



ASX: MBH
H1 FY23 RESULTS

23 February 2023



maggiebeerholdings.com.au

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MBH had a strong Q2 FY23
with net sales growing by
4.3% over Q2 FY22

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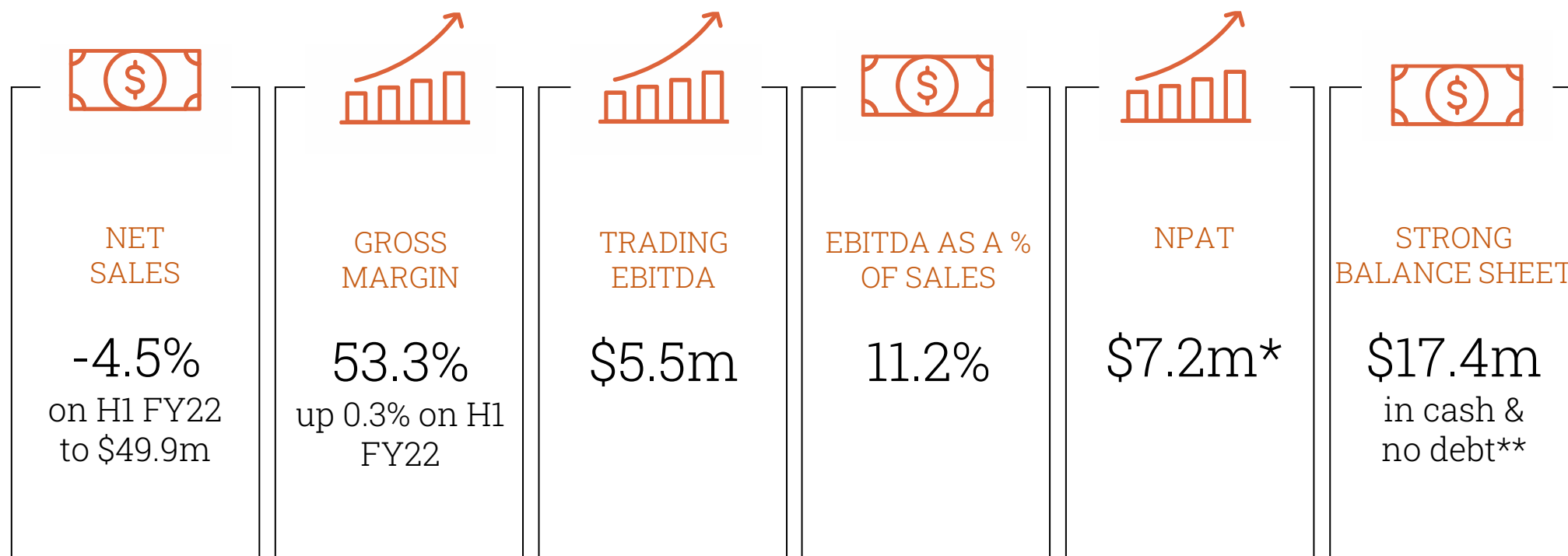


H1 FY23 key take aways

- A strong Q2 FY23 for Continuing Operations (Maggie Beer Products and Hampers & Gifts Australia)
 - ✓ Net sales of \$49.9 million were 4.5% lower than H1 FY22, with Q1 FY22 benefiting from a substantial uplift from Covid-19
 - ✓ Growth returned in Q2 FY23 with total net sales increasing 4.3% vs prior comparative period (pcp) with:
 - E-commerce net sales increasing by 4.2% & retail grocery sales increasing by 4.6%
 - ✓ Gross Margin improved by 0.3% to 53.3% in H1 FY23 vs pcp
 - ✓ Delivered \$5.6 million of trading EBITDA & NPAT of \$7.2 million*
 - ✓ Positive operating cashflow and \$17.4m in cash at H1 FY23 with no debt**
 - ✓ 4-year CAGR of 27.5%
- Dividends commence
 - ✓ The Board has declared a fully franked dividend of half a cent per share to be paid in March 2023
- Outlook for remainder of FY23
 - ✓ MBP to launch 5 new innovative cooking products nationally in a major grocery retailer in April 2023
 - ✓ Launching new “Maggie’s Living” range in ecommerce & selected specialty retail stores in time for Mother’s Day
 - ✓ Continue to invest in strategic marketing to launch new products, build brand awareness, loyalty and maintain revenue
 - ✓ Discontinued Operation (Paris Creek Farms) continues to be evaluated and a decision is expected to be made on its future direction in H2 FY23 by the Board and incoming CEO in H2 FY23

Revenue from Continuing Operations was up 4.3% in Q2 FY23

As expected, Q1 FY23 didn't cycle the Covid-19 uplift of Q1 FY22. Pleasingly H1 FY23 sales were only down 4.5% on the Covid-19 inflated H1 FY22



* NPAT was positively impacted by the \$4m re-measurement of the provision for earnout liability from \$14m to \$10m

** Only asset backed leases/debt

Large e-commerce audience still to be fully monetised

Our large e-commerce customer base will continue to drive growth for MBH



HGA NET
PROMOTER
SCORE

71.8
for H1
FY23

GOAL TO ACHIEVE 80 -
WORLD CLASS NPS
SCORE



900K AUDIENCE
STILL TO BE
FULLY
MONETISED
WITH
VALUABLE
CROSS SELLING
OPPORTUNITIES
BETWEEN THE
HGA & MBP
BRANDS



HGA'S NEW
CORPORATE
SALES TEAM
ACHIEVED A
7.5% INCREASE
IN CORPORATE
SALES IN H1
FY23 VS H1
FY22



HGA CHEESE &
ENTERTAINING
HAMPERS
GREW BY 173%
IN Q2 FY23 VS
Q1 FY23 WITH
\$2.2M IN SALES
FOR H1 FY23



NEW
PRODUCTS
ARE BEING
LAUNCHED IN
H2 FY23 TO
FURTHER
INCREASE
RANGING &
MARKET
SHARE

H1 FY23 was impacted by lower Q1 FY23 consumer spending

Website Visits



HAMPER EMPORIUM
H1 FY23

-8.73%
On H1 FY22



GIFTS AUSTRALIA
H1 FY23

-4.86%
On H1 FY22

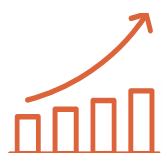


MAGGIE BEER
H1 FY23

-6.29%
On H1 FY22

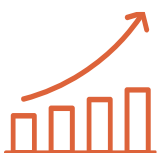
WEBSITE VISITS WERE DOWN WITH LESS CONSUMER SHOPPING IN Q1 FY23 COMPARED TO Q1 FY22, BUT PLEASINGLY MBH'S LARGEST SITE HAMPER EMPORIUM HAD A STRONG INCREASE IN CONVERSION RATES

Conversion Rates



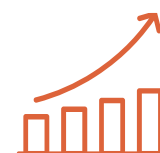
HAMPER EMPORIUM
H1 FY23

+28.67%
On H1 FY22



GIFTS AUSTRALIA
H1 FY23

-10.76%
On H1 FY22

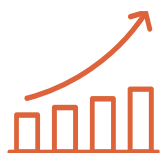


MAGGIE BEER
H1 FY23

-13.50%
On H1 FY22

Increased investment in digital advertising

Customer acquisition costs



HAMPER EMPORIUM
H1 FY23

+30.31%
On H1 FY22



GIFTS AUSTRALIA
H1 FY23

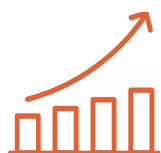
+37.92%
On H1 FY22



MAGGIE BEER
H1 FY23

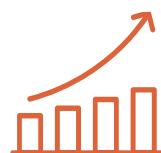
+22.31%
On H1 FY22

Number of repeat customers



HAMPER EMPORIUM
H1 FY23

+25.39%
On H1 FY22



GIFTS AUSTRALIA
H1 FY23

-6.00%
On H1 FY22



MAGGIE BEER
H1 FY22

-36.09%
On H1 FY22

INCREASED
INVESTMENT IN
OUR LARGEST E-
COMMERCE SITE
DROVE AN
INCREASE IN
NUMBER OF
REPEAT
CUSTOMERS



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The diversification of MBH's revenue is proving resilient against the current economic headwinds

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Financial Information

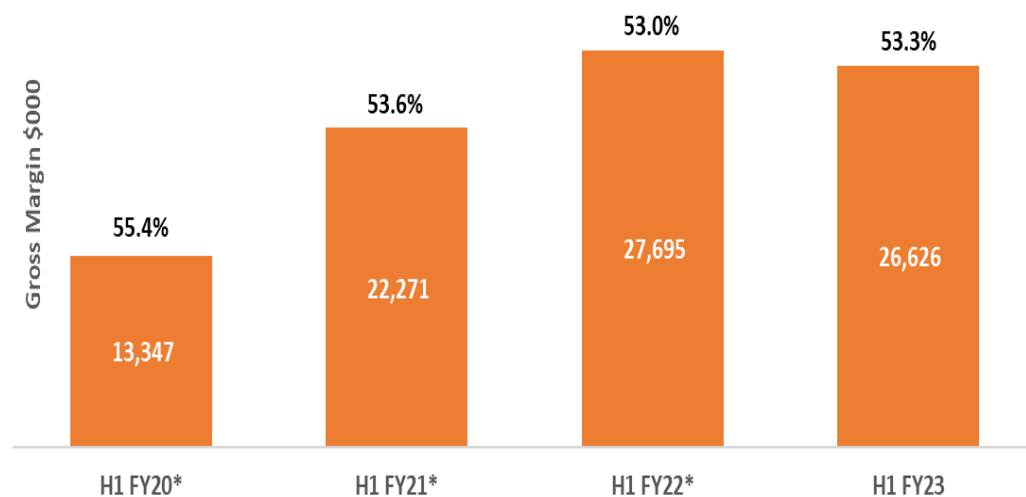
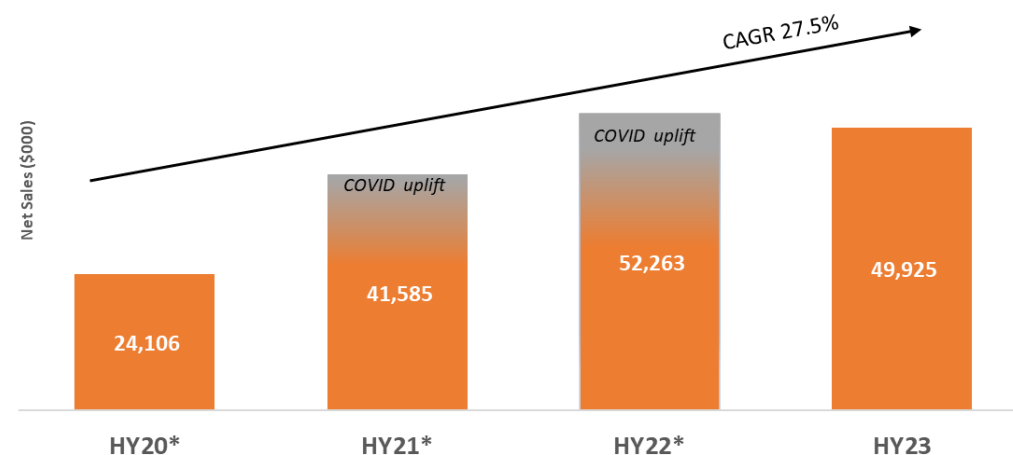


Continuing Operations performed against headwinds – 27.5% CAGR over 4 years

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(\$'000)	H1 FY23	H1 FY22	%Change	H1 FY21*	%Change
Retail Sales	14,048	13,904	1.0%	13,253	6.00%
Online Sales	35,877	38,359	-6.5%	28,332	26.6%
Net Sales	49,925	52,263	-4.5%	41,585	20.1%
Gross Margin	26,626	27,695	-3.9%	22,271	19.6%
Gross Margin %	53.3%	53.0%	0.3 pts	53.6%	-0.3 pts
Trading EBITDA	5,589	9,893	-43.5%		
% of Net Sales	11.2%	18.9%	-7.7 pts		
EBITDA (Statutory)	9,940	8,529	16.5%		
NPAT	6,088	5,520	10.3%		

- Net sales decreased by 4.5% on H1 FY23 but grew by 4.3% in Q2 FY23 vs Q2 FY22, with e-commerce sales growing by 4.2% & retail grocery sales growing by 4.6% in the second quarter. Retail sales grew by 1% in H1 FY23 vs pcg
- Gross Margin % improved by 0.3% to 53.3%.
- Higher freight and strategic investment in marketing impacted trading EBITDA, but the \$4m remeasurement of the HGA earn-out contingent liability improved the Statutory EBITDA position by 16.5% compared to H1 FY22
- E-commerce corporate orders grew by 7.5% over H1 FY22, with the implementation of HGA's new Corporate sales team in H1 FY23 showing positive results
- Freight and investment in marketing and advertising expected to remain higher than previous year for H2 FY23



* All tables and charts above exclude discontinued operations and include HGA unaudited prior years' pro-forma results

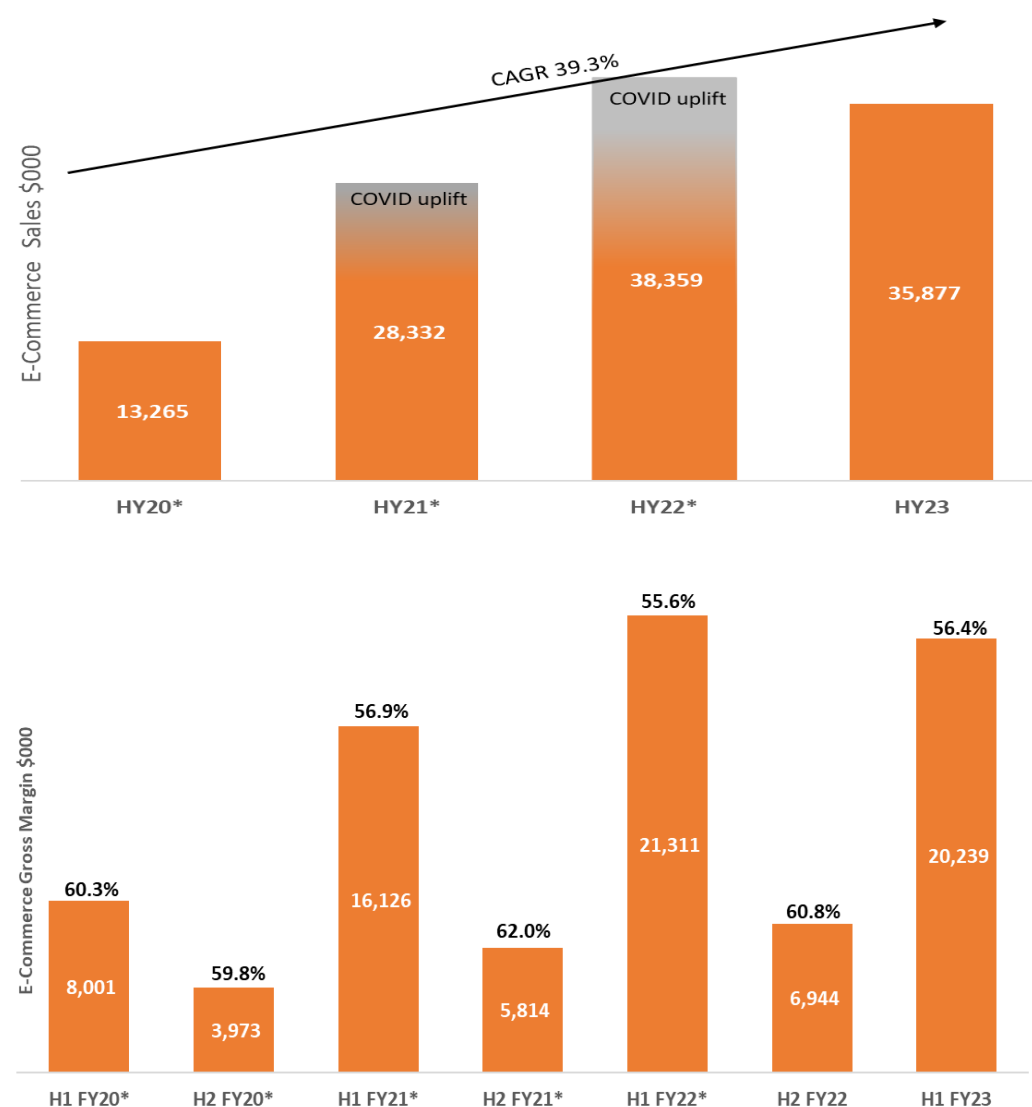
Provision for earn-out liability HGA

- The HGA transaction has been EPS accretive and cash flow generative for MBH
- It has diversified MBH's revenue stream to be approx. 60% e-commerce and 40% grocery retail on a FY basis
- The purchase of HGA included a provision for an earnout payment to be achieved. The earnout is triggered if HGA achieves \$10m in trading EBITDA in FY23 with a sliding scale to achieve an earnout up to a maximum of \$15m with \$1m extra for every additional \$1m of trading EBITDA achieved. Any earn-out will be paid 50% cash and 50% MBH shares
- As part of the assessment of the earnout provision at 31/12/22, it was decided that the original provision for earnout be reduced from \$14m to \$10m

E-Commerce sales perform strongly over Christmas

E-commerce Sales (\$'000)	H1 FY23	H1 FY22*	%Change	H1 FY21*	%Change on H1 FY23
Online Sales	35,877	38,359	-6.9%	28,332	26.6%
Online Gross Margin	20,239	21,310	-5.3%	16,126	25.5%
GM%	56.4%	55.6%	0.8 pts	56.9%	-0.5 pts

- E-commerce sales for H1 FY23 were 6.9% behind H1 FY22, but 26.6% ahead of H1 FY21
- Gross Margin % remained strong at 56.4% for H1 FY23 vs 55.6% pcp, in an inflationary cost environment
- New Cheese & Entertaining hampers now contributing \$2.2m in sales in H1 FY23 with further growth to come from new chilled verticals
- New Maggie' Living range to be launched in time for Mother's Day, continuing our product innovation
- Inventory levels reduced in H1 FY23 & will decrease further in H2 FY23 as working capital patterns return to normal

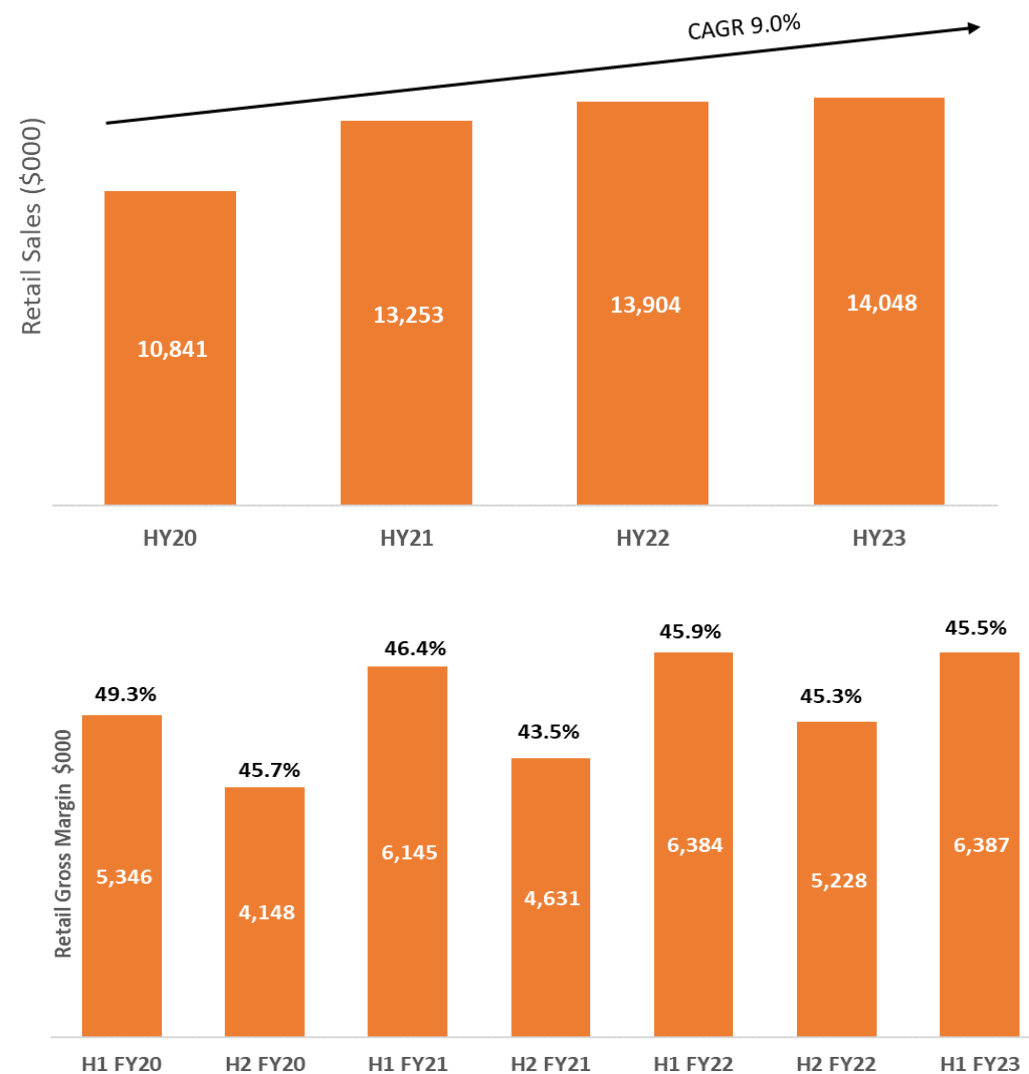


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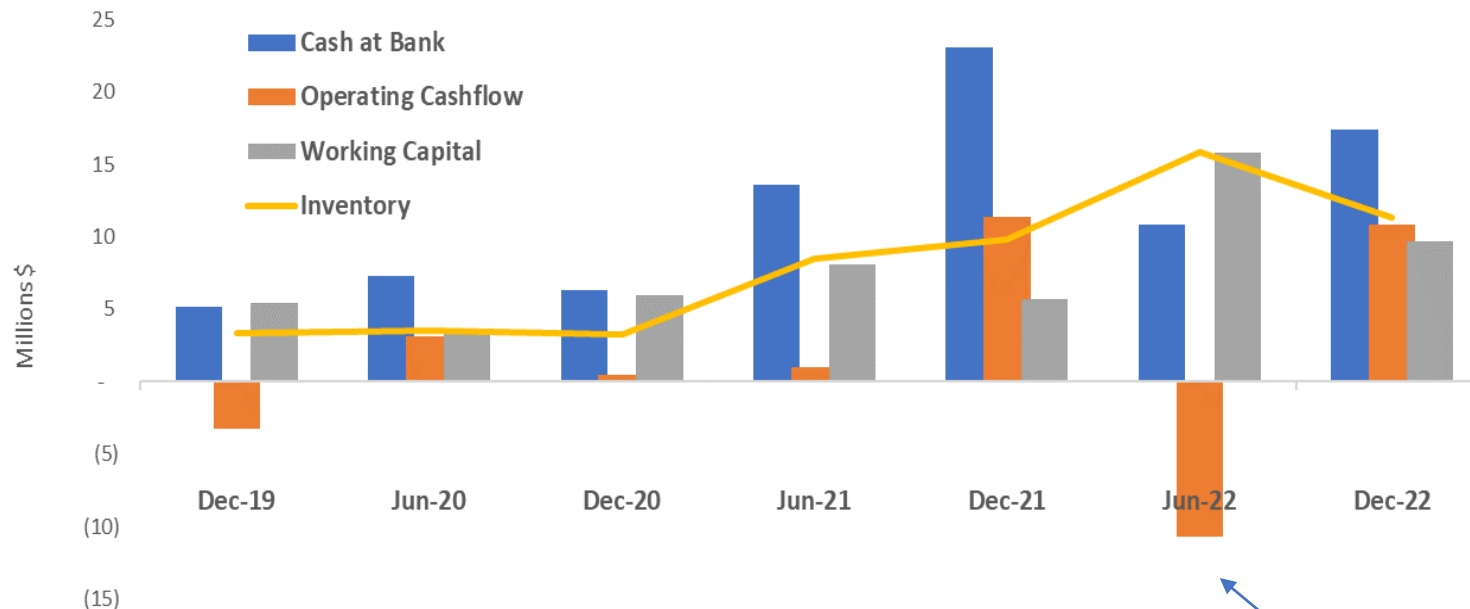
MBP grocery retail sales continue to grow in H1 FY23

Retail Grocery Sales (\$'000)	H1 FY23	H1 FY22	%Change	H1 FY21	%Change on FY23
Retail Sales	14,048	13,904	1.0%	13,253	6.0%
Retail Gross Margin	6,387	6,384	0.0%	6,145	3.9%
GM%	45.5%	45.9%	-0.4 pts	46.4%	-0.9 pts

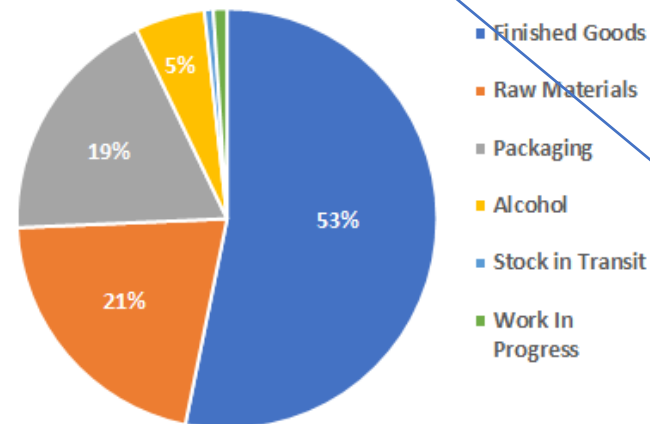
- MBP grocery retail sales were up 1% in H1 FY23 vs H1 FY22 a solid result in a challenging consumer space
- GM% decreased by 0.4%, mainly due to product mix, with the large sales growth in our lower margin 3rd party produced products such as our cooking stocks and bone broths
- Launch of our 1L cooking stocks & current bone broth range in a second major retailer increased our ranging and customer base and made up for lower than expected fruit paste and pate sales in H1 FY23.
- Launching 2 new 1L cooking stock flavours and 3 new Finishing Sauce flavours in H2 FY23 in national major retail grocery
- New innovation in fruit paste and pate launching in H2 FY23 to reinvigorate category
- New non-alcoholic sparkling Moscato and sparkling Prosecco to launch in retail grocery & on-line in H2 FY23



Positive operating cashflow as inventory sells through



- Higher levels of packaging on hand to protect against supply chain disruptions
- All Christmas themed stock sold through for HGA
- Inventory will further reduce by FY23

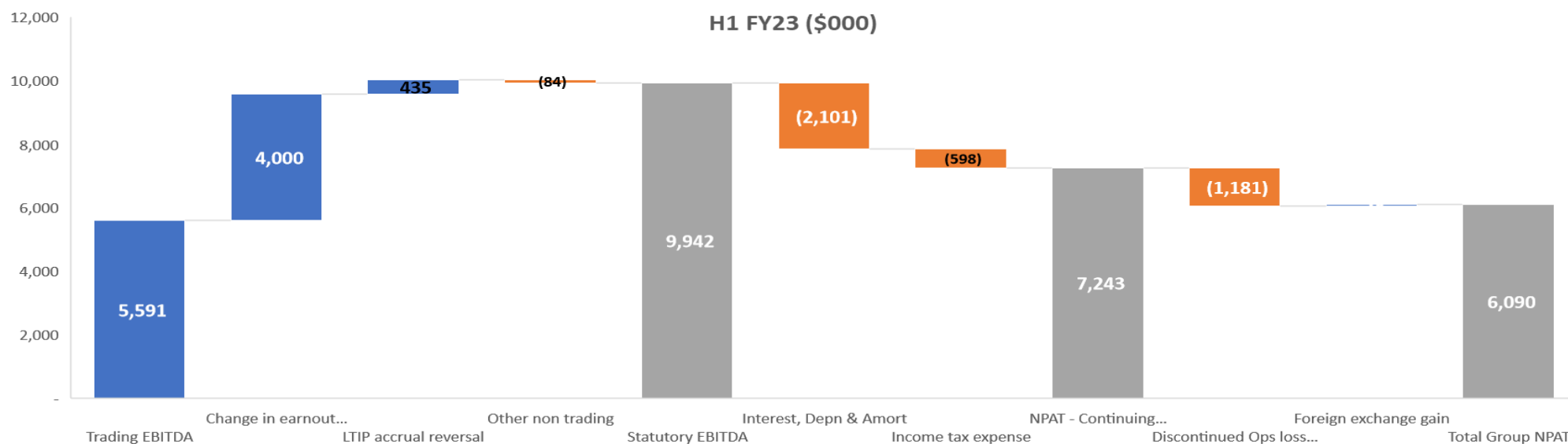


- Cash increased in Q2 FY23 as inventory was converted to cash. \$5m undrawn working capital facility in place
- Some retail grocery receipts not received until late February/March 23 for November & December 22 sales
- Cash movement includes the \$3.5m Return of Capital paid in November 22
- Inventory levels remain higher than H1 FY22 due to larger packaging holdings and will continue to convert to cash over H2 FY23
- Working capital cycle to normalise with ordering for Christmas 23 stock falling into Q1 FY24 rather than Q4 FY23, which will better align payments with receipts

Total group result including assets held for sale

- The below links the Continuing and Discontinued Operations to the H1 FY23 Financial Statements. .

(\$'000)	H1 FY23
Trading EBITDA	5,591
Change in earnout provision	4,000
LTIP accrual reversal	435
Other non trading	(84)
Statutory EBITDA	9,942
Interest, Depn & Amort	(2,101)
Income tax expense	(598)
NPAT - Continuing Operations	7,243
Discontinued Ops loss after tax	(1,181)
Foreign exchange gain	28
Total Group NPAT	6,090



Strong balance sheet with \$17.4m in cash

(\$'000)	31-Dec-22	30-Jun-22
Assets		
Cash	17,394	10,801
Trade receivables	6,426	5,632
Inventory	11,291	15,813
Right of Use Asset	3,039	3,973
PPE	2,750	2,472
Goodwill	44,512	44,512
Other intangibles	16,652	17,825
Assets held for sale	11,013	11,424
Other assets	4,575	4,676
Total assets	117,651	117,128
Liabilities		
Trade and other payables	9,533	6,875
Financial liabilities ¹	13,429	17,952
Other liabilities	1,620	1,378
Total liabilities	24,582	26,205
Net Assets	93,069	90,923

¹ Includes \$10m HGA contingent consideration payable and \$3.4m lease liabilities

* Only asset backed leases/debt

- Strong balance sheet with \$17.4m cash and no debt*
- Inventory at \$11.3m and will decrease further in H2 FY23 as working capital patterns return to normal and Christmas 23 stock ordering in Q1 FY24 not Q4 FY23
- Net assets increased by \$2.1m in H1 FY23 due mainly due to NPAT less the capital return to shareholders
- Assets held for sale represents the Discontinued Dairy Asset of PCF. The \$0.4m decrease was due to the sale of St David Dairy on 30 August 2022
- Except for lease liabilities, the Group has no non-asset backed interest-bearing liabilities
- Financial liabilities include the contingent earnout consideration for HGA of \$10m. The earnout is triggered if HGA achieves \$10m in trading EBITDA for FY23 – payable 50% in cash and 50% in shares with any payment due September 2023

Strategy & looking forward



Key growth focus areas



Expand core ranging in Australia and export markets

Further penetrate new & existing markets, e-commerce, direct to consumer & retail channels

Review synergistic acquisition opportunities



Innovative new product development across our core brands linked to consumer trends and insights

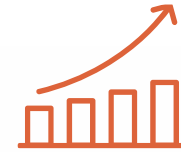
Focus on sustainability

Investing in our power brands and core categories to drive growth



Implement strategic marketing plans to capitalise on core brand strengths.

We intend to leverage our strong brands to reduce customer acquisition costs, drive our NPS and repeat customer rate



Continue to refine our manufacturing, distribution & operations to create further efficiencies and improve gross margins



Expansion of existing ranging, innovation & launching new products

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Key focus areas of growth



MBP

National ranging in major retailer of new 1L Beef & Red Wine, Chicken & White Wine Cooking stocks



MBP

National ranging in major grocery retailer of 3 new Finishing Sauces – Diane, Red Wine and Peppercorn



MBP

Launching new innovative pate and fruit paste SKU's together with 2 new non-alcoholic sparkling wines H2 FY23



HGA

Cheese & Entertaining hamper sales increased by 173% in Q2 FY23 vs Q1 FY23 > \$2.2m for H123



HGA/MBP

New Maggie's Living Range launching via e-commerce & selected retail in time for Mother's Day



MBP

New Finishing Sauce & Bone Broth multi packs launching in a major retailer H2 FY23



Increased investment in marketing & brand awareness

Key focus areas of growth



Upweighted investment in marketing initiatives for e-commerce and grocery retail maximised sales over Christmas period



Extensive retail marketing campaigns aligned to major shopping occasions, exciting innovations & support product launches



Strength of the combined 900k customer data base not yet fully monetised with work being done to realise further benefits in FY24



Brand awareness & education for core ranges driven by influencers + new videos across organic & paid digital media



Targeted radio & streaming campaigns for HE increased sales revenue in Q2 FY23



Evolution of MBP cheese, paste & pate packaging to attract new consumers & delight existing users



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Beautiful imagery & content increased sales over Christmas for MBP & HGA



New Maggie's Living range developed for eCommerce & specialty retail markets

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Looking forward

23

- Focus on Growth Assets** ● We continue to focus on growing our key brands of MBP and HGA with the launch of new products and investing in marketing to drive ranging of core products
- FY23 trading** ● H1 FY23 was a strong result delivering 27.5% CAGR over 4 years and maintaining momentum despite cycling Covid-19 lockdown periods in H1 FY22.
- Strong cash and no debt*** ● Cashflow increased substantially in Q2 FY23 finishing H1 FY23 at \$17.4m (with no drawn debt*)
- Opportunities** ● Group is in a strong position to weather the current economic cycle & take advantage of growth opportunities, launching new products in retail grocery and e-commerce in H2 FY23
- Dividends/Capital Management** ● MBH will commence paying dividends with a fully franked dividend of half a cent per share to be paid in March 23. The incoming CEO and MBH Board will review the Group's capital management plan and communicate it to shareholders in H2 FY23
- GM%** ● GM% increased by 0.3% to 53.3% and will remain strong for our Continuing Operations
- Inventory to decrease & cash to increase** ● Inventory levels decreased in H1 FY23, while buffer is still being held to protect against supply chain disruptions and to support increased ranging in retail grocery. Stock will decrease further in H2 FY23.
- Customer base** ● Focus is now on further monetising our large 900k combined online customer base
- Employee Engagement** ● We continue to strengthen our employee engagement, with the continued investment in our people and teams and the evolution of our Employee Experience journey
- ESG** ● The Group is undertaking the baseline emissions measurement, with a plan to update shareholders on its ESG targets and plans, as part of the FY23 year end process
- Cyber** ● The business is undertaking a full review of its Cyber risk and management processes. No payment details, or proof of ID information is retained by the Group for its customers

Our recipe for success – MBH's Group Values



RECIPE FOR SUCCESS

Our Values

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



PASSIONATE

We deliver premium products and experiences for our customers and shareholders by working together as a united, dedicated team whilst being easy to deal with.



NIMBLE

We act with courage, curiosity, take calculated risks, and challenge how things are done with open minds, innovation and speed.



AMBITIOUS

We have a growth mindset, driven to continually improve and deliver new, unique and sustainable ways to grow our business, ourselves and each other.



INCLUSIVE

We create a culture of safety, care and belonging, where everyone is welcome, respected and valued.



COMMUNITY FOCUSED

We are community minded, focused on sustainability, giving back, and providing memorable experiences to make people's lives better.

Environmental, Social, Governance MBH Initiatives



ENVIRONMENT

Worked with farmers to achieve carbon neutral status

Hamper boxes are made of 70% recycled material and are recyclable and biodegradable once the magnets have been removed.

Switching our pate pots to be 100% recyclable

Baseline emissions audit in progress for the Group

Switching MBP cardboard to recycled paper

Reviewing the use of marine plastics where possible



SOCIAL

Donation of food to Foodbank

Donating % of sales from Hamper Emporium to OzHarvest

Employee Volunteer Program in place

Development of an Aboriginal and Torres Strait Islander Peoples Program in progress

Employee Engagement Wellbeing survey and action plan in place

MBH Values & Employee Value Proposition

Reward & Recognition Program

EAP in place



GOVERNANCE

Diversity and Inclusion Policy

Grievance Policy

Modern Slavery Statement and Training

EEO Anti-discrimination, sexual harassment & bullying Policy and Training

Anti-Bribery and Corruption Policy

Risk Management Policy

Privacy Policy

Full review of Cyber Policy & Prevention underway

THANK YOU. QUESTIONS?



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Thank you

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