

1. Company details

Name of entity:	Maggie Beer Holdings Ltd
ABN:	69 092 817 171
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

			\$'000
Total revenue	up	18.1% to	53,804
Profit from ordinary activities after tax attributable to the owners of Maggie Beer Holdings Ltd	up	112.6% to	1,861
Profit for the year attributable to the owners of Maggie Beer Holdings Ltd	up	112.6% to	1,861

Dividends

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

Comments

The profit for the consolidated entity for the 12 months ended 30 June 2021 (FY21) after providing for income tax amounted to \$1.9 million (FY20: loss of \$14.8 million). Income tax benefit for FY21 amounted to \$4.3 million (FY20: \$NIL).

During FY21, the principal continuing activities of the consolidated entity was the sale of branded premium food and beverage products in Australia and overseas markets.

Financial Position

The net assets of the consolidated entity increased by \$52.2 million to \$102.8 million (30 June 2020: \$50.6 million). This increase was mainly due to the acquisition of Hampers & Gifts Australia Pty Ltd ("HGA").

Operating results for the year

The consolidated entity reported a net profit after tax of \$1.9 million for FY21 (FY20: loss of \$14.8 million). The turnaround in financial performance reflected continued growth from all businesses, in particular Maggie Beer Products retail and e-commerce business ("MBP"). The net profit after tax of \$1.9 million, included recognition of \$4.3 million of deferred taxes on acquisition of brands and customer lists of HGA.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	7.00	11.87

4. Control gained over entities

Name of entities (or group of entities)	Hampers & Gifts Australia Pty Ltd
Date control gained	21 May 2021

\$'000

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)

450

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Foreign entities

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

Not applicable.

9. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued.

10. Attachments

Details of attachments (if any):

The Annual Report of Maggie Beer Holdings Ltd for the year ended 30 June 2021 is attached.

11. Signed

Signed



Date: 19 August 2021

Reg Weine
Non-Executive Chairman

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MAGGIE
MB BEER
HOLDINGS

ANNUAL
REPORT
2021

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Corporate Directory

Directors

Reg Weine (Non-executive Chairman)
 Chantale Millard (Chief Executive Officer/Executive Director)
 (Appointed Managing Director on 2 August 2021)
 Maggie Beer AM (Non-executive Director)
 Tom Kiing (Non-executive Director)
 Hugh Robertson (Non-executive Director)

Company Secretary

Sophie Karzis

Registered office

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

Principal place of business

2 Keith Street,
 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
 Level 19/2 Riverside Quay
 Southbank, VIC 3006

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

The company's Corporate Governance charters are
 located on the company's website at the following link:
www.maggiebeerholdings.com.au/investors/corporate-governance/



*“Our group now has four
 premium Australian brands
 and established a scalable
 digital e-commerce platform to
 spearhead our future growth.”*

- REG WEINE, CHAIRMAN

Our Brands

SHARE OUR PASSION OF MAKING AND CURATING QUALITY, PREMIUM AUSTRALIAN FOOD & BEVERAGE PRODUCTS, WITH THE FINEST INGREDIENTS.

Maggie Beer Holdings proudly represents four premium Australian brands, all with a passion for providing exceptional food and beverage products. Our brands use Australian ingredients wherever possible, generating support for local farmers, growers, their families and communities. Now with a substantial e-commerce presence, we connect with an ever-expanding consumer base, giving us a clear path to sustained growth.

Maggie Beer Products, Hampers and Gifts Australia, Paris Creek Farms and Saint David Dairy are all committed to making and providing innovative products, meeting consumer demand for high quality, nutritious, convenient and indulgent food, beverage and gifting products.

All four brands resonate strongly with Australian consumers who are increasingly looking for premium products that strive to support local.



Maggie Beer Products

Maggie Beer Products is an iconic brand that bases its reputation on Maggie's own philosophy of using superior in season ingredients, to produce premium cooking, entertaining, gifting and indulgent products, for the domestic and international markets. Flavour always comes first!



Paris Creek Farms

Paris Creek Farms is a leading Australian bio-dynamic organic dairy processing and manufacturing company. For more than 30 years, it has created a wide range of natural dairy products in the most sustainable way, and its award-winning dairy products are sold and loved in both domestic and international markets.



Saint David Dairy

Saint David Dairy is inner-Melbourne's only premium micro-dairy. Loved by baristas, restaurateurs and consumers alike, its ever-growing appeal comes from its community roots, local dairy and its superior tasting dairy products. Based in Fitzroy, St David Dairy delivers the flavour of artisanal crafted produce into the hands of the community - real milk, real local.



Hampers and Gifts Australia

Hampers and Gifts Australia is home to two leading e-commerce brands: The Hamper Emporium and Gifts Australia. These two premier e-commerce platforms specialise in providing premium, luxury hampers as well as personalised, beautiful and thoughtful gifts. Offering a unique selection of premium quality food, beverage and gifting items, these businesses are two of Australia's most sought after and trusted online destinations for beautiful gifts for any occasion.



“The group performed strongly returning a positive net profit after tax.”

- REG WEINE, CHAIRMAN

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Contents

Corporate Directory	02
Letter from the Chairman	07
Letter from the CEO and Managing Director	08
Operations Report	11
Risk Statement	16
Directors' Report	18
Auditor's Independence Declaration	30
Statement of Profit or Loss and Other Comprehensive Income	35
Statement of Financial Position	36
Statement of Changes in Equity	37
Statement of Cash Flows	38
Notes to the Financial Statements	39
Directors' Declaration	70
Independent Auditor's Report	71
2021 Additional Securities Exchange Information	77

Our mission is to match the evolving needs of consumers, by providing innovative food, beverage and gifting products of the highest quality, that match people's ever-changing shopping habits and lifestyles.

Maggie Beer Holdings Ltd

ABN 69 092 817 171

Annual Report - 30 June 2021



“The group had net sales growth of 18.8% year on year underpinned by 23% net sales growth in Maggie Beer Products.”

- REG WEINE, CHAIRMAN

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Letter from the Chairman



REG WEINE
CHAIRMAN

Dear Shareholders

The 2021 financial year was a pivotal year for Maggie Beer Holdings Ltd (MBH). The group achieved a positive net profit, reflecting the underlying strength of our premium brands, diversified business model, tight cost control and focus on continuous improvement and innovation.

Reflecting the strength of our brands, these results were achieved through a period of unprecedented challenges brought on by the evolving global COVID-19 pandemic. During this ongoing crisis, employee safety and wellbeing remained our primary concern and I'm pleased to say our operations in all States continued to operate well under the COVID Safe Plans and restrictions the group put in place.

Group net sales increased 18.8% year on year underpinned by 23% growth in Maggie Beer Products (MBP). We continue to benefit from the consumer shift to on-line purchasing through growth in our Maggie Beer Food Club and our direct-to-consumer channel, with MBP's e-commerce sales increasing 103% year on year. Group revenue was up 18.1% to \$53.8 million in FY21, and trading EBITDA was \$3.1 million, a 177% increase on FY20.

In March 2021, we announced the acquisition of the category leading premium hamper e-commerce business - Hampers and Gifts Australia (HGA). We warmly welcome all the talented HGA employees to the Maggie Beer Holdings family and we are delighted to have the HGA vendors become shareholders of MBH.

Having completed the acquisition in May 2021, we have already integrated the business and commenced generating synergies. HGA is a high growth, high margin e-commerce business, achieving unaudited net sales growth of 98% last year to \$36 million and delivering an unaudited full year trading EBITDA of \$9 million.

Consistent with our growth strategy, the successful HGA acquisition has created a large scale, premium branded direct-to-consumer business, that leverages and strengthens our core MBP business.

This highly complementary acquisition has significantly increased our digital marketing and direct-to-consumer logistics capability, as well as enhancing our new product development process.

Most importantly it has accelerated our customer penetration and reach, with combined HGA and MBP e-commerce sales in FY22 forecast to represent more than 40% of group net sales.

Once again, our Melbourne based St David Dairy business was more impacted than our other businesses by the COVID-19 disruption to the foodservice and hospitality sectors. Despite this, customer growth achieved in the speciality retail channel, appointment of new distributors, and increased sales of yoghurt and plant-based milk, saw the business finish the year with 10% revenue growth, which was a very pleasing result.

Our Paris Creek Farms business finished FY21 with net sales increase of 3.5 % on last year, reflecting the re-alignment of our private label business. We continue to reposition the portfolio and better balance the basket of dairy products that we manufacture at Paris Creek, and we have had some recent success with additional ranging of our new Greek yogurt range. We are part way through the strategic review of the business that we announced in May, in an effort to unlock greater shareholder value.

Maggie Beer Holdings has a strong balance sheet, is profitable and is cashflow positive. With the recent addition of a category leading e-commerce business and best in class e-commerce capability, power brands, and a strong pipeline of innovative new products, Maggie Beer Holdings remains uniquely positioned for sustained growth in revenue and earnings.

On behalf of the Board, I would like to thank all stakeholders including employees, customers, suppliers, and our shareholders for their continued support.

I very much look forward to welcoming you at the Annual General Meeting in October.

Reg Weine
Chairman

CEO & Managing Director's Report



CHANTALE MILLARD
CEO & MANAGING DIRECTOR

Dear Shareholders,

It has been a privilege to lead the Maggie Beer Holdings group (MBH) through FY21, a year that has seen us well and truly shift from "fix it" mode to "growth" mode and successfully create the foundations for sustained future growth.

The past 12 months wasn't without its challenges, with the global COVID-19 pandemic continuing to cause disruption and lockdowns impacting all four businesses to varying degrees. However, all our businesses continued to show resilience, with good diversification and management plans in place, and most importantly all our people were kept safe and well.

FY21 delivered a strong financial performance across all key metrics

The group performed strongly over the past 12 months, achieving:

- net sales of \$52.9 million, up 18.8% on FY20 (including Hampers and Gifts Australia from 21 May 2021)
- trading EBITDA of \$3.1 million, up 177% on FY20
- a positive net profit after tax of \$1.9 million, compared to a net loss after tax of \$14.8 million in FY20 (included \$12.1 million impairment for Paris Creek Farms)

In addition, MBH has a strong balance sheet, with \$13.5 million in cash at 30 June 2021 and \$3 million in undrawn debt facilities, so it is well positioned to fund the growth ahead.

The Group recognised carried forward tax losses in FY21 of \$4.3m and expects to be able to gain further cash benefit from utilising its remaining tax losses in future years.

In terms of growth, FY21 was abundant with opportunity, with Maggie Beer Products (MBP) growing its retail and e-commerce businesses, the launch of new products across the group, and the successful acquisition of Hampers and Gifts Australia.

Acquisition of Hampers and Gifts Australia fast tracks direct to consumer and e-commerce growth

With improved investor confidence, the group completed the purchase of the highly complementary premium e-commerce business, Hampers and Gifts Australia (HGA) on 21 May 2021. This exciting addition fast tracks MBH's key strategic goals of growing its direct to consumer and e-commerce business and diversifying revenue beyond the retail sector.

HGA is an impressive addition, with high gross margins, strong cash generation and excellent EBITDA contribution. The HGA business had 98% net sales growth in FY21 compared to FY20, and importantly Q4 FY21 grew 26% on Q4 FY20, even with Q4 FY20 including the height of the COVID-19 pandemic uplift. HGA's unaudited results for FY21 were net sales of \$36 million and trading EBITDA of \$9.4 million.

Pleasingly the integration of HGA into the group is now complete, with the MBP e-commerce business relocated to Sydney and HGA taking over the management of MBP's digital marketing. HGA has successfully implemented a new ERP system to give greater insight into operations and allow group synergies. HGA will include over 10 of MBP's products in its hamper range over Christmas and HGA have also assisted in creating 16 new hampers for MBP, including exclusive new products developed together by the two businesses. The cultural alignment of HGA with the group is excellent and has been the key to the speed of the successful integration.

HGA's inhouse digital marketing expertise, e-commerce, logistics and customer value proposition, combined with MBP's operational expertise and premium food range, provide the platform for the ongoing growth of our e-commerce businesses.

Maggie Beer Products was the driver of the group's growth in FY21

MBP's net sales grew by 23% to \$25.6 million, with the key categories of cheese, cooking stocks, fruit paste and pate all experiencing good growth. MBP's e-commerce business delivered exceptional growth of 103%.

The love for the Maggie Beer brand continues to grow and there are now over 6.7 million views of our "Cooking with Maggie" series, an increase in the Maggie Beer Food Club membership to 65k and over 2 million visitors to its website in FY21. The new, combined digital marketing power of MBP and HGA will allow us to increase conversions and sales from our highly engaged customer base.

Large consumer base supports e-commerce growth

With people's shopping habits appearing to be permanently changed from COVID-19, we are seeing continuing growth from both the MBP and the HGA e-commerce businesses, and with a combined audience of over 690k from our data bases and social media platforms, we now have a large e-commerce business with a large consumer base to continue our growth trajectory.

Consumers are choosing premium Australian brands

Our core retail business has also experienced excellent growth, with people continuing to choose to buy Australian premium dairy, cooking and entertaining products as part of their weekly shop. This is highlighted by the upcoming August 2021 launch of a range of 100% Natural Finishing Sauces and Bone Broths nationally for MBP, which are a great addition to its existing convenient at home, premium cooking range.

Paris Creek Farms progressing well

We continue to review the future strategy for Paris Creek Farms, with an ongoing focus on returning the business to profitability and increasing value, with a reset cost base and launch of its new Greek Yogurt range in late Q4 FY21. In FY21 net sales (excluding intercompany sales) grew by 3.5% year on year and the business reduced its trading EBITDA loss substantially to \$0.27 million. In Q4FY21, Paris Creek Farms conducted a review of its private label business and elected to no longer do an unprofitable white milk contract, which did impact overhead factory recoveries, and our Q4 FY21 result. However, as the business focuses and grows its branded business, it will be better positioned going forward.

We continue to have a strong milk pool, with great relationships with our loyal Bio-dynamic Organic dairy farmers, who are positioned to grow with the business.

St David Dairy continues to grow

St David Dairy's net sales increased by 10% year on year, despite continued lockdowns in Victoria due to COVID-19. The business continued to pivot further into retail, with approximately 25% of its revenue now from the retail sector. The business has also signed on two new distributors to service the Mornington Peninsula/Gippsland and Ballarat/Bellarine Peninsula regions which are growing well.

Consumer loyalty to its brand, the launch of a new soft cheese range and the business' ability to pivot into new markets has seen it continue to remain profitable and cashflow positive, as well as maintain sales growth and a solid EBITDA in FY21.

The future is bright

MBH's house of premium brands resonate strongly with Australian consumers who are more discerning than ever and are looking to buy locally sourced high-quality products.

Following the purchase of HGA, the group now has a strong e-commerce business that will accelerate growth, while leveraging its manufacturing operations.

FY22 will see MBH continue to grow its retail grocery businesses, with new product launches and investments in marketing and key people, whilst also accelerating the growth of its e-commerce business with the addition of HGA to the group. The opportunities are many, with the group transformed and with a very clear path for sustained growth.

We are excited about the future of the group, as we push towards group revenue of \$100 million over the next 12 months and look forward to rewarding our shareholders whilst providing continued innovation to our customers and support to our local suppliers and the communities in which we operate. Thank you to our shareholders for their continued belief and support in the group and a huge thank you to all of the MBH teams, for their hard work and dedication to achieve this great result.



Chantale Millard
CEO and Managing Director

“

“We are looking forward to FY22, with the exciting growth prospects of the group's combined e-commerce and retail businesses.”

- CHANTALE MILLARD,
CEO & MANAGING DIRECTOR



“The group continues to capitalise on opportunities for growth and creating long term value for shareholders.”

- CHANTALE MILLARD,
CEO & MANAGING DIRECTOR



Operations Report

Financial Performance

In FY21, the group continued its strong performance following the completion of MBH's restructure in FY20. The COVID-19 pandemic continues to affect all MBH's businesses, however they have all shown resilience and adaptability with strong performance despite various State lockdown restrictions being in place.

The group completed its purchase of Hampers and Gifts Australia (HGA) on 21 May 2021. HGA is a leading e-commerce gourmet hamper and gift business that aligns with the group's premium food and beverage portfolio and strategy of growing its direct to consumer business.

The group achieved 18.1% growth in FY21 revenue to \$53.8 million (FY20: \$45.6 million), with continued growth from all businesses and the inclusion of HGA from the 21 May 2021.

The group achieved a significant turnaround in net profit after tax to \$1.9 million (FY20: loss of \$14.8 million) reflecting:

- **Maggie Beer Products:** Continued strong net sales and profit growth
- **Paris Creek Farms:** Operational turnaround, sales growth and change in product mix underpinning a strong improvement in its trading EBITDA
- **St David Dairy:** Resilient sales and customer growth despite the ongoing COVID-19 restrictions and lockdowns faced in Melbourne throughout the year
- **Hampers and Gifts Australia:** Acquired on 21 May 2021, with strong cash generation, gross margin and EBITDA contribution
- **Head Office:** Reduced corporate costs following completion of restructure in FY20.

Maggie Beer Products

Maggie Beer Products continued to deliver strong results with its trading EBITDA up 22.6% to \$3.9 million (FY20: \$3.2 million).

Net sales were up 23.4% to \$25.6 million (FY20: \$20.8 million) driven by the launch of new products and a continued focus on growing its e-commerce business. The MBP cheese range was the highest selling category with 50% growth from last year. The key core portfolio of products of cooking stocks, fruit paste and pate also continued to achieve solid growth on the prior year.

The business launched its new e-commerce platform in early November 2020 which has given the consumer an enhanced shopping experience, contributing to online sales increasing 103% in FY21.

Expenses continued to remain under control with an experienced management team in place, with total expenses as a percentage of net sales reducing by a further 2.3 points to 30.2% in FY21 (FY20: 32.5%).

Whilst focusing on the businesses cost base, management has also been concentrating on keeping up with consumer demand by developing new products with a range of Finishing Sauces and Bone Broths launching nationally in September 2021.

Paris Creek Farms

Paris Creek Farms' performance in FY21 reflected the anticipated turnaround in sales and benefits from operational changes implemented in late FY19 and early FY20. The business' reduced cost base and recovery in sales, underpinned a 71% improvement in trading EBITDA.

Net sales (excluding intersegment sales) for FY21 grew 3.5% to \$16.1 million (FY20: \$15.5 million). Sales growth was impacted by Paris Creek Farms' private label business review and in Q4 FY21 electing not to pursue unprofitable milk business. This decreased net sales in comparison to the prior year and has impacted factory overheads in the short term but will ultimately see the business in a better position over the medium term.

FY21 gross profit was up 8.9% to \$7.6 million (FY20: \$6.9 million), with gross margin percentage improving by 3.8 points to 47.0%. This improvement is the result of the business continuing to refine its cost base and selling a more profitable mix of products.

With the business continually reviewing its cost base, it achieved further savings in FY21 with total expenses as a percentage of sales, reducing by 1.5 points to 49.0% in FY21 (FY20 50.5%).

Overall, Paris Creek Farms FY21 trading EBITDA was \$0.6 million higher than FY20, narrowing the loss to \$0.3 million. Further refinements to its cost base and improving sales and products mix, are expected to underpin further growth and return to a sustained positive trading EBITDA.

Operations Report, continued.

St David Dairy

St David Dairy has continued to be tremendously resilient in the face of the continued COVID-19 related restrictions and lockdowns throughout the year in Melbourne. The business continued to diversify its mixture of customers with revenue from the retail sector now comprising 25% of sales.

Despite the restrictions and lockdowns imposed throughout the year, St David Dairy continued to deliver revenue growth and increase its customer base. Net sales were up 9.9% to \$9.0 million (FY20: \$8.2 million), with the number of ordering customers increasing by 17% in FY21.

Milk sales continued to perform strongly and were the largest product category at 67% of total net sales (FY20: 67%). FY21 milk sales were up 4% compared to FY20, and plant-based milk sales continued to gain momentum, now making up 7% of total net sales (FY20: 4%). The 32% increase in net sales to retailers in FY21 was driven by a 54% increase in yoghurt sales (compared to FY20). The recent lockdown in Sydney has impacted demand from our Sydney based distributor, but we expect this to return to growth once restrictions ease.

Costs are now under control with the new truck fleet continuing to deliver savings, with transport costs 47% lower than FY20. Labour costs stabilised in FY21 and finished 0.6 points less than FY20 as a percentage of sales.

With the launch of a new soft cheese range and the business' ability to adapt to the everchanging COVID-19 environment, St David Dairy continued to remain profitable and cashflow positive in FY21.

Hampers and Gifts Australia

The recent acquisition of HGA will be highly complementary to the group with high gross margins, high EBITDA margins, and strong cash generation forecasted. HGA's (unaudited) FY21 net sales for FY21 grew by 98% over FY20 with Q4 FY21 and importantly it had 26% net sales growth in Q4 FY21 compared to Q4 FY20, with FY20 including the substantial COVID-19 uplift.

HGA's digital marketing & e-commerce expertise will be an invaluable addition to the group, accelerating its e-commerce presence and growth opportunities. HGA will provide a full year contribution to the group's financial results in FY22, given the acquisition was completed on 21 May 2021.

Corporate

Shared services and corporate office costs of \$2.0 million (excluding one-off items) were \$0.5 million lower than FY20, with employee costs the most significant component. FY21 included net one off costs of \$1.9 million (FY20: \$0.3 million) related to non-cash share options issued, HGA acquisition costs, offset by a claim settlement and COVID-19 government grants.

The restructure of the Head Office is now complete, having been consolidated into our South Australian operations.

Balance Sheet and Cashflows

The group is supported by a strong balance sheet with net assets at 30 June 2021 of \$102.8 million (30 June 2020: \$50.6 million), including a cash balance of \$13.5 million (30 June 2020: \$7.2 million) and an undrawn invoice finance facility of \$3.0 million.

Due to the positive performance of the group and strong cash reserves, on 20 August 2020, the company repaid a \$400,000 loan in full early, together with accrued interest, to the Beer Family Holdings Pty Ltd as trustee for the Beer Family Trust and in late June 2021, another loan from the Beer Family Trust was repaid in full 5 years earlier than the contractual term saving future interest costs. The total undiscounted loan value repaid in FY21 was \$0.9 million (FY20 balance: \$1.0 million).

The increase in group net assets is mainly due to the acquisition of Hampers and Gifts Australia.

The group achieved a strong positive operating cashflow position for FY21 of \$1.5 million, a \$1.7 million turnaround on FY20's cash outflow of \$(0.2) million. This demonstrates the strong turnaround of the group in FY21 and positions us for increased growth in FY22. This positive operating cashflow result was after the inclusion of acquisition costs for HGA and working capital payments for HGA as it stocks up for the busy Christmas season.

Inventory at 30 June 2021 was \$8.5 million (30 June 2020: \$3.5 million) or 16.1% of annualised sales (FY20: 7.9%), with HGA holding \$4.3 million of stock, Maggie Beer Products holding \$3.3 million of stock (30 June 2020: \$2.5 million), Paris Creek Farms holding \$0.7 million of stock (30 June 2020: \$0.8 million) and St David Dairy holding \$0.2 million of stock (30 June 2020 \$0.2 million). Inventory as a percentage of annualised sales will normalise in FY22 with a full 12 months of sales for HGA.

Overall working capital for the company is at circa 18% of sales, an increase of 8 points compared to 30 June 2020, due to the increase in inventory on acquisition of HGA. Once again this will stabilise over FY22 as the group has a full 12 months of net sales from HGA.

The management team's disciplined approach to working capital and the group's cash management will continue.

Positive outlook for continued growth

The group continues to capitalise on opportunities for growth and deliver long term value for its shareholders. Maggie Beer Holdings continues to align with consumer demands for locally sourced high-quality products. The group will continue to grow its retail businesses, whilst accelerating growth of its e-commerce business by developing further innovative products and growing its premium food and beverage portfolio.



“Successful acquisition of Hampers and Gifts Australia created a large scale, premium branded direct-to-consumer business.”

- REG WEINE, CHAIRMAN



“We believe in sustainable farming & creating products as naturally as they can be.”

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“With a strong balance sheet and cash position, the group is well funded for future growth.”

- CHANTALE MILLARD,
CEO & MANAGING DIRECTOR

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Risk Statement

KEY RISKS AND MITIGANTS

The company is committed to the effective management of risk to reduce uncertainty in the group's business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the group's strategic objectives and future prospects.

Key risks and mitigation activities associated with the company's objectives are set out below:

Risk	Mitigation Action
Dairy Prices	<ul style="list-style-type: none"> Delivery of the company's strategic initiatives focused on shifting the products mix to value added products to reduce the exposure to price movements. Fixed prices within farmer supplier contracts.
Milk supply	<ul style="list-style-type: none"> Contracts with all farmer suppliers to capture available milk supply. Provide farmer suppliers incentives to grow their milk pool. When appropriate, provide incentives to attract new farmer suppliers to convert from conventional farming to biodynamic organic farming.
Profitable Growth	<ul style="list-style-type: none"> Establishing prices to reflect the premium nature of the product range. Targeted sales channels to maximise distribution. Focused allocation of milk supply to maximise the profitability of the product portfolio. Optimisation of the existing product portfolio complemented with new product development. Target investment in delivering growth strategies into new markets. Develop innovative new products for current and new market channels, with nimble go to market plans. Develop new sales channels for growth. Capitalising on the purchase of Hampers and Gifts Australia to grow our group e-commerce presence and sales.
COVID-19	<ul style="list-style-type: none"> All production facilities of the group have enacted a COVID-19 response plan, which includes following Government recommendations and imposed restrictions, physical distancing measures, increased sanitisation and cleaning procedures, a higher level of personal protective clothing, temperature checks and contactless delivery. Full business segregation measures have been put in place within all four manufacturing sites, when required, to ensure isolated shutdowns and continuing operations should a staff member become infected with COVID-19. Alternative production sites were identified wherever possible, in case a site was shut down due to COVID-19. Where possible, staff have been directed to work from home. Employee safety and wellbeing is paramount with strict COVID-19 testing regimes and support in place for employees who feel unwell. We encourage all employees to get vaccinated once they are able to and support employees with time off and sick leave if required.
People safety	<ul style="list-style-type: none"> Focus on safety through active identification and management of safety hazards and operational risks. Continued capital investment to mitigate safety hazards. Embedding a culture of safety into our workplaces and teams.
Product quality and safety	<ul style="list-style-type: none"> Continue to deliver food quality and safety disciplines with absolute commitment to meeting or exceeding all food safety requirements. Continued capital investment to support the production of quality products.
Environmentally sustainable business practices	<ul style="list-style-type: none"> Mechanisms in place to identify, manage and monitor compliance with key environmental requirements. Focus on reducing environmental footprint through effective management of emissions. Continued investments to increase operational effectiveness and efficiency of productive assets.
Change in regulations	<ul style="list-style-type: none"> The group employs suitable people to monitor and manage compliance.



“The future is bright with a clear path for sustained growth.”

- CHANTALE MILLARD,
CEO & MANAGING DIRECTOR

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') 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 year ended 30 June 2021.

Directors

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

Reg Weine (Non-executive Chairman)

Chantale Millard (Executive Director/Chief Executive Officer) (Appointed Director on 2 August 2021)

Maggie Beer AM (Non-executive Director)

Tom Kiing (Non-executive Director)

Hugh Robertson (Non-executive Director)

Principal activities

During FY21, the principal continuing activity of the consolidated entity was the sale of branded premium food and beverage in Australia and overseas markets.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$1.9 million (30 June 2020: loss of \$14.8 million).

Financial Position

The net assets of the consolidated entity increased by \$52.2 million to \$102.8 million (30 June 2020: \$50.6 million). This increase was mainly due to the acquisition of Hampers and Gifts Australia (HGA).

Operating results for the year

The consolidated entity reported a net profit after tax of \$1.9 million for the financial year (30 June 2020: loss of \$14.8 million). The turnaround of the business reflected continued strong growth from all businesses. The net profit after tax of \$1.9 million, included recognition of \$4.3 million of deferred taxes on acquisition of brands and customer lists of Hampers and Gifts Australia (HGA).

Significant changes in the state of affairs

On 16 July 2020, the company held a General Meeting of shareholders where the following resolutions were approved by the shareholders:

■ *Change of name to Maggie Beer Holdings Ltd*

In accordance with the Board's strategy to refresh and enhance the group's brand, the name of the parent company was changed from Longtable Group Limited to Maggie Beer Holdings Ltd.

The Board is of the opinion that changing the name of the company to Maggie Beer Holdings Ltd better reflected the company's core focus, whilst the Maggie Beer Products brand provides a premium halo for the company's diverse product portfolio. Maggie Beer Holdings Ltd will be instantly recognised by shareholders, employees, customers and consumers of the group's products. The Board believes that the new name has and will continue to facilitate an improved understanding of the company's businesses and its potential for growth

■ *Non-executive directors' fees taken in shares*

The Director Fees Plan was established to allow the company's directors to elect, from time to time, to be paid their remuneration through the issue of shares in the company, rather than as a cash payment. The Board believes the Director Fees Plan forms an important part of the remuneration for the company's non-executive directors that elect to participate in the Director Fees Plan, aligning their interests with those of shareholders by linking their remuneration to the long-term success of the company and its financial performance.

■ *Chairman's options*

4,500,000 Options were issued to the Chairman, Mr Reginald Weine, under the company's Employee Share Option Plan.

On 20 August 2020, the company repaid a \$400,000 loan (Loan Amount) in full early, together with accrued interest, to the Beer Family Holdings Pty Ltd as trustee for the Beer Family Trust.

On 30 September 2020, the company announced the resignation of Clinton Orr from his position of General Counsel and Company Secretary and appointed Sophie Karzis as the Company Secretary.

On 5 November 2020, the company issued 282,840 fully paid ordinary shares to settle director fees owing, totalling \$90,000, and 9,000,000 options under the company's Employee Share Option Plan exercisable in 3 equal tranches upon satisfaction of time and performance-based conditions as at 30 June 2021, 30 June 2022 and 30 June 2023 respectively.

On 30 March 2021 the company announced the acquisition of The Hamper Emporium and Gifts Australia Pty Ltd ("HGA") for \$40 million plus earnout comprising a mix of cash and shares and a capital raising of \$30 million consisting of a Placement and Accelerated Non-Renounceable Entitlement Offer to fund the acquisition and provide working capital to support the growth strategy of the group.

On 1 April 2021 the company advised the successful completion of placement and institutional component of its fully underwritten pro-rata accelerated non-renounceable entitlement offer of 1 new fully paid ordinary share for every 3.8 existing fully paid ordinary shares at \$0.35 per share (Entitlement Offer) announced on the ASX on 30 March 2021 to raise up to approximately \$20.4 million.

Applications were received under the Entitlement Offer for a total of 58,245,174 new fully paid ordinary shares (New Shares) meaning that a total of \$20,385,810.90 was raised under the Entitlement Offer. The New Shares issued comprised of 31,142,858 shares under Placement and 27,102,316 under the institutional component of the Entitlement Offer.

On 22 April 2021 the company advised the successful completion of retail entitlement offer of 1 new fully paid ordinary share for every 3.8 existing fully paid ordinary shares at \$0.35 per share (Entitlement Offer) announced on the ASX on 30 March 2021 to raise up to approximately \$9.6 million. Together with the Placement and the institutional component of the Entitlement Offer, the total amount raised under the Offer is approximately \$30 million.

Applications were received under the retail Entitlement Offer for a total of 27,540,318 new fully paid ordinary shares (New Shares) meaning that a total of \$9,639,111.30 was raised under the retail Entitlement Offer. The New Shares issued comprised of 27,540,318 shares applied for under shareholder entitlements.

On 20 May 2021, the company held an extraordinary general meeting of shareholders to approve the issue of upfront consideration shares and earn out shares to vendors as part of The Hampers Emporium and Gifts Australia acquisition. The shareholders also approved participation of Reg Weine in the placement.

On 21 May 2021 the company completed its acquisition of Hampers and Gifts Australia Pty Ltd having paid \$20 million in cash and 57,142,858 in shares issued at an issue price of \$0.35, totalling \$20 million to the vendor. The shares have been escrowed for 2 years from the date of issue.

At the end of June, the loan from the Beer Family Trust was repaid early with accrued interest 5 years earlier than the contractual term saving on future interest costs. The total undiscounted loan value repaid in FY21 was \$0.9 million (FY20 balance: \$1.0 million).

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

Matters subsequent to the end of the financial year

On 2 August 2021, Chantale Millard was appointed as a director of the Board.

No other matter or circumstance has arisen since 30 June 2021 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.

Likely developments and expected results of operations

The future developments of the consolidated entity includes leveraging the strength of each brand, growing the distribution points for each business, launching new products, creating further synergies across the group and driving brand awareness through targeted marketing campaigns.

Information on these developments is included in the review of operations and activities.

Environmental regulation

The company takes a proactive approach in relation to the management of environmental matters. Paris Creek Farms is licenced under the Environment Protection Act 1993 to undertake milk processing works. In accordance with customary wastewater management practices for a dairy facility, wastewater generated by the plant is tanked offsite and fully utilised by a business local to Paris Creek Farms, which includes the wastewater in its organic compost matter. The EPA has approved Paris Creek Farms' action plans in regards to wastewater generated at the site.

All other significant environmental risks have been reviewed and the group has no other legal obligation to take corrective action in respect of any environmental matter.

Directors' Report, continued.

INFORMATION ON DIRECTORS

REG WEINE

Non-executive Chairman

Experience and expertise:

Reg Weine is a dynamic and trusted executive with over 25 years experience in agri-food and FMCG businesses, including the past 10 years as Managing Director/CEO. Reg has worked with large companies and leading brands including SPC Ardmona (Coca-Cola Amatil), Bulla Dairy Foods, and Blackmores. His FMCG experience includes international expansion and new market entry and Reg has a deep understanding of global food & beverage markets including China.

Reg is on the Board of the Apple & Pear Association Ltd (APAL) as well as the Starlight Children's Foundation. He was previously a Board Member of the Australia Food & Grocery Council (AFGC) and past Chair of the AFGC's Sustainability Committee. Reg has a Bachelor of Business from Monash University, is a Graduate of the Australian Institute of Company Directors (GAICD) and is a Certified Practising Marketer and Fellow with the Australian Marketing Institute.

Other current directorships:

None

Former directorships (last 3 years):

None

Interests in shares:

500,000 fully paid up ordinary shares

Interests in options:

4,500,000 options over ordinary shares

CHANTALE MILLARD

CEO & Managing Director
(Appointed Director on 02 August 2021)

Experience and expertise:

Chantale has 15 years experience in executive roles holding the position of Chief Operating Officer, Finance Director and Chief Financial Officer in private companies and private equity owned businesses in Australia and overseas. Her experience includes FMCG, manufacturing, hospitality, publishing and financial services.

Chantale is currently on the Board of KeyInvest Limited, was previously on the Board of not for profit YWCA Adelaide and on the board of a large privately owned family group. Chantale has a Bachelor of Commerce, is a qualified FCPA and a member of the Australian Institute of Company Directors (GAICD).

Other current directorships:

None

Former directorships (last 3 years):

None

Interests in shares:

106,853

Interests in options:

9,000,000

MAGGIE BEER AM

Non-executive Director

Experience and expertise:

Maggie Beer's career in the food industry spans over 40 years, beginning as a farmer at the Pheasant Farm in 1979, whereby the fresh, seasonal ingredients produced led to a farm shop in the Barossa, and soon after a nationally acclaimed restaurant, followed by a commercial food production business, Maggie Beer Products.

Maggie was Telstra South Australia Business Woman of the Year in 1997, Senior Australian of the Year 2010 and once again in 2011, appointed as a Member of the Order of Australia in 2012 and awarded an honorary doctorate of Macquarie University in 2013, and honorary doctorate of the University of South Australia in 2016 in recognition of her achievements in tourism, hospitality and the promotion of Australian cuisine. In addition to this, Maggie established the Maggie Beer Foundation in 2014 to improve the food experiences for older Australians, particularly those living within aged care homes.

Maggie Beer joined the Board of the consolidated entity as part of the acquisition of Maggie Beer Products Pty Ltd by the group. Maggie continues to play a pivotal role in the growth and strategy of the Maggie Beer Products business, as well as remaining deeply involved in the development of new and exciting products.

Other current directorships:

None

Former directorships (last 3 years):

None

Special responsibilities:

None

Interests in shares:

8,296,423 fully paid up ordinary shares

Interests in options:

None

TOM KIING

Non-executive Director

Experience and expertise:

Board member since July 2008, Tom is also a director of Bridge Capital Pty Ltd, an Australian technology investment firm that manages a portfolio of investments in the IT sector. Tom also sits on the Board of The Atomic Group, a retail and footwear company which holds the Adidas license in Australia. Tom has extensive experience as a technology, retail and consumer brand executive in building and growing businesses in the field. Tom travels extensively through the ASEAN region to promote a wide range of Australian investment opportunities to Asian institutions and private investors.

Other current directorships:

None

Former directorships (last 3 years):

Melbourne IT Limited (ASX: MLB) - resigned 30 September 2017

Special responsibilities:

Chairman of Audit Committee and a member of the Remuneration and Nomination Committee

Interests in shares:

9,472,100 fully paid up ordinary shares

Interests in options:

None

HUGH ROBERTSON

Non-executive Director

Experience and expertise:

Hugh is a senior investment adviser with Bell Potter. He has worked in the stockbroking industry for 36 years with a variety of firms including Falkiners stockbroking, Investor First and Wilson HTM. Among his areas of interest is a concentration on small cap industrial stocks.

Other current directorships:

Centrepoint Alliance Limited (ASX: CAF) (appointed 2 May 2016)
Envirosuite Limited (ASX:EVS)

Former directorships (last 3 years):

AMA Limited (ASX: AMA) - resigned 3 August 2018

Special responsibilities:

Member of Audit Committee and Chairman of Remuneration and Nomination Committee

Interests in shares:

3,721,129 fully paid up ordinary shares

Interests in options:

None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Directors' Report, continued.

COMPANY SECRETARY

Sophie Karzis

Sophie is a practising lawyer with over 15 years experience as a corporate and commercial lawyer, and Company Secretary and General Counsel for a number of private and public companies.

Sophie is the principal of Legal Counsel, a corporate law practice with a focus on equity capital markets, mergers and acquisitions, corporate governance for ASX-listed entities, as well as the more general aspects of corporate and commercial law.

Meetings of directors

The number of meetings of the company's Board of directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Reg Weine	17	17	2	2
Maggie Beer AM	17	17	2	2
Tom Kiing	17	17	2	2
Hugh Robertson	17	17	2	2

Held: represents the number of meetings held during the time the director held office.

Retirement, election and continuation in office of directors

The Board of directors (Board) has power to appoint persons as directors to fill any vacancies. Other than those directors appointed during the year, at least one director is required to retire by rotation at each annual general meeting and is eligible to stand for re-election together with those directors appointed during the year to fill any vacancy who must retire and stand for election. A director may not hold office for more than three years or beyond the third annual general meeting following the director's appointment (whichever is the longer period) without submitting for re-election.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration

- Details of remuneration
- Executive contracts
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

No external specialist remuneration advice was sought in respect of remuneration arrangements for non-executive directors of the Board and key management personnel of the group during the year. General reward advice is sought on an ad hoc basis.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

Maggie Beer AM has continued as a brand ambassador during the year, continuing her association with the Maggie Beer brand, its product development program and customer relationship. Maggie Beer receives fees of \$13,092 per month for her services. Maggie Beer received \$157,104 for services provided during the year.

Each non-executive director receives a fee for being a director of the company but no additional fees for sitting on or chairing committees. Director fees are inclusive of superannuation entitlements. All non-executive directors except the company's Chairman have elected to receive their fees in shares in the company which was approved by shareholders at the Annual General Meeting held on 16 July 2020. The maximum director aggregate fee pool is \$400,000.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. Short-term incentives are used to differentiate rewards based on performance on a year by year basis. The principal performance indicator of the short-term incentive plan is the group's financial performance. The financial performance measurements selected are revenue growth and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). They have been selected as the most appropriate measures of trading performance, and are calculated based on a percentage above a revenue and EBITDA threshold level. This allows the individual to be rewarded for growth in revenue and profitability of the company. The percentage and threshold level can differ for each individual and are reviewed every year. The revenue and EBITDA thresholds are determined based on the ability of the key management personnel to influence the group's earnings.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and options are occasionally awarded to executives over a period of three years based on long-term incentive measures. These include increases in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Directors' Report, continued.

Feature	Description
Key Management Personnel	Chantale Millard
Options	Options to acquire ordinary shares
Opportunity/Allocation	9,000,000 options with each tranche comprising 3,000,000 options
Performance Hurdle	Tranche 1: EBITDA requirement and continuous employment until 1 July 2021 Tranche 2: EBITDA requirement and continuous employment until 1 July 2022 Tranche 3: EBITDA requirement and continuous employment until 1 July 2023
Exercise price	Exercisable at \$0.15 (Tranche 1), \$0.18 (Tranche 2) and \$0.20 (Tranche 3)
Forfeiture and termination	Options will lapse if performance conditions are not met. Options will be forfeited on cessation of employment unless the Board determines otherwise, e.g. in the case of retirement due to injury, disability, death or redundancy.

Feature	Description
Key Management Personnel	Reg Weine
Options	Options to acquire ordinary shares
Opportunity/Allocation	4,500,000 options with each tranche comprising of 1,500,000 options
Performance Hurdle	No performance hurdle required. Options have vested immediately on grant date of 16 July 2020
Exercise price	Exercisable at \$0.15 (Tranche 1), \$0.18 (Tranche 2) and \$0.20 (Tranche 3)
Forfeiture and termination	Options will be forfeited on cessation of employment unless the Board determines otherwise, e.g. in the case of retirement due to injury, disability, death or redundancy.

Consolidated entity performance and link to remuneration

A component of remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Remuneration and Nomination Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Voting and comments made at the company's 2020 Annual General Meeting ('AGM')

At the 2020 AGM, 99.28% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices

Executive contracts

The remuneration and other terms of employment for executives are covered in formal employment contracts that have no fixed terms.

The group may terminate an executive's employment contract immediately for cause, in which case the executive is not entitled to any payment other than the value of total fixed remuneration (and accrued entitlements) up to the termination date. Executive KMP contracts have a notice period of 2 months by either the employee or company.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Maggie Beer Holdings Ltd:

Non-Executive Directors:

- Reg Weine
- Maggie Beer AM
- Tom Kiing
- Hugh Robertson

And the following persons:

- Chantale Millard (Chief Executive Officer)
- Eddie Woods (Chief Financial Officer)
(appointed 1 October 2020)

Table A: KMP Remuneration for the year ended 30 June 2021

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Bonus \$	Others \$	Super-annuation \$	Long Service leave**** \$	Equity Settled \$	
<i>Non-Executive Directors:</i>							
Reg Weine*	60,274	-	-	5,726	-	549,865	615,865
Maggie Beer AM**	-	-	-	-	-	40,000	40,000
Tom Kiing**	-	-	-	-	-	40,000	40,000
Hugh Robertson**	-	-	-	-	-	40,000	40,000
<i>Other Key Management Personnel:</i>							
Chantale Millard	289,247	83,400	-	21,694	11,705	1,085,065	1,491,111
Eddie Woods***	239,875	71,233	-	21,021	2,231	-	334,360
	589,396	154,633	-	48,441	13,936	1,754,930	2,561,336

* Reg Weine equity settled amount relates to 4,500,000 options granted and approved by shareholders at the Annual General Meeting held on 16 July 2020.

** Non-executive directors have agreed to have their salaries settled for shares in the company in lieu of cash for FY21. This amounts to \$40,000 each for Tom Kiing, Hugh Robertson and Maggie Beer respectively. This was granted and approved by shareholders at the Annual General Meeting held on 16 July 2020. The shares are issued to the directors on a quarterly basis based on an issue price of 5 day VWAP.

*** Eddie Woods appointed on 1 October 2020 as Chief Financial Officer.

**** Long service leave represents the movement in provision.

Table B: KMP Remuneration for the year ended 30 June 2020

2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Bonus \$	Termination payments* \$	Super-annuation \$	Long Service leave \$	Equity Settled \$	
<i>Non-Executive Directors:</i>							
Reg Weine**	17,580	-	-	1,670	-	-	19,250
Maggie Beer AM***	18,265	-	-	1,735	-	20,000	40,000
Tom Kiing***	20,000	-	-	-	-	20,000	40,000
Hugh Robertson***	18,265	-	-	1,735	-	20,000	40,000
Tony Robinson**	22,831	-	-	2,169	-	-	25,000
<i>Executive Directors:</i>							
Laura McBain*	152,280	-	180,390	7,001	-	-	339,671
<i>Other Key Management Personnel:</i>							
Chantale Millard	278,997	135,000	-	21,003	-	-	435,000
Michael Caragounis*	222,779	-	122,085	12,459	-	-	357,323
	750,997	135,000	302,475	47,772	-	60,000	1,296,244

* Laura McBain resigned 27 November 2019 as Managing Director. Michael Caragounis resigned 23 January 2020 as Chief Financial Officer.

** Reg Weine appointed 13 March 2020 as non-executive Chairman. Tony Robinson retired 29 November 2019 as non-executive Chairman

*** Non-executive directors have agreed to have their salaries settled for shares in the company in lieu of cash for the second half of FY20. This amounts to \$20,000 each for Tom Kiing, Hugh Robertson and Maggie Beer respectively.

Directors' Report, continued.

Table C: Proportion of KMP's fixed remuneration and remuneration linked to performance

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
<i>Non-executive Directors:</i>						
Reg Weine	100%	100%	-	-	-	-
Maggie Beer AM	100%	100%	-	-	-	-
Tom Kiing	100%	100%	-	-	-	-
Hugh Robertson	100%	100%	-	-	-	-
Tony Robinson	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Chantale Millard	20%	69%	6%	31%	74%	-
Eddie Woods	78%	-	22%	-	-	-

Share-based compensation

No performance rights were granted as remuneration to KMP during FY21

Table D: Number of options granted as remuneration to KMP during FY21

KMP	Grant Date	Number granted	Value per Option	Number Vested
Options				
Reg Weine	16/07/2020	1,500,000	\$0.131	1,500,000
Reg Weine	16/07/2020	1,500,000	\$0.121	1,500,000
Reg Weine	16/07/2020	1,500,000	\$0.115	1,500,000
Chantale Millard	28/10/2020	3,000,000	\$0.220	-
Chantale Millard	28/10/2020	3,000,000	\$0.217	-
Chantale Millard	28/10/2020	3,000,000	\$0.219	-

Table E: Movements during FY21 in the options over shares in the company held directly, indirectly or beneficially, by each KMP, including their related parties

Name	Balance at start of year	Granted as part of remuneration	Additions	Disposals/ Other	Total	Number vested
Reg Weine*	-	-	4,500,000	-	4,500,000	4,500,000
Chantale Millard	-	-	9,000,000	-	9,000,000	3,000,000
	-	-	13,500,000	-	13,500,000	7,500,000

* Reg Weine's 4,500,000 options vested on 16 July 2020

Table F: Terms and conditions of options over ordinary shares affecting remuneration of directors and KMP

Grant date	Vesting/ exercisable date	Expiry date	Exercise Price	Number of options	Fair value per option at grant date
16/07/2020	16/07/2020	15/07/2024	\$0.15	1,500,000	\$0.131
16/07/2020	16/07/2020	15/07/2024	\$0.18	1,500,000	\$0.121
16/07/2020	16/07/2020	15/07/2024	\$0.20	1,500,000	\$0.115
28/10/2020	01/07/2021	27/10/2024	\$0.15	3,000,000	\$0.220
28/10/2020	01/07/2022	27/10/2024	\$0.18	3,000,000	\$0.217
28/10/2020	01/07/2023	27/10/2024	\$0.20	3,000,000	\$0.219

Table G: Number of performance rights affecting remuneration of directors and KMP

No performance rights granted in 2021

Additional information

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Total revenue	53,804	45,555	25,753	8,733	-
Profit/(loss) before tax	(2,429)	(14,754)	(24,160)	(7,694)	(10,293)
Profit/(loss) after income tax	1,861	(14,754)	(21,656)	(6,670)	(10,293)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.390	0.140	0.210	0.730	0.016
Basic earnings per share (cents per share)	0.805	(7.120)	(16.726)	(10.308)	(40.571)
Diluted earnings per share (cents per share)	0.805	(7.120)	(16.726)	(10.308)	(40.571)

The value of basic and diluted earnings per share relating to 2015 - 2017 years have been adjusted to reflect the share consolidation of 25:1 completed in 2018. No dividend has been paid in the past 5 years.

Additional disclosures relating to key management personnel

Additional information

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Reg Weine	-	-	500,000	-	500,000
Maggie Beer AM	6,295,332	143,089	1,858,002	-	8,296,423
Tom Kiing	8,429,010	143,089	900,001	-	9,472,100
Hugh Robertson	2,508,421	143,089	1,069,619	-	3,721,129
Chantale Millard	6,853	-	100,000	-	106,853
Eddie Woods	20,000	-	-	-	20,000
	17,259,616	429,267	4,427,622	-	22,116,505

Directors' Report, continued.

Loans to key management personnel and their related parties

There were no loans given to KMPs during the year.

Other transactions with key management personnel and their related parties

Maggie Beer has continued as a brand ambassador, continuing her association with the Maggie Beer brand, its product development program and customer relationship. Maggie Beer receives fees of \$13,092 per month for her services. Maggie Beer received \$157,104 for services provided during the year.

During the year, the company completed capital raisings amounting to a fair value of approximately \$30 million from the issue of 86,285,492 shares at an issue price of \$0.35 (35 cents). These capital raisings were fully underwritten by Bell Potter Securities Limited, an entity associated with Hugh Robertson. Bell Potter was paid management and underwriting fees of \$1,480,417.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Maggie Beer Holdings Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
16 July 2020	16 July 2024	\$0.150	1,500,000
16 July 2020	16 July 2024	\$0.180	1,500,000
16 July 2020	16 July 2024	\$0.200	1,500,000
28 October 2020	27 October 2024	\$0.150	3,000,000
28 October 2020	27 October 2024	\$0.180	3,000,000
28 October 2020	27 October 2024	\$0.200	3,000,000
			13,500,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Shares issued on the exercise of options or performance rights

31,332 ordinary shares of Maggie Beer Holdings Ltd were issued on the exercise of performance rights during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

The company has indemnified each director referred to in this report, the company secretary and previous directors and secretaries (officers) against all liabilities or loss (other than to the company or a related body corporate) that may arise from their position as officers of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the *Corporations Act*.

The indemnity stipulates that the company will meet the full amount of any such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an officer of the company.

The company has also indemnified the current and previous directors of its controlled entities and certain members of the company's senior management for all liabilities and loss (other than to the company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the *Corporations Act*.

The company has executed deeds of indemnity in favour of each non-executive director of the company and certain non-executive directors of related bodies corporate of the company as well as with the company secretary.

The company has paid insurance premiums in respect of directors' and officers' liability insurance contracts, for officers of the company and of its controlled entities. The insurance cover is on standard industry terms and provides cover for loss and liability for wrongful acts in relation to the relevant person's role as an officer, except that cover is not provided for loss in relation to officers gaining any profit or advantage to which they were not legally entitled, or officers committing any criminal, dishonest, fraudulent or malicious act or omission, or any knowing or wilful violation of any statute or regulation. Cover is also only provided for fines and penalties in limited circumstances and up to a small financial limit.

The insurance does not provide cover for the independent auditors of the company or of a related body corporate of the company.

In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Officers of the company who are former partners of PricewaterhouseCoopers

There are no officers of the company who are former partners of PricewaterhouseCoopers.

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.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Reg Weine
Non-executive Chairman

19 August 2021

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Maggie Beer Holdings Ltd for the year ended 30 June 2021, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink that reads 'Brad Peake'.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
19 August 2021

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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“

“Large consumer base supports
e-commerce growth.”

- CHANTALE MILLARD,
CEO & MANAGING DIRECTOR

DAIRY
Certified
QUALITY
MILK • CREAM



*“Maggie Beer Products
was the driver of the
group’s growth in FY21.”*

- CHANTALE MILLARD,
CEO & MANAGING DIRECTOR

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“Consumers are choosing premium Australian brands”



Financial Statements

For personal use only



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
Revenue			
Revenue		52,879	44,503
Other income		925	1,052
		<u>53,804</u>	<u>45,555</u>
Expenses			
Raw materials and consumables used		(28,127)	(22,936)
Overheads		(1,475)	(1,513)
Occupancy and utilities costs		(1,304)	(1,285)
Employee benefits expense		(13,685)	(11,892)
Transportation expense		(3,153)	(3,161)
Professional fees		(1,295)	(701)
Marketing and advertising expense		(1,264)	(869)
Other expenses		(2,209)	(2,440)
Depreciation expense		(2,198)	(2,181)
Amortisation expense		(1,119)	(956)
Finance costs		(404)	(308)
Impairment expense	12	-	(12,067)
		<u>(2,429)</u>	<u>(14,754)</u>
Loss before income tax benefit		(2,429)	(14,754)
Income tax benefit	6	4,290	-
		<u>1,861</u>	<u>(14,754)</u>
Profit/(loss) after income tax benefit for the year attributable to the owners of Maggie Beer Holdings Ltd		1,861	(14,754)
Other comprehensive income for the year, net of tax		-	-
		<u>1,861</u>	<u>(14,754)</u>
		Cents	Cents
Basic earnings per share	36	0.805	(7.120)
Diluted earnings per share	36	0.805	(7.120)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents		13,542	7,245
Trade and other receivables	7	8,001	8,022
Inventories	8	8,514	3,500
Other	9	1,351	429
Total current assets		31,408	19,196
Non-current assets			
Property, plant and equipment	10	16,768	17,347
Right-of-use assets	11	3,066	3,345
Intangibles	12	78,414	24,138
Total non-current assets		98,248	44,830
Total assets		129,656	64,026
Liabilities			
Current liabilities			
Trade and other payables	13	7,925	6,883
Contract liabilities	14	411	-
Other current financial liabilities	15	-	623
Lease liabilities	16	1,644	1,098
Employee benefits	17	1,249	970
Total current liabilities		11,229	9,574
Non-current liabilities			
Other non-current financial liabilities	18	-	1,195
Lease liabilities	19	1,636	2,505
Employee benefits	20	217	153
Contingent consideration	21	13,790	-
Total non-current liabilities		15,643	3,853
Total liabilities		26,872	13,427
Net assets		102,784	50,599
Equity			
Issued capital	22	169,386	120,695
Reserves	23	3,267	1,634
Accumulated losses		(69,869)	(71,730)
Total equity		102,784	50,599

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Contributed Equity \$'000	Option Reserves \$'000	Accumulated Losses \$'000	Total equity \$'000
Consolidated				
Balance at 1 July 2019	120,695	1,721	(56,976)	65,440
Loss after income tax expense for the year	-	-	(14,754)	(14,754)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(14,754)	(14,754)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 37)	-	(87)	-	(87)
Balance at 30 June 2020	120,695	1,634	(71,730)	50,599

	Contributed Equity \$'000	Option Reserves \$'000	Accumulated Losses \$'000	Total equity \$'000
Consolidated				
Balance at 1 July 2020	120,695	1,634	(71,730)	50,599
Profit after income tax benefit for the year	-	-	1,861	1,861
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,861	1,861
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 22)	48,540	-	-	48,540
Share-based payments (note 37)	151	1,633	-	1,784
Balance at 30 June 2021	169,386	3,267	(69,869)	102,784

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		54,106	43,945
Payments to suppliers and employees (inclusive of GST)		(53,530)	(45,158)
Other income received		891	1,054
Net cash from/(used in) operating activities	35	1,467	(159)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	(20,000)	-
Payments for property, plant and equipment	10	(766)	(1,098)
Payments for intangibles	12	(207)	(306)
Proceeds from disposal of property, plant and equipment		59	-
Net cash used in investing activities		(20,914)	(1,404)
Cash flows from financing activities			
Proceeds from issue of shares	22	30,200	-
Payment for share issue costs		(1,660)	-
Repayment of loan		(1,303)	(105)
Proceeds from chattel mortgage		-	516
Proceeds from new loan		-	400
Repayment of convertible note		-	(500)
Principal elements of lease		(1,122)	(1,098)
Interest and other finance costs paid		(404)	(224)
Interest received		33	-
Net cash from/(used in) financing activities		25,744	(1,011)
Net increase/(decrease) in cash and cash equivalents		6,297	(2,574)
Cash and cash equivalents at the beginning of the financial year		7,245	9,819
Cash and cash equivalents at the end of the financial year		13,542	7,245

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

Notes to the Financial Statements

30 June 2021

NOTE 1. GENERAL INFORMATION

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and Interpretations, the *Corporations Act 2001* and complies with other requirements of the law.

The financial report covers the company and controlled entities. The company is a public company, incorporated and domiciled in Australia.

Maggie Beer Holdings Ltd changed its name from Longtable Group Limited on 16 July 2020.

For the purpose of preparing the consolidated financial statements, the company is a for-profit entity.

The financial report includes the consolidated financial statements of the group and is referred to as the group or consolidated entity.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 August 2021. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, 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 amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Going concern

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2021, the group has a net profit after tax of \$1.9 million (2021: loss: \$14.8 million) and generated net cash inflows of \$1.5 million (2020: \$0.2 million outflow). As at year end, the cash position was \$13.5 million (30 June 2020: \$7.2 million).

The company expects its normal cash flows over the next 12 months from the date of signing to be sufficient to continue as a going concern.

The company's ability to generate cash flows in continued challenging economic conditions has also been stress tested with scenarios including a 10% drop in sales over the next 12 months with no issues in relation to going concern identified.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The presentation and functional currency of the group is Australian dollars.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Maggie Beer Holdings Ltd ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Maggie Beer Holdings Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, CONT.

A controlled entity is any entity the company has the power over, and is exposed or has rights to variable returns from its involvement in the entity, and has the ability to use its power to affect its returns.

A list of controlled entities is contained in note 33 to the financial statements.

All inter-company balances and transactions between entities in the consolidated entity, including any recognised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

The investments in controlled entities are measured at cost in the parent entity's financial statements.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Revenue recognition

The consolidated entity recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised to the extent that the group satisfies its single performance obligation to transfer agreed goods and the transaction price can be readily identified. All revenue is recognised at a point in time when control of the goods is transferred to the customer i.e. when the goods are delivered to the customer. Revenue is measured at the fair value of the consideration received or receivable being the amount to which the entity expects to be entitled to in exchange for goods. Amounts disclosed as revenue are net of discounts, trade allowances and rebates.

All revenue from the sale of goods is recognised at a point in time.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The charge for current income tax expense/(benefit) is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is recognised or liability is settled. Deferred tax is credited in the profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognised its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group entered into the tax consolidation regime from 1st June 2006 and notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1st June 2006. The tax will be paid by the parent entity as the group has not entered into a tax funding agreement. The company is the designated parent entity for tax consolidation purposes.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The group has not applied any practical expedients for lease liabilities.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated

in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss and other comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in income.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Financial Liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, CONT.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

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.

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.

COVID-19 pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates.

Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

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 12. 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.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances. No options to extend or terminate lease terms have been included in the measurement of right-of-use assets and lease liabilities.

Business combinations

As discussed in note 32, the business combinations in the current year have been accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTE 4. 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 Chief Executive Officer ('CEO') in order to allocate resources to the segment and to assess its performance.

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

Information regarding these segments is set out below.

All operations were in Australia for both current and comparative period.

Operating segment information

Consolidated - 2021	Paris Creek Farms \$'000	St David Dairy \$'000	Maggie Beer Products \$'000	Hampers & Gifts Australia \$'000	Other segments \$'000	Total \$'000
Revenue						
Sales to external customers	16,254	8,997	25,646	2,169	-	53,066
Intersegment sales	(187)	-	-	-	-	(187)
Total sales revenue	16,067	8,997	25,646	2,169	-	52,879
Other revenue	54	50	77	-	744	925
Total revenue	16,121	9,047	25,723	2,169	744	53,804
Profit/(loss) before income tax expense, impairment and fair value gain	(1,233)	531	2,841	450	(5,018)	(2,429)
Profit/(loss) before income tax benefit	(1,233)	531	2,841	450	(5,018)	(2,429)
Income tax benefit						4,290
Profit after income tax benefit						1,861
Assets						
Segment assets	17,447	18,336	27,913	60,606	15,769	140,071
Intersegment eliminations						(10,415)
Total assets						129,656
Liabilities						
Segment liabilities	20,107	1,841	4,973	2,875	1,346	31,142
Intersegment eliminations						(4,270)
Total liabilities						26,872

NOTE 4. OPERATING SEGMENTS, CONT.

Consolidated - 2020	Paris Creek Farms \$'000	St David Dairy \$'000	Maggie Beer Products \$'000	Other segments \$'000	Total \$'000
Revenue					
Sales to external customers	16,043	8,190	20,783	-	45,016
Intersegment sales	(513)	-	-	-	(513)
Total sales revenue	15,530	8,190	20,783	-	44,503
Other revenue	55	85	174	738	1,052
Total revenue	15,585	8,275	20,957	738	45,555
Profit/(loss) before income tax expense, impairment and fair value gain					
Impairment expense	(12,068)	-	-	-	(12,068)
Profit/(loss) before income tax expense	(13,985)	302	1,847	(2,918)	(14,754)
Income tax expense					-
Loss after income tax expense					(14,754)
Assets					
Segment assets	19,099	19,278	25,897	9,504	73,778
Intersegment eliminations					(9,752)
Total assets					64,026
Liabilities					
Segment liabilities	20,749	1,668	3,828	2,099	28,344
Intersegment eliminations					(14,917)
Total liabilities					13,427

NOTE 5. SIGNIFICANT ITEMS

Significant items relate to significant changes in the business during the past financial year and are identified due to their nature and magnitude on the assessment of business performance.

The following significant items are included in Other income, Raw materials and consumables used, Employee benefits expense, Professional expenses and Other expenses:

	Consolidated	
	2021 \$'000	2020 \$'000
Government grants	200	393
Claim settlement	692	500
Restructure costs	(114)	(946)
Abandoned project	-	(135)
Litigation costs	(97)	(61)
Other	(85)	(109)
Share Based Payments (Note 35)	(1,633)	87
Acquisition Costs (Note 30 ii)	(843)	-
Total significant items	(1,880)	(271)

NOTE 6. INCOME TAX BENEFIT

	Consolidated	
	2021 \$'000	2020 \$'000
<i>Income tax benefit</i>		
Current tax	114	(602)
Recognition of deferred tax asset	(114)	-
Recognition of deferred tax asset*	(4,290)	-
Deferred tax expense		
Amounts not brought to account as a Deferred Tax Asset in the current year	-	602
Aggregate income tax benefit	(4,290)	-
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(2,429)	(14,754)
Tax at the statutory tax rate of 30%	(729)	(4,426)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	1,065	3,884
Non-assessable non-operating income	(222)	(60)
Amounts not brought to account as a Deferred Tax Asset in the current year	-	602
Recognition of deferred tax asset*	(4,290)	-
	(4,176)	-
Recognition of deferred tax asset*	(114)	-
Income tax benefit	(4,290)	-

* A deferred tax asset of \$4,290 thousand attributed to carried forward tax losses was recognised to offset the equivalent deferred tax liability arising from the intangible assets acquired through the business combination.

	Consolidated	
	2021 \$'000	2020 \$'000
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	5,945	19,967
Potential tax benefit @ 30%	1,784	5,990

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

NOTE 7. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2021 \$'000	2020 \$'000
Trade receivables	6,774	7,135
Lease receivable (sub-lease)	367	532
Other receivable	640	90
GST receivable	220	265
	8,001	8,022

Accounting policy for trade and other receivables

Trade receivables and other receivables are all classified as financial assets held at amortised cost.

Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less a loss allowance provision. The carrying value of trade and other receivables, less loss allowance provisions, is considered to approximate fair value, due to the short term nature of the receivables.

The collectability of trade and other receivables is reviewed on an ongoing basis with a further focus in this financial year on collection risk following the impact of the COVID-19 pandemic. Individual debts which are known to be uncollectable are written off when identified. The group recognises a loss allowance provision based upon anticipated lifetime losses of trade receivables. The anticipated losses are determined with reference to historical loss experience adjusted to reflect current and forward-looking information and is regularly reviewed and updated. This includes general macroeconomic indicators such as RBA cash rate and GDP growth.

Trade receivables are generally due for settlement between 30 and 60 days.

The COVID-19 pandemic has not resulted in any additional receivables write-offs.

Credit risks related to receivables

Refer to note 23 for additional information.

NOTE 8. CURRENT ASSETS - INVENTORIES

	Consolidated	
	2021 \$'000	2020 \$'000
Raw materials	1,971	1,801
Work in progress	205	271
Finished goods	5,403	1,428
Stock in transit	935	-
	8,514	3,500

The total amount of inventory recognised as an expense during the year is \$33.7 million.

Accounting policy for inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTE 9. CURRENT ASSETS - OTHER

	Consolidated	
	2021 \$'000	2020 \$'000
Prepayments	1,169	185
Security deposits	123	151
Other current assets	59	93
	<u>1,351</u>	<u>429</u>

NOTE 10. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2021 \$'000	2020 \$'000
Land	<u>460</u>	<u>460</u>
Motor vehicles	474	1,274
Less: Accumulated depreciation	(164)	(394)
	<u>310</u>	<u>880</u>
Plant and equipment	15,005	13,935
Less: Accumulated depreciation	(5,226)	(4,336)
	<u>9,779</u>	<u>9,599</u>
Building and leasehold improvements	7,007	6,983
Less: Accumulated depreciation	(788)	(575)
	<u>6,219</u>	<u>6,408</u>
	<u>16,768</u>	<u>17,347</u>

NOTE 10. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT, CONT.*Reconciliations*

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

Consolidated	Land \$'000	Motor Vehicles \$'000	Building and leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2019	460	674	6,644	11,353	19,131
Additions	-	551	6	632	1,189
Disposals	-	(21)	-	(28)	(49)
Transfer out on adoption of AASB 16	-	(204)	-	(1,427)	(1,631)
Depreciation expense	-	(120)	(242)	(931)	(1,293)
Balance at 30 June 2020	460	880	6,408	9,599	17,347
Additions	-	15	41	710	766
Additions through business combinations (note 32)	-	-	11	362	373
Disposals	-	(10)	-	(9)	(19)
Transfer out	-	(513)	-	-	(513)
Depreciation expense	-	(62)	(241)	(883)	(1,186)
Balance at 30 June 2021	460	310	6,219	9,779	16,768

Refer to note 26 for further information on fair value measurement.

Accounting policy for property, plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of all fixed assets including recognised lease assets is depreciated on a straight line or diminishing value basis over their useful lives to the group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The following estimated useful lives are used in the calculation of depreciation:

Motor vehicles	5 years
Plant and equipment	4 to 20 years
Building and leasehold improvements	10 to 33 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

NOTE 11. NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS

	Consolidated	
	2021 \$'000	2020 \$'000
Land and buildings - right-of-use	3,486	2,823
Less: Accumulated depreciation	(2,214)	(1,125)
	1,272	1,698
Plant and equipment - right-of-use	1,871	1,926
Less: Accumulated depreciation	(599)	(447)
	1,272	1,479
Motor vehicles - right-of-use	1,122	372
Less: Accumulated depreciation	(600)	(204)
	522	168
	3,066	3,345

Reconciliations

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

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2020	1,698	1,479	168	3,345
Adjustments during the year	-	(32)	577	545
Additions through business combinations (note 32)	-	-	221	221
Depreciation expense	(648)	(174)	(223)	(1,045)
Balance at 30 June 2021	1,050	1,273	743	3,066

NOTE 12. NON-CURRENT ASSETS - INTANGIBLES

	Consolidated	
	2021 \$'000	2020 \$'000
Goodwill	56,104	15,388
Brand	16,278	6,838
Less: Accumulated amortisation	(1,226)	(697)
	15,052	6,141
Customer contracts	7,935	3,075
Less: Accumulated amortisation	(1,309)	(769)
	6,626	2,306
Software and websites	831	416
Less: Accumulated amortisation	(199)	(113)
	632	303
	78,414	24,138

Reconciliations

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

Consolidated	Goodwill - Paris Creek \$'000	Goodwill - St David Dairy \$'000	Goodwill - Maggie Beer Products \$'000	Goodwill - Hampers and Gifts Australia \$'000	Brand* \$'000	Customer Con- tracts** \$'000	Other In- tangible \$'000	Total \$'000
Balance at 1 July 2019	12,067	11,802	3,585	-	6,546	2,797	58	36,855
Additions from internal development	-	-	-	-	-	-	305	305
Impairment of assets	(12,067)	-	-	-	-	-	-	(12,067)
Amortisation expense	-	-	-	-	(405)	(491)	(59)	(955)
Balance at 30 June 2020	-	11,802	3,585	-	6,141	2,306	304	24,138
Additions from internal development	-	-	-	-	-	-	207	207
Additions through business combinations (note 30)	-	-	-	40,717	9,440	4,860	208	55,225
Amortisation expense	-	-	-	-	(529)	(540)	(87)	(1,156)
Balance at 30 June 2021	-	11,802	3,585	40,717	15,052	6,626	632	78,414

* The cost of the brand intangible asset consists of \$2,163 thousand allocated to the St David Dairy CGU, \$4,675 thousand allocated to the Maggie Beer Products CGU and \$9,440 thousand allocated to the Hampers and Gifts Australia CGU as at 30 June 2021.

** The cost of the customer contract intangible asset consists of \$1,515 thousand allocated to the St David Dairy CGU, \$1,560 allocated to the Maggie Beer Products CGU and \$4,860 thousand allocated to the Hampers and Gifts Australia CGU as at 30 June 2021.

Goodwill was acquired as a result of business combinations entered during the year, refer to note 32 for details.

NOTE 12. NON-CURRENT ASSETS - INTANGIBLES, CONT.*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.

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 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, 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 30 June 2021, for Maggie Beer Products and St David Dairy, the recoverable amounts have been determined based on value-in-use calculations 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 value-in-use calculations for the Maggie Beer Products and St David Dairy CGUs are based on a large range of data, including available independent grocery and dairy reports on the Australian market, overlaid with management's latest forecast for financial year 2021 and incorporating previous revenue growth, achievable margin, reasonable expense increases, capital expenditure for maintenance and entity specific long-term averages for the latter years.

In considering the outlook for Maggie Beer Products and St David Dairy, and the specific impacts of the COVID-19 pandemic, management considered a range of possible scenarios and have applied a probability weighting to each of these in order to determine an estimation of future cash flows which has a reasonable and appropriate basis.

Maggie Beer Products*Revenue growth*

Revenue growth over the five-year period is based upon forecasted revenue on a business-as-usual basis and assumes no New Products Development ('NPD') or new geographies (in accordance with AASB 136). The starting point is an assessment of the market, leveraging industry reports and overlaying with known sales growth opportunities e.g. additional sales growth from launching new range of finishing sauces and bone broths in Woolworths in FY22.

The average revenue growth over the forecast period is assumed at 9.33% per annum (compared with an actual growth rate of 23.39% in FY21).

Costs

Gross margin in FY22 is expecting to soften slightly from its FY21 levels, due to the increase in 3rd party produced products as a percentage of total sales, 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 minimal and are to be matched by price increases with retailers to offset, as was evidenced in the current year. All fixed costs, including selling, administration and management labour, are modelled to grow at 2.0% a year, in line with the Reserve Bank of Australia's inflation target range of 2-3 percent, on average, over time.

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 2.0% has been used in the value-in-use calculations, which is on the lower end 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 value-in-use calculations for the CGU, the group has applied a pre-tax discount rate of 13.96% per annum (9.77% post tax) for Maggie Beer Products. The discount rate includes a COVID-19 pandemic risk premium of 0.70% to allow for the overall uncertainty in the wider economy even though the Consumer Staples sector has generally experienced limited downside (or even positive) impacts from the COVID-19 pandemic and there is less uncertainty around future earnings expectations. Also included in the discount rate is a specific company risk rate of 2.00% to recognise the abnormally low risk-free rate of 1.49% at 30 June 2021.

Review outcome

In completing the impairment review based on the aforementioned, the value in use of the Maggie Beer Products business exceeded its carrying value by \$16.9 million.

Sensitivities

A change to revenue growth assuming no sales growth from FY22 onwards would result in a \$5.2m impact to the recoverable amount of the CGU compared to the carrying value of goodwill; a change of EBITDA margin by 1.0% over the five-year forecast period would result in a \$3.4m impact to the recoverable amount of the CGU compared to the carrying amount of goodwill; a 2.0% drop to the gross margin over the five-year forecast period would result in a \$6.9m impact to the recoverable amount of the CGU compared to the carrying amount of goodwill. These sensitivities cover the key possible material impacts to the recoverable amount. All sensitivities still result in significant carrying value of goodwill.

St David Dairy

Base scenario

Revenue growth

Revenue growth over the five-year period is based upon forecasted revenue on a business-as-usual basis and assumes no New Products Development ('NPD') or new geographies (in accordance with AASB 136). The starting point is an assessment of the market, leveraging dairy industry reports and overlaying with known sales growth opportunities e.g. increased sales in specialty retail stores, alternative milk products.

The FY22 budget as approved by the Board assumes a gradual recovery in the first half of the year with an acceleration in the second half of FY22 to reach annual sales growth of 13.2%. The average revenue growth over the remaining forecast period is modelled at 12.5% per annum, compared to 20.7% compounded annual growth rate (CAGR) sales growth achieved in the 5 years from FY17 to FY21, and is underpinned by:

- customer base growth in the hospitality and retail sectors with organic sales growth across cafes & restaurants.
- further capturing market share of cafes and restaurants in Melbourne initially and continuing to expand into other states of Australia.
- increased demand for alternative milk.
- continued expansion into premium and specialty grocers where "buy fresh, buy local" continues to gain momentum.

Costs

Costs have assumed stabilised milk and cream prices with no price increase expected in FY22 and any future increases matched by price increases, continued delivery cost savings seen from the purchase of trucks, along with a now stable and experienced management team.

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 2.0% has been used in the value-in-use calculations, which is on the lower end 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 value-in-use calculations for the CGU, the group has applied a pre-tax discount rate of 14.02% per annum (9.82% post tax) for St David Dairy. The discount rate includes a COVID-19 pandemic risk premium of 0.70% to allow for the overall uncertainty in the wider economy even though the Consumer Staples sector has generally experienced limited downside impacts from COVID-19 pandemic and there is less uncertainty around future earnings expectations. Also included in the discount rate is a specific company risk rate of 2.00% to recognise the abnormally low risk-free rate of 1.49% at 30 June 2021.

In addition to the base scenario detailed above, management has included 4 other scenarios, which if they occurred, would be likely to materially impact the carrying value of the CGU. The first scenario is sales in each year from FY22 to FY26 being 10% lower than forecast. The second is milk prices to be 2% higher per year from FY22 to FY26 with no ability to pass onto consumers. The third is delivery cost savings are 1% lower per year from FY22 to FY26. The fourth is for FY22 to have the same sales growth as FY21 which represents trading conditions during the COVID-19 environment following the same pattern of lockdowns and restrictions in Melbourne.

Scenarios	Base Case	Lower Sales	Farmgate milk price increase	Delivery costs	FY22 sales growth consistent as FY21
Long term growth rate / CPI	2.00%	2.00%	2.00%	2.00%	2.00%
Discount rate (post-tax)	9.82%	9.82%	9.82%	9.82%	9.82%
Growth in sales (5-year CAGR)	12.51%	10.16%	12.51%	12.51%	10.26%
Milk price increase pa from FY21	2.0%	2.0%	4.0%	2.0%	2.0%
Delivery cost savings (as % of sales)	1.8pt	1.8pt	1.8pt	2.8pt	1.8pt
Probability weighting	50% - estimated most likely outcome	15% - low probability and low impact	10% - medium probability and medium impact	5% - low probability and medium impact	20% - medium probability
Headroom/(Deficit) (\$'000)	2,536	189	62	1,283	(787)
Probability weighted headroom (\$'000)	1,210				

Review outcome

In completing the impairment review based on the scenarios and their assumptions and the weights above, the value in use of the St David Dairy business exceeds its carrying value of goodwill by \$1.2 million.

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.

NOTE 13. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2021 \$'000	2020 \$'000
Trade payables	5,953	4,922
Employee related payables	560	886
Other payables	1,412	1,075
	<u>7,925</u>	<u>6,883</u>

Refer to note 25 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

The amounts are unsecured, non-interest bearing and are usually due for payment within 30 to 60 days of issue.

NOTE 14. CURRENT LIABILITIES - CONTRACT LIABILITIES

	Consolidated	
	2021	2020
	\$'000	\$'000
Contract liabilities	411	-

Accounting policy for contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

NOTE 15. CURRENT LIABILITIES - OTHER CURRENT FINANCIAL LIABILITIES

	Consolidated	
	2021	2020
	\$'000	\$'000
Related party loans	-	551
Current portion of chattel mortgage loan	-	73
Lease liability	-	(1)
	-	623

Refer to note 25 for further information on financial instruments.

In addition to the above, NAB provides an invoice finance facility to a subsidiary of the group, Maggie Beer Products Pty Ltd which is available for \$3.0 million.

The facility is secured over receivables of Maggie Beer Products, and is subject to the subsidiary complying with its obligations (including financial covenants) under the facility.

At 30 June 2021, the aggregate amount outstanding under the facilities was \$nil and the subsidiary was in compliance with its obligations under those facilities.

NOTE 16. CURRENT LIABILITIES - LEASE LIABILITIES

	Consolidated	
	2021	2020
	\$'000	\$'000
Lease liability	1,644	1,098

Refer to note 25 for further information on financial instruments.

NOTE 17. CURRENT LIABILITIES - EMPLOYEE BENEFITS

	Consolidated	
	2021	2020
	\$'000	\$'000
Employee benefits	1,249	970

*Accounting policy for employee benefits**Short-term employee benefits*

Liabilities for annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

NOTE 18. NON-CURRENT LIABILITIES - OTHER NON-CURRENT FINANCIAL LIABILITIES

	Consolidated	
	2021 \$'000	2020 \$'000
Bank loans	-	752
Non-current portion of chattel mortgage	-	443
	-	1,195

Refer to note 25 for further information on financial instruments.

Refer to note 30 for further information on related party transactions.

Total secured liabilities

The total secured lease liabilities are as follows:

As per note 15, Maggie Beer Products Pty Ltd, a subsidiary of the consolidated entity, has an invoice facility secured over the receivables of the subsidiary.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

NOTE 19. NON-CURRENT LIABILITIES - LEASE LIABILITIES

	Consolidated	
	2021 \$'000	2020 \$'000
Lease liability	1,636	2,505

Refer to note 25 for further information on financial instruments.

NOTE 20. NON-CURRENT LIABILITIES - EMPLOYEE BENEFITS

	Consolidated	
	2021	2020
	\$'000	\$'000
Employee benefits	217	153

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTE 21. NON-CURRENT LIABILITIES - CONTINGENT CONSIDERATION

	Consolidated	
	2021	2020
	\$'000	\$'000
Contingent Consideration	13,790	-

Refer to business combination note 32 for details on contingent consideration.

NOTE 22. EQUITY - ISSUED CAPITAL

	Consolidated			
	2021	2020	2021	2020
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	351,151,240	207,262,291	169,386	120,695

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2019	207,152,292		120,695
Conversion of performance rights to ordinary shares upon vesting	10 December 2019	109,999	\$0.000	-
Balance	30 June 2020	207,262,291		120,695
Conversion of performance rights to ordinary shares upon vesting	05 November 2020	31,332	\$0.000	1
Issue of shares to directors	05 November 2020	282,840	\$0.318	90
Issue of shares to directors	13 January 2021	65,544	\$0.458	30
Issue of shares under entitlement offer	12 April 2021	58,245,174	\$0.350	20,386
Issue of shares under entitlement offer	26 April 2021	27,540,318	\$0.350	9,639
Issue of shares to vendors	21 May 2021	57,142,858	\$0.350	20,000
Issue of shares to directors	02 June 2021	80,883	\$0.371	30
Issue of shares under entitlement offer	29 June 2021	500,000	\$0.350	175
Cost of capital raising		-	\$0.000	(1,660)
Balance	30 June 2021	351,151,240		169,386

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The capital structure of the group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves. Operating cash flows are used to maintain and expand the group's assets, as well as to make the routine outflows of payables and tax.

The capital risk management policy remains unchanged from the 2020 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 23. EQUITY - RESERVES

	Consolidated	
	2021 \$'000	2020 \$'000
Options reserve	3,267	1,634

Options reserve

Options reserve arises on the grant of share options to directors and employees of the group under the group incentive option scheme. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

The company operates an ownership-based remuneration scheme through the Incentive Option Scheme, details of which are provided in note 37 to the financial statements. Other than minimal administration costs, which are expensed when incurred, the plan does not result in any cash outflow from the company.

The fair value of equity-settled share-based payments is measured by use of the Black-Scholes model. The expected life used in the models have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

NOTE 23. EQUITY - RESERVES, CONT.*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Options reserve \$'000
Balance at 1 July 2019	1,721
Share based payment	(87)
Balance at 30 June 2020	1,634
Share based payment	1,633
Balance at 30 June 2021	3,267

NOTE 24. EQUITY - DIVIDENDS*Dividends*

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2021 \$'000	2020 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	7,568	7,568

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

NOTE 25. FINANCIAL INSTRUMENTS***Financial risk management objectives***

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves. Operating cash flows are used to maintain and expand the group's assets, as well as to make the routine outflows of payables and tax.

The consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits. These activities expose the consolidated entity to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The consolidated entity does not have formal documented policies and procedures for the management of risk associated with financial instruments. However, the Board has responsibility for managing the different types of risks to which the consolidated entity is exposed. These responsibilities include considering risk and monitoring levels of exposure to interest rate risk, and by being aware of market forecasts for interest rate, and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through general business budgets and forecasts.

Market risk*Price risk*

The group is not exposed to any significant price risk.

Interest rate risk

The group's exposure to market interest rates relates primarily to the group's cash and short-term deposits held.

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the statement of financial position date.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax-loss and equity would have been affected as follows:

Consolidated 2021	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000
Bank deposits	100	135	135	(50)	(68)	(68)

Consolidated 2020	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000
Bank deposits	100	72	72	(50)	(36)	(36)

Credit risk

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. This includes general macroeconomic indicators such as RBA cash rate and GDP growth.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for impairment losses, as disclosed in the statement of financial position and notes to the financial report.

The group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the group's policy to securitise its trade and other receivables. It is the group's policy to consider the credit worthiness of all customers who wish to trade on credit terms.

In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

NOTE 25. FINANCIAL INSTRUMENTS, CONT.*Allowance for expected credit losses*

The loss allowance as at 30 June 2021 was determined as follows for trade receivables:

	Loss allowance provision 2021 \$'000	Loss allowance provision 2020 \$'000	Gross amount 2021 \$'000	Gross amount 2020 \$'000
Not past due	-	-	4,184	5,108
Past due 0 - 60 days	1	-	2,528	1,796
Past due 60+ days	133	142	194	373
	134	142	6,906	7,277

Liquidity risk

The group manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated 2021	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	7,922	-	-	-	7,922
<i>Interest-bearing - fixed rate</i>						
Lease liability	4.75%	1,385	998	638	-	3,021
Total non-derivatives		9,307	998	638	-	10,943
Consolidated 2020	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	6,873	20	-	-	6,893
<i>Interest-bearing - fixed rate</i>						
Chattel mortgage	5.99%	101	101	404	-	606
Related party loan	2.46%	579	167	475	150	1,371
Lease liability	4.00%	1,248	1,308	1,285	-	3,841
Total non-derivatives		8,801	1,596	2,164	150	12,711

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

There were no financial instruments that are measured subsequent to initial recognition at fair value as at reporting date.

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the consolidated entity are as follows:

Consolidated	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>				
Cash and cash equivalents	13,542	13,542	7,245	7,245
Trade and other receivables	7,999	7,999	8,022	8,022
	21,541	21,541	15,267	15,267
<i>Liabilities</i>				
Trade and other payables	7,922	7,922	6,893	6,893
Chattel mortgage	-	-	516	516
Lease liability	3,280	3,280	3,602	3,602
Related party loans	-	-	1,303	1,303
	11,202	11,202	12,314	12,314

NOTE 26. FAIR VALUE MEASUREMENT

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 27. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of Maggie Beer Holdings Ltd during the financial year:

Reg Weine	Non-executive Chairman
Hugh Robertson	Non-executive Director
Maggie Beer AM	Non-executive Director
Tom Kiing	Non-executive Director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Chantale Millard	Chief Executive Officer
Eddie Woods	Chief Financial Officer (appointed 1 October 2020)

NOTE 27. KEY MANAGEMENT PERSONNEL DISCLOSURES, CONT.*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2021 \$	2020 \$
Short-term employee benefits	744,029	1,178,472
Long-term employee benefits	13,936	-
Post-employment benefits	48,441	47,772
Share-based payments	1,754,930	60,000
	2,561,336	1,286,244

NOTE 28. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company:

	Consolidated	
	2021 \$	2020 \$
<i>Audit services - PricewaterhouseCoopers</i>		
Audit or review of the financial statements	186,660	148,200
<i>Other services - PricewaterhouseCoopers</i>		
Other services	-	100,000
Tax advisory	22,000	26,000
	22,000	126,000
	208,660	274,200

NOTE 29. COMMITMENTS

Upon adoption AASB 16 from 1 July 2019, the majority of operating leases are now recognised on the balance sheet.

NOTE 30. RELATED PARTY TRANSACTIONS*Parent entity*

Maggie Beer Holdings Ltd (previously Longtable Group Limited) is the parent entity of the consolidated entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the Directors' report.

Transactions with related parties

During the year, Maggie Beer Products Pty Ltd entered into the following trading transactions with related parties that are not members of the consolidated entity:

	Consolidated	
	2021	2020
	\$	\$
Sale of goods and services:		
- To entities with common directorship*	220,263	171,913
Payment for goods and services:		
- From entities with common directorship*	944,094	657,804
- From key management personnel**	157,104	157,104

* Sales and purchases to entities with common directorship include rent, purchase and sale of products and other expenses to entities associated with Maggie Beer.

** Maggie Beer has continued as a brand ambassador during the year, continuing her association with the Maggie Beer brand, its product development program and customer relationship. Maggie Beer receives fees of \$13,092 per month for her services. Maggie Beer received \$157,104 for services provided during the year.

During the year, the company completed capital raisings amounting to a fair value of approximately \$30 million from the issue of 86,285,492 shares at an issue price of \$0.35 (35 cents). These capital raisings were fully underwritten by Bell Potter Securities Limited, an entity associated with Hugh Robertson. Bell Potter was paid management and underwriting fees of \$1,480,417.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties entered into by Maggie Beer Products Pty Ltd, with related parties that are not members of the consolidated entity:

	Consolidated	
	2021	2020
	\$	\$
Current receivables:		
Trade receivables from entities with common directorship	32,936	384
Current payables:		
Trade payables to entities with common directorship	42,868	42,158
Trade payables to key management personnel	-	14,401

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2021	2020
	\$	\$
Total borrowings:		
Loan from entity with common directorship	-	1,303

On 20 August 2020, the company repaid a \$400,000 loan (Loan Amount) in full early, together with accrued interest, to the Beer Family Holdings Pty Ltd as trustee for the Beer Family Trust.

At the end of June, the loan from the Beer Family Trust was repaid early with accrued interest 5 years earlier than the contractual term saving on future interest costs. The total undiscounted loan value repaid in FY21 was \$0.9 million (FY20 balance: \$1.0 million).

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 31. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 \$'000	2020 \$'000
Loss after income tax	(3,933)	(14,982)
Total comprehensive income	(3,933)	(14,982)

Statement of financial position

	Parent	
	2021 \$'000	2020 \$'000
Total current assets	2,833	9,263
Total assets	87,082	57,393
Total current liabilities	964	1,586
Total liabilities	998	2,097
Equity		
Issued capital	169,386	120,695
Options reserve	3,268	1,634
Accumulated losses	(86,570)	(67,033)
Total equity	86,804	55,296

There were no contingent liabilities of the company (2020: NIL).

Capital commitments - Property, plant and equipment

There were no commitments for the acquisition of property, plant and equipment by the parent entity during the year (2020: NIL).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTE 32. BUSINESS COMBINATIONS*Hampers and Gifts Australia*

On 21 May 2021, Maggie Beer Holdings Ltd acquired 100% of the ordinary shares of Hampers and Gifts Australia Pty Ltd ("HGA") for a total upfront consideration of \$40 million plus contingent consideration (earnout), comprising of cash and shares. HGA is a leading e-commerce gourmet hamper and gift business.

At the date of finalisation of the annual year report, the consolidated entity has provisionally analysed on whether all identifiable intangible assets have been recognised and vendor warranties and representations met. Accordingly, the initial accounting for the acquisition of HGA has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of HGA's assets are required to be reset based on market values of the assets when admitted into the tax consolidated group.

The acquired business contributed revenues of \$2.17 million and a profit after tax of \$0.45 million to the consolidated entity for the period ending 30 June 2021.

The provisional fair values of the identifiable net assets acquired are detailed below:

	Provisional Fair value \$000
Other current assets	179
Other receivables	199
Inventories	3,702
Leasehold improvements	11
Plant and equipment	362
Right-of-use assets	221
Website	208
Brand	9,440
Customer contracts	4,860
Trade and other payables	(1,726)
Contract liabilities	(273)
Deferred tax liability	(4,290)
Lease liability	(285)
	<hr/>
Net assets acquired	12,608
Goodwill	40,717
	<hr/>
Acquisition-date fair value of the total consideration transferred	53,325
	<hr/>
Representing:	
Cash paid or payable to vendor	20,000
MBH shares issued to vendor	20,000
Value of MBH shares issued at \$0.35 (35 cents) per share	13,790
Contingent consideration*	(640)
	<hr/>
Cash receivable on Working Capital/Net Debt adjustment**	53,150
	<hr/>

i. Consideration transferred

The company paid \$20 million cash and \$20 million worth of shares at an issue price of \$0.35 (35 cents) per ordinary share.

- 50% of the shares have been escrowed until the earlier of the release of the company's financial statements for the year ending 30 June 2022 or 31 October 2022; and
- as to the remaining 50% of the Vendor Shares: from the issue date until the earlier of the release of the company's financial statements for the financial year ending 30 June 2023 or 31 October 2023.

NOTE 32. BUSINESS COMBINATIONS, CONT.***Contingent consideration**

In the event that Hampers and Gifts Australia ("HGA") achieves no less than \$10 million EBITDA for the financial year ending 30 June 2023 (Earnout Period) the vendors will be entitled to a base earnout consideration of \$10 million (50% cash and 50% shares). However, in addition to the base earnout amount, the vendors will be entitled to an additional \$1 million for every increase of \$1 million in EBITDA (up to a maximum of an additional \$5 million) during the earnout period in the same portions of cash and shares. For example, if HGA achieves no less than \$14 million in EBITDA for the earnout period, then the total earnout amount will be \$14 million and if HGA achieves no less than \$17 million in EBITDA for the earnout period, then the total earnout will be \$15 million.

The potential undiscounted amount payable under the agreement is between \$0 for EBITDA less than \$10 million for the financial year ending 30 June 2023 (earnout period) and \$15 million for EBITDA above \$15 million. The fair value of the contingent consideration of \$13.8 million was estimated by calculating the present value of future expected cash flows. The estimates are based on a discount rate of 8.21% and assumed probability-adjusted sales of HGA of between \$13 million and \$15 million.

****Cash receivable on Working Capital/Net Debt adjustment**

The share purchase agreement on acquisition of HGA utilised completion accounts where the target working capital amount and net debt amounts were agreed prior to acquisition date. The cash adjustment receivable from the vendors represents the difference between the actual amount of working capital and net debt on completion date compared to target.

The cash adjustment was received subsequently from the vendors on 04 August 2021.

ii. Acquisition related costs

Acquisition-related costs amounting to \$0.84 million are not included as part of consideration for the acquisition and have been recognised as transaction costs for the period ended 30 June 2021.

Accounting policy for business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

NOTE 33. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
B D Farm Paris Creek Pty Ltd*	Australia	100.00%	100.00%
St David Dairy Pty Ltd*	Australia	100.00%	100.00%
Maggie Beer Products Pty Ltd*	Australia	100.00%	100.00%
Hampers and Gifts Australia Pty Ltd*	Australia	100.00%	-

* Maggie Beer Holdings Ltd (previously Longtable Group Limited), B.-d Paris Creek Farms Pty Ltd, Maggie Beer Products Pty Ltd, St David Dairy Pty Ltd and Hampers and Gifts Australia Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

NOTE 34. EVENTS AFTER THE REPORTING PERIOD

On 2 August 2021, Chantale Millard was appointed as a director of the Board.

No other matter or circumstance has arisen since 30 June 2021 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 35. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES

	Consolidated	
	2021 \$'000	2020 \$'000
Profit/(loss) after income tax benefit for the year	1,861	(14,754)
Adjustments for:		
Depreciation and amortisation	3,317	3,126
Share-based payments	1,785	(87)
Interest income classified as financing cashflow	(33)	-
Interest expense classified as financing cashflow	404	224
Impairment expense	-	12,067
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	118	(558)
Decrease/(increase) in inventories	(1,312)	128
Increase in deferred tax assets	(4,290)	-
Increase/(decrease) in trade and other payables	(574)	49
Increase/(decrease) in other provisions	191	(354)
Net cash from/(used in) operating activities	1,467	(159)

Non-cash investing and financing activities consist of shares issued during the year as consideration for business combinations, as disclosed in note 32.

NOTE 36. EARNINGS PER SHARE

	Consolidated	
	2021 \$'000	2020 \$'000
Profit/(loss) after income tax attributable to the owners of Maggie Beer Holdings Ltd	1,861	(14,754)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	231,277,191	207,212,713
Weighted average number of ordinary shares used in calculating diluted earnings per share	231,277,191	207,212,713
	Cents	Cents
Basic earnings per share	0.805	(7.120)
Diluted earnings per share	0.805	(7.120)

*Accounting policy for earnings per share**Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Maggie Beer Holdings Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 37. SHARE-BASED PAYMENTS

Set out below are summaries of options granted under the plan:

The options and performance rights hold no voting or dividend rights and are not transferable.

Set out below is a summary of options outstanding at reporting date:

2021

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
17/12/2013	17/12/2020	\$1.500	50,321	-	-	(50,321)	-
16/07/2020	16/07/2020	\$0.150	-	1,500,000	-	-	1,500,000
16/07/2020	16/07/2020	\$0.180	-	1,500,000	-	-	1,500,000
16/07/2020	16/07/2020	\$0.200	-	1,500,000	-	-	1,500,000
28/10/2020	01/07/2021	\$0.150	-	3,000,000	-	-	3,000,000
28/10/2020	01/07/2022	\$0.180	-	3,000,000	-	-	3,000,000
28/10/2020	01/07/2023	\$0.200	-	3,000,000	-	-	3,000,000
			50,321	13,500,000	-	(50,321)	13,500,000

2020

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
17/12/2013	17/12/2019	\$1.500	50,321	-	-	(50,321)	-
17/12/2013	17/12/2020	\$1.500	50,321	-	-	-	50,321
07/08/2017	07/08/2017	\$0.500	2,800,000	-	-	(2,800,000)	-
28/11/2018	30/06/2020	\$0.750	1,132,000	-	-	(1,132,000)	-
28/11/2018	30/06/2021	\$0.750	4,528,000	-	-	(4,528,000)	-
			8,560,642	-	-	(8,510,321)	50,321

Set out below is a summary of the performance rights outstanding at reporting date:

Grant date	Vesting date	2021 Number	2020 Number
28/11/2018	30/06/2020	-	15,666
28/11/2018	30/06/2021	-	31,334
		-	47,000

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting date	VWAP Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/07/2020	16/07/2020	\$0.225	\$0.150	90.00%	-	0.26%	\$0.131
16/07/2020	16/07/2020	\$0.225	\$0.180	90.00%	-	0.26%	\$0.121
16/07/2020	16/07/2020	\$0.225	\$0.200	90.00%	-	0.26%	\$0.115
28/10/2020	01/07/2021	\$0.321	\$0.150	90.00%	-	0.11%	\$0.220
28/10/2020	01/07/2022	\$0.321	\$0.180	90.00%	-	0.13%	\$0.217
28/10/2020	01/07/2023	\$0.321	\$0.200	90.00%	-	0.13%	\$0.219

There are service period and non-market conditions attached to the options issued on 28 October 2020, which require reaching trading EBITDA targets from \$2m to \$8m in the respective periods. Management has assessed the probability of these targets being reached as 100% as at 30 June 2021. The EBITDA targets will be re-assessed in light of the recent purchase of Hampers and Gifts Australia Pty Ltd.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Reg Weine
Non-Executive Chairman

19 August 2021



Independent auditor's report

To the members of Maggie Beer Holdings Ltd

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Maggie Beer Holdings Ltd (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$538,000, which represents approximately 1% of the Group's total revenues. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose Group total revenues because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds. 	<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. Maggie Beer Holdings Ltd operates across four operating segments with its head office functions based in South Australia, Australia.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

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Key audit matter

Impairment assessment of the St David Dairy Cash Generating Unit (CGU) (Refer to note 14)

The Group has allocated goodwill of \$11.8 million to the St David Dairy ("SDD") CGU. Under Australian Accounting Standards, the Group is required to assess goodwill for impairment at least annually.

The recoverable amounts of the CGU was 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 estimated future cash flows.

We considered this to be a key audit matter because of the financial significance of the goodwill allocated to the St David Dairy CGU and the judgements and assumptions made by the Group in determining the recoverable amount, to which it is particularly sensitive, as detailed in note 14 of the financial statements.

How our audit addressed the key audit matter

Our procedures included, amongst others:

- Developing an understanding of how the Group identified assumptions and sources of data
- Assessing whether the Cash Generating Unit (CGU) identified by the Group and the assets and liabilities allocated to it was consistent with our knowledge of the Group's operating and internal reporting.
- Together with PwC experts, evaluating the appropriateness of significant assumptions in the context of Australian Accounting Standards. This included:
 - Assessing whether the discount rate used in the model was appropriate by comparing it to market data, comparable companies and industry research
 - Comparing the forecast cash flows used in the model were consistent with the most up-to-date budget formally approved by the Board
 - Comparing growth rate assumptions to alternative assumptions used in the industry and/or market
 - Evaluating the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results for prior years
 - Evaluating appropriateness of inputs used to calculate the terminal value
- We have also evaluated the reasonableness of the disclosure against the requirements of Australian Accounting Standards



Key audit matter

How our audit addressed the key audit matter

Accounting for business combinations (Refer to note 30)

On 21 May 2021, Maggie Beer Holdings Limited acquired 100% of the ordinary shares of Hampers & Gifts Australia Pty Ltd ("Hampers & Gifts Australia") for a total upfront consideration of \$40 million plus contingent consideration (earnout), comprising of cash and shares.

Accounting for the acquisition of Hampers & Gifts Australia has been provisionally determined at the end of the reporting period.

We determined that this is a key audit matter due to the financial significance of the transaction, the judgement involved in calculating the fair value of the net assets acquired and the resultant goodwill and intangible assets arising on the acquisition.

Our procedures included, amongst others:

- assessing the fair values of the acquired assets and liabilities recognised, including:
 - assessing the competence and capability of management's expert engaged to value the intangible assets and goodwill
 - evaluating appropriateness of source data and significant assumptions used
- considering the reasonableness of the business combination disclosures in light of the requirements of Australian Accounting Standards

In relation to the valuation of the contingent consideration, our procedures included, amongst others:

- assessing if the calculation of the contingent consideration was in accordance with the contractual arrangements and the requirements of Australian Accounting Standards
- developing an understanding of the Group's perspective on the future growth of the acquired businesses
- assessing the Group's evaluation of whether the conditions required for the contingent consideration to be paid were likely to be met in the future based upon actual performance since acquisition and current Group forecasts
- considering the reasonableness of the contingent consideration disclosures in light of the requirements of Australian Accounting Standards



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 24 to 29 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Maggie Beer Holdings Ltd for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Brad Peake'.

Brad Peake
Partner

Melbourne
19 August 2021

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2021 Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 11 August 2021 (Reporting Date).

2021 CORPORATE GOVERNANCE STATEMENT

The company's directors and management are committed to conducting the group's business in an ethical manner and in accordance with the highest standards of corporate governance. The company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (**Recommendations**) to the extent appropriate to the size and nature of the group's operations.

The company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the company's website (<https://www.maggiebeer.com.au/investor-info/corporate-governance>) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will particularise each Recommendation that needs to be reported against by the company, and will provide shareholders with information as to where relevant governance disclosures can be found.

The company's corporate governance policies and charters are all available on its website (<https://www.maggiebeer.com.au/investor-info/corporate-governance>).

Number of Holdings of Equity Securities

As at 11 August 2021 (Reporting Date), the number of holders in each class of equity securities on issue in Maggie Beer Holdings Ltd is as follows:

Class of Equity Securities	Number of holders
Fully paid ordinary shares	2,829
Options exercisable at \$0.15 and expiring 16 July 2024	1
Options exercisable at \$0.18 and expiring 16 July 2024	1
Options exercisable at \$0.20 and expiring 16 July 2024	1
Options exercisable at \$0.15 and expiring 28 October 2024	1
Options exercisable at \$0.18 and expiring 28 October 2024	1
Options exercisable at \$0.20 and expiring 28 October 2024	1

Voting Rights of Equity Securities

The only class of equity securities on issue in the company which carry voting rights is ordinary shares.

As at the Reporting Date, there were 2,829 holders of a total of 351,151,240 ordinary shares of the company. The voting rights attaching to the ordinary shares as set out in clause 20 of the company's constitution are that every member who is present at a general meeting and entitled to vote:

- on a show of hands, has one vote;
- on a poll, has one vote for each fully paid share the member holds; and
- in the case of a partly paid share, that fraction of a vote equivalent to the proportion which the amount paid up (excluding any amount credited as paid up) on that partly paid share bears to the total issue price of that share. Amounts paid in advance of a call are ignored when calculating the proportion.

Distribution of Holders of Equity Securities

The distribution of holder of equity securities on issue in the company as at the Reporting Date is as follows:

Range	Ordinary Fully Paid Shares		
	Total Holders	Units	% of Issued Capital
1 - 1,000	939	206,733	0.06
1,001 - 5,000	751	1,999,571	0.57
5,001 - 10,000	346	2,641,208	0.75
10,001 - 100,000	680	21,849,405	6.22
100,001 and over	176	243,302,540	92.40
Total	2,829	351,151,240	100

Unmarketable Parcels

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price as at the Reporting Date is as follows:

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum \$500 parcel at \$0.42 per unit	1,190	971	241,187

Substantial Shareholders

As at the Reporting Date, the names of the substantial holders of Maggie Beer Holdings Ltd and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the company, are as follows:

Substantial Shareholder	Number of Shares	Percentage
Emily McWaters Investments Pty Ltd < Emily McWaters Invest A/C>	28,571,429	8.137%
David Morgan Investments Pty Ltd <The David Morgan Invest A/C>	28,571,429	8.137%
Perennial Value Management Ltd	24,149,956	6.890%
Rubi Holdings Pty Ltd	20,160,097	7.252%
Geoff Wilson	19,494,507	6.89%
Ellerston Capital Limited	18,887,908	5.39%
Ethical Partners Funds Management Pty Ltd	18,191,837	5.18%

Twenty Largest Holders of Quoted Equity Securities

The company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

	Ordinary shares	
	Number held	% total shares issued
DAVID MORGAN INVESTMENTS PTY LTD <THE DAVID MORGAN INVEST A/C>	28,571,429	8.137%
EMILY MCWATERS INVESTMENTS PTY LTD <EMILY MCWATERS INVEST A/C>	28,571,429	8.137%
NATIONAL NOMINEES LIMITED	27,417,360	7.808%
RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	25,465,386	7.252%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	23,749,157	6.763%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,373,975	6.656%
DYNASTY PEAK PTY LTD <AVOCA SUPER FUND A/C>	18,502,402	5.269%
BNP PARIBAS NOMS PTY LTD <DRP>	14,268,534	4.063%
UBS NOMINEES PTY LTD	13,059,328	3.719%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	12,631,426	3.597%
SIEANA PTY LTD	9,472,100	2.697%
JBWERE (NZ) NOMINEES LIMITED <50645 A/C>	7,081,142	2.017%
BEER FAMILY HOLDINGS PTY LTD <BEER FAMILY A/C>	5,873,685	1.673%
BUDUVA PTY LTD <BASKERVILLE SUPER FUND A/C>	4,234,428	1.206%
BICKFORDS (AUSTRALIA) PTY LTD	3,734,462	1.063%
BUNGEELTAP PTY LTD <H & B ROBERTSON S/F A/C>	3,721,129	1.060%
SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	3,380,187	0.963%
THIRTY-FIFTH CELEBRATION PTY LTD <JC MCBAIN SUPER FUND A/C>	3,087,317	0.879%
JBWERE (NZ) NOMINEES LIMITED <56871 A/C>	2,882,095	0.821%
GLOBAL ENTERPRISE AND INVESTMENTS INTERNATIONAL PTY LTD <THE BALFOUR FAMILY A/C>	2,645,713	0.753%

Voluntary Escrow

Voluntary Escrowed Shares	
Escrowed until the earlier of the release of the company's financial statements for the financial year ending 30 June 2022 or 31 October 2022	28,571,428
Escrowed until the earlier of the release of the company's financial statements for the financial year ending 30 June 2023 or 31 October 2023	28,571,430
TOTAL	57,142,856

Unquoted Equity Securities

The number of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

Class of Equity Securities	Number of unquoted Equity Securities	Number of holders
Options	13,500,000	2

There are no persons who hold 20% or more of equity securities in each unquoted class other than under an employee incentive scheme.

On Market Buyback

There is no current on-market buy-back program in place.

Issues of Securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

Securities purchased on-market

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Stock Exchange Listing

Maggie Beer Holdings Ltd's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: MBH).

Other Information

Registers of securities are held by Boardroom Pty Limited, Level 12, 225 George Street Sydney NSW 2000.

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ORGANIC DAIRY
Paris Creek Farms
BIO-DYNAMIC ORGANIC
Organic
GREEK STYLE
Vanilla yogurt
200g

Paris Creek Farms
ORGANIC DAIRY
MILK

Paris Creek Farms
ORGANIC DAIRY
bio-dynamic
swiss style
cheese
AUSTRALIAN CRAFTED
200g

Paris Creek Farms
ORGANIC DAIRY
triple cream
camembert

MAGGIE BEER HOLDINGS



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& CHERRY
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VINHO COTTO
CARAMEL



MAGGIE
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DUCK &
ORANGE
PATE

MAGGIE
BEER

DUCK &
ORANGE
PATE



Paris Creek
ORGANIC DAIRY

triple cream
camembert



Paris Creek
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triple cream
camembert