(1,466)	2,535	6,435
Income tax expense					(373)
Profit after income tax expense					6,062
Consolidated - 30 June 2023					
Assets					
Segment assets	59,314	26,394	14,109	3,982	103,799
Total assets					103,799
Liabilities					
Segment liabilities	8,269	5,483	2,464	1,842	18,058
Total liabilities					18,058

Note 6. Revenue

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

	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Continuing operations - Types of goods		
Sale of goods - retail	22,354	22,535
Sale of goods - online	36,563	35,877
Discontinued operations - Type of goods		
Sale of goods - retail	-	1,195
	58,917	59,607

All revenue is recognised at a point in time.

Note 7. Discontinued operations

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 subsidiary, St David Dairy was sold on 31 August 2022 with effect from 1 September 2022 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance information of discontinued operation

	Consolidated	
	31 December 2023 $'000	31 December 2022 $'000
Revenue	-	1,195
Expenses	-	(1,707)
Loss before income tax benefit*	-	(512)
Income tax benefit*	-	184
Loss after income tax benefit from discontinued operations	-	(328)

Cash flow information

	Consolidated	
	31 December 2023 $'000	31 December 2022 $'000
Net cash used in operating activities	-	(656)
Net cash used in investing activities	-	(78)
Net cash used in financing activities	-	(20)
Net decrease in cash and cash equivalents from discontinued operations	-	(754)

Details of the disposal

	Consolidated	
	31 December 2023 $'000	31 December 2022 $'000
Total sale consideration	-	1,130
Carrying amount of net assets disposed	-	(1,130)
Gain on disposal before income tax	-	-
Gain on disposal after income tax	-	-

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

Note 8. Property, plant and equipment

Impairment of assets

At 31 December 2023, Paris Creek Farms (PCF) CGU had indications of impairment of its assets, plant and equipment, and land and buildings. PCF's Trading EBITDA declined to a $1.1m loss through 31 December 2023, trading below budget. Additionally, an onerous milk contract provision has been recognised (refer to Note 10 for further detail) and the planned capital expenditure for the facility's cheese operation has been placed on hold.

Given the assessment, plant and equipment and land and buildings is impaired. Plant and equipment was impaired to nil and an impairment totalling $3.23m was booked, including writing off all plant and equipment, excluding the carrying values of Computing equipment, $32,019, and Motor vehicles, $64,726.

An independent valuation was performed of the PCF land and buildings which indicated, based on comparable market data, that the carrying value of the land and buildings was impaired. An impairment charge of $1.4m has been booked which reduces the carrying value of the land and buildings to $4.7m. The key market valuation input used was a market value of $1,075 per square metre (determined by the independent valuer) for the main building as a specialised food processing facility. The fair value of the building is classified as a level 3 fair value.

Note 9. Intangibles

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

Consolidated	Goodwill - Paris Creek $'000	Goodwill - Maggie Beer Products $'000	Goodwill - Hampers & Gifts Australia $'000	Brand $'000	Customer Contracts $'000	Other Intangible $'000	Total $'000
Balance at 31 December 2022	-	3,585	40,927	11,754	4,302	596	61,164
Additions	-	-	-	-	-	170	170
Impairment of assets	-	-	(12,500)	-	-	-	(12,500)
Amortisation expense	-	-	-	(589)	(564)	(101)	(1,254)
Balance at 30 June 2023	-	3,585	28,427	11,165	3,738	665	47,580

Consolidated	Goodwill - Paris Creek $'000	Goodwill - Maggie Beer Products $'000	Goodwill - Hampers & Gifts Australia $'000	Brand $'000	Customer Contracts $'000	Other Intangible $'000	Total $'000
Balance at 1 July 2023	-	3,585	28,427	11,165	3,738	665	47,580
Additions	-	-	-	-	-	258	258
Amortisation expense	-	-	-	(589)	(786)	(124)	(1,499)
Balance at 31 December 2023	-	3,585	28,427	10,576	2,952	799	46,339

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.

Note 9. Intangibles (continued)

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 consolidated statement of profit or loss and other comprehensive income as a bargain purchase gain.

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 31 December 2023, for Maggie Beer Products and Hampers & Gifts Australia CGUs, the recoverable amounts have been determined based on the higher of the asset's or cash-generating unit's fair value less costs of disposal and its value in use. The fair value less costs of disposal calculations have been used in the current year compared to VIU in previous years, 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 fair value less costs of disposal calculations for CGUs are based on management's latest forecast for financial year 2024 and incorporating reasonable revenue growth, margin, expenses, capital expenditure for maintenance and entity specific long-term averages for the latter years. In considering the outlook, management considered a range of possible scenarios in order to determine an estimation of future cash flows that are reasonable and on an appropriate basis.

Maggie Beer Products

In considering the outlook for Maggie Beer Products CGU, management considered a range of possible scenarios in order to determine an estimation of future cash flows that are reasonable and on an appropriate basis.

Revenue growth
Revenue growth over the five-year period is based upon forecasted revenue on a business-as-usual basis. 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 7.2% per annum (compared with actual 5-year average revenue growth of 11.4%).

Note 9. Intangibles (continued)

Costs
Gross margin in FY24 is expected to reduce slightly from its FY23 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. All fixed costs, including selling, administration and management labour, are modelled to grow at 3% a year.

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 2.5% has been used in the fair value less costs of disposal calculations, which is the midpoint 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 fair value less costs of disposal calculations for the CGU, the Group has applied a pre-tax discount rate of 15.71% per annum (11.00% post tax) for Maggie Beer Products.

Review outcome
In completing the impairment review based on the aforementioned, the fair value less costs of disposal (assessed as 2% of Carrying Value) of the CGU exceeded its carrying value by $2.4 million.

Sensitivities
A change in the gross margin by 1% in each of the five-year forecast period would result in a $3.5 million impact to the recoverable amount of the CGU compared to the carrying amount of goodwill; a change of 1% in revenue each year over the forecast period would result in a $1.4 million impact to the recoverable amount; and a change of 1% in the pre-tax discount rate would result in a $2.2 million impact to the recoverable amount. These sensitivities cover the key possible material impacts to the recoverable amount.

Hampers & Gifts Australia

In considering the outlook for Hampers & Gifts Australia, management considered a range of possible scenarios in order to determine an estimation of future cash flows that are reasonable and on an appropriate basis.

Revenue Growth
Revenue growth over the five-year period is based upon forecasted revenue on a business-as-usual basis. 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 4.0% per annum (compared with actual 3-year average revenue growth of 9.12%).

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 15.71% per annum (11.00% post tax) for Hampers & Gifts Australia.

Costs
Gross margin in FY24 is expected to increase slightly for the remainder of the model's period. Raw material price increases are to be matched by price increases to offset. All fixed costs, including selling, administration and management labour, are modelled to grow at 3% a year.

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 2.5% has been used in the value-in-use calculations, which is the midpoint of the long-term Reserve Bank of Australia's inflation target range of 2–3 percent, on average, over time.

Note 9. Intangibles (continued)

Review outcome
In completing the impairment review based on the aforementioned, the fair value less costs of disposal of the CGU exceeded its carrying value by $2.9 million.

Sensitivities
A change in the gross margin by 1% in each of the five-year forecast period would result in a $3.8 million impact to the recoverable amount of the CGU compared to the carrying amount of goodwill; a change of 1% in revenue each year over the forecast period would result in a $2.4 million impact to the recoverable amount; and a change of 1% in the pre-tax discount rate would result in a $5.0 million impact to the recoverable amount. These sensitivities cover the key possible material impacts to the recoverable amount.

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.

The HGA customer contracts have been assessed at a 4 year life (5 years previously), accelerating amortization by $223k in the period. Remaining amortization through to June 2024 totals $709k.

Note 10. Provisions

	Consolidated	
	2023 $'000	**2022 $'000**
Onerous contract	525	-

Onerous Contract
The provision for onerous contracts of milk supply has been provided as of December 2023.

Note 11. Issued capital

	Consolidated			
	31 December 2023 Shares	**30 June 2023 Shares**	**31 December 2023 $'000**	**30 June 2023 $'000**
Ordinary shares - fully paid	352,439,920	352,439,920	166,285	166,285

Movements in ordinary share capital

Note 12. Reserves

	Consolidated	
	31 December 2023 $'000	**30 June 2023 $'000**
Share based payment reserve	3,100	2,946

Note 12. Reserves (continued)

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

Consolidated	Share based payment reserve $'000
Balance at 1 July 2023	2,946
Share based payments	154
Balance at 31 December 2023	3,100

Note 13. Dividends

There were no other dividends paid, recommended or declared during the financial half-year.

A fully franked dividend of half a cent per share was declared for the previous reporting period. The record date for determining entitlements was Friday 3 March 2023, with the shares trading ex-dividend from Thursday 2 March 2023 and the dividend was paid on Friday 31 March 2023.

Note 14. Contingent assets and liabilities

On 21 May 2021, Maggie Beer Holdings Ltd (MBH) acquired 100% of the ordinary shares of Hampers and Gifts Australia Pty Ltd (HGA). As previously advised, that transaction involved the potential payment of contingent consideration to the HGA vendors, and a provision was initially raised by MBH for this earnout with a fair value of $14 million. The earnout provision was subsequently reversed as a result of the earnout hurdle not being met, as stated in MBH's FY23 Results announcement on 28 August 2023.

In accordance with the process set out in the share purchase deed between MBH and the HGA vendors, MBH received notice that the vendors do not agree with MBH's determination of the earnout. The parties are engaging in the disputes resolution process as set out in the share purchase deed.

The Board maintains its previously stated position that there is no obligation to pay an earnout to the HGA vendors due to the earnout hurdle not having been met.

The directors are not aware of any other contingent assets or contingent liabilities as at 31 December 2023 (2022: Nil).

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 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 16. Earnings per share

	Consolidated	
	31 December 2023 $'000	31 December 2022 $'000
Earnings per share for profit/(loss)		
Profit/(loss) after income tax attributable to the owners of Maggie Beer Holdings Ltd	(5,701)	6,062

Note 16. Earnings per share (continued)

	31 December 2023 Cents	31 December 2022 Cents
Basic earnings per share	(1.60)	1.73
Diluted earnings per share	(1.60)	1.69

	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	355,892,205	350,227,747
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	7,459,238	7,459,235
Weighted average number of ordinary shares used in calculating diluted earnings per share	363,351,443	357,686,982

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

S Thomas

Susan Thomas
Non-Executive Chair

22 February 2024

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Maggie Beer Holdings Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the statement of financial position as at 31 December 2023, the statement of changes in equity, statement of cash flows and statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibilities of the directors for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

PricewaterhouseCoopers

P.J. Carney

Paddy Carney
Partner

Sydney
22 February 2024