

ASX Announcement

Maggie Beer Holdings Limited
(ASX:MBH)

30 May 2023



FY23 TRADING UPDATE

Maggie Beer Holdings Ltd (**MBH** or the **Company**) provides the following trading update and expected financial results for the full year ending 30 June 2023 (**FY23**).

FY23 trading EBITDA for Maggie Beer Products (**MBP**) and Hampers & Gifts Australia (**HGA**) (together, the **Continuing Operations**) is expected to be between \$3.5 million and \$4.5 million and FY23 revenue is expected to be between \$70 million and \$75 million.

	Continuing Operations	1H FY22	1H FY23	FY 2022	YTD to April FY23	Forecast FY FY23
Revenue	Total	\$52.3M	\$49.9M	\$75.2M	\$63.9M	\$70 - \$75M
	MBP	\$17.6M	\$17.1M	\$30.0M	\$25.7M	\$30 - \$32M
	HGA	\$34.7M	\$32.8M	\$45.2M	\$38.2M	\$40 - \$43M
Trading EBITDA	Total	\$9.9M	\$5.6M	\$11.3M	\$4.4M	\$3.5 - \$4.5M

Further to the H1 FY23 Trading Update in February 2023, macroeconomic factors, including rising interest rates and inflation have continued to impact consumer spending patterns across the grocery retail sector and e-commerce channel. Higher energy, freight and labour costs have also had a dampening effect on Trading EBITDA.

2H Group sales for Continuing Operations have remained strong, and revenue is currently up 5.3% at the end of April, driven by Maggie Beer Products revenue growth of 13.7%. HGA sales revenue is down 12.2% for H2 to end of April, in line with the broader e-commerce market and a shift back to bricks and mortar retailing. This trend has continued into May with disappointing Mother's Day sales in HGA leading to month to date sales 13.2% lower than last year.

Provision for earn-out liability HGA

The 2021 purchase of HGA included a provision for an earnout payment to the Vendors, if HGA achieves \$10 million in Trading EBITDA for FY23. The provision was revalued on 31 December 2022 from \$14 million to \$10 million.

Based on the HGA's YTD performance and expected full year EBITDA, the MBH Board does not believe that the earnout hurdle will be met. Accordingly, the FY23 NPAT for the Group is expected to be positively impacted by \$10 million when the provision is reversed.

The Board is reviewing the carrying value of the HGA goodwill, but early indications are that an impairment will not be required as the HGA business continues to resonate with on-line shoppers with a 2 year CAGR showing +8.1% growth in sales revenue. We are continuing to expand the product range including Cheese Hampers which have been very popular to date, accounting for \$2.9 million in revenue for FY23 YTD. The Hamper Emporium and Gifts Australia remain outstanding e-commerce platforms for growth.

Discontinued Operations

A final decision in relation to Discontinued Operations (Paris Creek Farms) is expected to be made by the Board and the CEO before June 30, 2023.

New CEO

New CEO Kinda Grange started with MBH on 1 March 2023, and has been undertaking a thorough assessment and evaluation of the Group's business and strategic growth objectives. "I am enthusiastic about the future of MBH. With a foundation built on strong assets and the iconic Maggie Beer Brand, a healthy balance sheet free of debt, and an e-commerce platform with untapped potential, we possess the necessary ingredients to fuel our growth".

Ms. Grange will be presenting MBH's strategic initiatives and growth plan to investors in June 2023. Further details will be provided in due course.

-Ends

Authorised for release by the Board. For enquiries please contact:

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