

ASX Announcement

Maggie Beer Holdings Limited
(ASX:MBH)

28 June 2024

FY24 TRADING UPDATE

Maggie Beer Holdings Ltd (**MBH** or the **Company**) provides the following trading update for the Company's expected financial results for the year ended 30 June 2024 (**FY24**).

The results detailed below are subject to year-end close (including stocktakes and impairment reviews) and completion of the FY24 audit. The Company's audited FY24 results will be released on 26 August 2024.

Revenue slightly ahead of prior year

In line with previous guidance, the Group expects revenue for FY24 of ~\$89m, slightly ahead of the prior year of \$88.7m, with anticipated sales growth in Maggie Beer Products (**MBP**) +8% and Hampers and Gifts Australia (**HGA**) +1% partially offset by ongoing sales decline in Paris Creek Farms (**PCF**) -6%.

Sales in MBP continue to increase from category expansion in sauces, stocks and ice cream as well as building strong momentum in online ~+24% in 2H FY24 vs. 2H FY23.

While full year HGA sales are expected to be ahead of the prior year, sales in the second half were adversely impacted, reflecting lower discretionary spend and cost of living impacts across the wider market and a decrease in consumer demand for hampers.

PCF sales have been impacted by lower-than-expected supply of organic milk.

Gross margin and Trading EBITDA¹ below prior year

Gross margin in 2H FY24 is expected to be marginally lower than 2H FY23, with the favourable impact of price increases being offset by inventory provisions.

PCF Trading EBITDA for 2H FY24 will be adverse to 2H FY23 as a result of lower volumes, inventory provisions and operational challenges.

The Group had previously expected 2H FY24 Trading EBITDA to improve on 2H FY23, however due to the reasons above, 2H FY24 Trading Group EBITDA is expected to be below the prior comparative period. Group Trading EBITDA for FY24 is expected to be marginally positive, below the Trading EBITDA of \$3.2m for FY23.

¹ Trading EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is a Non-IFRS financial measure. Trading EBITDA is used as a measure of financial performance by excluding non-recurring transactions and long-term non-cash share-based incentive payments.

During 2H FY24, key initiatives, including price increases, SKU rationalisation, a reduction in the casual labour and introduction of AI driven Customer Service have been completed, which will assist in improving profitability in FY25.

Paris Creek Farms

Following a strategic review of the PCF business, the Group has appointed an adviser to consider all options to optimise the value of this business for shareholders, with implementation expected by 30 September 2024.

Long term cheese supply

As previously announced, the Company has identified a large-scale quality manufacturer to supply Maggie Beer cheese. MBH has secured a long-term supply agreement with this manufacturer, with formal documentation expected to be executed imminently.

HGA earn-out

MBH previously announced an update regarding the earn-out dispute related to the acquisition of HGA. The parties are continuing to engage in a dispute resolution process as set out in the share purchase deed. The NSW Supreme Court recently decided that the dispute is to be sent to expert determination (on the Court's construction of 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 balance sheet maintained

The Company maintains a strong balance sheet enabling the Group to respond to the current market challenges while continuing investments in growth. The Company expects a net cash position at 30 June 2024 to exceed \$4 million with no bank debt.

Maggie Beer Holdings CEO, Kinda Grange said: *"We have been able to grow revenue, particularly in Maggie Beer Products, and we have implemented strategies to grow the corporate hamper business."*

"While Group revenue has marginally increased, challenging market conditions have placed additional pressure on EBITDA. The deterioration in our PCF business has had a significant impact on the Group's financial results and we are undertaking an urgent review of this business."

"We are implementing further cost reductions, streamlining the business and looking at all options to increase profitable revenue and build the Maggie Beer brand."

"While the market is challenging, our financial position remains strong with a net cash position and no bank debt which continues to support the business and assist in funding growth initiatives."

Ends

Authorised for release by the Board of MBH

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