

ASX Announcement

Maggie Beer Holdings Limited (ASX:MBH)

9 November 2021

GROUP ACHIEVES 84% NET SALES GROWTH IN Q1 FY22

Maggie Beer Holdings Limited (**MBH** or **Group**) provides the following trading update:

Overview

- Group achieves 84.1% net sales growth in Q1 FY22 over Q1 FY21 (24.8% on a pro-forma basis*)
- The integration of Hampers & Gifts Australia (HGA) is already delivering strong results with the Group's e-commerce net sales increasing by 66% in Q1 FY22 compared to Q1 FY21*
- Maggie Beer Products (MBP) e-commerce net sales increased by 154% in Q1 FY22 vs Q1 FY21 and HGA's e-commerce net sales increased by 63% in Q1 FY22 vs Q1 FY21*
- HGA has launched its new everyday and Christmas hamper range, incorporating MBP products
- E-commerce net sales now account for 44% of the Group's total net sales compared to 2% in Q1 FY21
- The Group has sufficient stock in place for its e-commerce and retail grocery businesses to fulfill the expected uplift in consumer demand over the busy Christmas trading period
- The Group has in place multiple delivery options to ensure timely delivery to its e-commerce customers over Christmas
- Paris Creek Farms (PCF) has won significant new business and will launch its PCF branded milk in approx. 400 Woolworths stores across VIC and NSW from March 22
- Group operating cash flows improved by \$1.18m in Q1 FY22 vs Q1 FY21 even after large working capital requirements in the lead up to the peak Christmas trading period
- The Group is on track to achieve its aspirational targets of \$100m in revenue and between \$13.5-\$15.5m of trading EBITDA for FY22

General Trading

The Group performed strongly in Q1 FY22, with strong growth from its e-commerce and retail grocery channels. Retail grocery net sales continue to grow, increasing by 4.1% for the Group in Q1 FY22 over Q1 FY21 (excluding PCF's private label business discontinued in March 21, growth was 10.7%), which is a very solid result considering the Covid-19 uplift experienced by retail in Q1 FY21.

Retail grocery has experienced some disruption at the end of Q1 FY22 and into October 21, with many of the retailer's employees in quarantine due to Covid-19, which has caused replenishment and distribution centre issues. Our retail grocery partners have been working hard to rectify this and they are expecting a busy Christmas trading period as lockdowns ease fully across Australia.

The Group's combined e-commerce business is showing very strong returns achieving 66% net sales growth in Q1 FY22 over Q1 FY21*, with the businesses launching exciting new everyday hampers and seasonal hampers for Christmas, integrating the MBP product range into HGA's offer. The Group is ready for the busy Christmas trading period, with stock levels built up in Q1 FY22 and is operationally optimised, with expanded warehouse space for its e-commerce business to ensure efficient fulfilment of customer orders.

With the recent customer service disruptions caused by Australia Post delivery delays, we have engaged new delivery partners, to service some of our e-commerce network during November and December to minimise order delays and allow ordering by customers later into the Christmas trading period.

With the Group's net sales increasing by 84.1% (or 24.8% on a pro forma basis*) in Q1 FY22 over the same period last year, the Group continues to strengthen its balance sheet and cash position and held \$13m in cash at the end of Q1 FY22, even after the large working capital requirements in the lead up to Christmas.

Maggie Beer Products

MBP's total net sales increased by 26% in Q1 FY22 over Q1 FY21, with its e-commerce net sales growing by 154% in Q1 FY22 vs Q1 FY21.

MBP launched its newly curated everyday hamper range in September 21 and new Christmas hamper range in October 21. The Group has also created exciting new photography and videography which is being utilised across its Christmas catalogue, social media and electronic communications, to drive sales and grow its Food Club membership. The increase in e-commerce net sales in Q1 FY22 is a direct result of the new digital marketing strategy, implemented by the combined HGA and MBP marketing teams.

MBP's retail grocery net sales performed strongly increasing by 21.3% in Q1 FY22 vs Q1 FY21. The new range of Bone Broths had a successful launch in September 21 and the new Finishing Sauces are now fully ranged and expected to sell well over Christmas.

MBP's core entertaining ranges of cheese, fruit paste and pate are expected to grow further as lockdowns ease across the country and people are able to entertain over the festive season.

To further increase its brand awareness and drive demand, MBP has TV commercials running on free to air and on "On Demand" channels between now and Christmas for core entertaining lines, bone broths and finishing sauces.

The business continues to create innovative new products to present at upcoming retailer range reviews and is in discussion with retailers to expand ranging of its existing product lines.

Hampers & Gifts Australia

HGA had an excellent start to FY22 with net sales increasing by 63% in Q1 FY22 over Q1 FY21*.

HGA launched 43 updated everyday hampers in September 21, containing selected MBP products, together with 13 new baby hampers for mothers and mums to be.

HGA also launched its new Christmas hamper range and Christmas Catalogue in October 21, containing exclusive new products developed with MBP. The business has created beautiful new videography and imagery, which are a key part of its ever-evolving digital marketing strategy to drive brand awareness and sales.

To ensure HGA is able to service the increase in its sales, particularly over the busy Christmas trading period, it was able to expand its warehouse space in its current location and the business is now operationally optimised to ensure efficient fulfilment of customer orders.

HGA has been building stock in Q1 FY22 and has excellent stock levels to meet the increase in consumer demand over Christmas. The business has also engaged a new delivery partner to mitigate the risk of delivery delays over the upcoming Black Friday sales and Christmas trading period. The new delivery options will also allow consumers to shop with confidence closer to Christmas.

Paris Creek Farms

PCF had a solid start to the year as the business continued its strategy of growing its branded business, with Q1 FY22 net sales finishing in line with Q1 FY21 (excluding the private label business discontinued in March 21).

In line with this strategy, PCF is excited to announce that it will be partnering with Woolworths to launch 3 of its 2-litre milk SKUs in approx. 400 stores across VIC and NSW from March 22 under the PCF brand. The new ranging will be the biggest launch outside of SA for the business and will sustainably grow PCF's brand awareness in the eastern states, supported by a comprehensive marketing launch plan.

This new business will add approximately 3 million litres of extra milk volume through the facility, improving overhead recoveries and operational efficiencies.

The new Greek Style Yogurts launched in Coles and Woolworths SA and nationally in independent supermarkets at the end of June 21 are selling well, growing its yogurt category net sales by 25.6% in Q1 FY22 vs Q1 FY21. Outside of SA, the business launched its new Greek Style Yogurts in 26 Woolworths premium stores in NSW at the end of August 21 and will launch into a further 23 Woolworths stores in NSW in Q2 FY22.

The business is working closely with its farmer suppliers to increase milk volumes for the new business and to assist them to achieve carbon neutrality. New PCF branded innovative products in milk and yoghurt will be presented to retailers in Q2 FY22.

We continue our work to increase PCF's net sales and profitability, whilst reviewing all options to improve the return on invested capital and increase shareholder returns.

Saint David Dairy

SDD continues to demonstrate its brand strength, customer loyalty and resilience, with the business continuing to grow its net sales by 8.7% in Q1 FY22 compared to Q1 FY21, despite VIC's continued lockdowns. With lockdowns easing at the end of October 21, SDD has already seen increases in sales to its NSW and VIC customers as cafes and restaurants re-open.

SDD remains profitable and cash flow positive with no loss on the sale of excess raw milk in Q1 FY22 and does not expect any losses on milk swaps for the remainder of FY22.

The planned launch of its new yoghurt flavours has been delayed until January 22, due to slower than expected easing of Covid-19 restrictions.

With lockdowns ending, SDD is now expecting strong growth for the remainder of FY22.

Please refer to the AGM Presentation that was lodged today for further information.

CEO and Managing Director, Chantale Millard said: "We are very pleased with the performance of the Group so far in FY22, with the integration of HGA already providing synergies and strong growth. We are looking forward to a busy Christmas trading period in both retail grocery and e-commerce, with the businesses fully stocked and ready for the increase in consumer demand. We are on track to achieve our aspirational revenue and EBITDA targets for FY22 and look forward to the remainder of FY22 as we continue to grow our four premium brands."

-Ends

***Pro-forma Q1 FY21 results include the pre-acquisition net sales for HGA for comparability. The pre-acquisition net sales for HGA are unaudited.**

All FY22 financial information contained in this announcement is based on unaudited accounts.

Authorised by the Board

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