

Inghams Group Limited

Inghams Group Limited (ACN: 162 709 506) and its controlled entities

Appendix 4D for the half year; 26 weeks ended 24 December 2022 (1H FY2023)

Results for announcement to the market

	1HFY23 \$'000	1HFY22 \$'000	Variance \$'000	Variance %
Revenue from ordinary activities	1,511,200	1,388,100	123,100	8.9%
Profit for the period after tax from ordinary activities attributable to members	17,200	38,400	(21,200)	(55.2%)

Dividends

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 4.5 cents per share totalling \$16.7M will be paid on 6 April 2023. The dividend was not declared at 24 December 2022 and as such no provision has been recognised. The record date for this interim dividend will be 16 March 2023.

A fully franked final dividend in respect of FY22 of 0.5 cents per share was declared and paid in the period. Inghams Group Limited does not have a dividend reinvestment plan in operation.

Net tangible assets backing

At 24 December 2022, the net tangible asset backing per ordinary share was \$0.46 per share (25 December 2021: \$0.46 per share).

Entities where control has been gained or lost

There were no entities acquired or disposed of during the current period.

Associates

The Group has a 50% (1HFY22: 50%) investment in AFB International Pty Limited. The Group's share of the results of this entity is not material to the Group's results for the period or for the previous corresponding period.

This Appendix 4D should be read in conjunction with the Inghams Group Limited Interim Financial Report for the half year ended 24 December 2022.



Inghams Group Limited

ACN 162 709 506

Interim Financial Report
For the half year ended 24 December 2022

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Directors' report

The directors of Inghams Group Limited (Ingham's or the Company) and its controlled entities (the Group), present their report together with the consolidated interim financial report for the half year ended 24 December 2022 (1HFY23).

Directors

The following persons were directors of Inghams Group Limited during the period and until the date of this report:

Name	Role	Date of appointment	Date of resignation
Helen Nash	Chair	22 August 2022 ¹	
Peter Bush	Chair	7 October 2016	22 August 2022
Rob Gordon	Non-Executive Director	11 April 2019	
Michael Ihlein	Non-Executive Director	16 April 2020	
Timothy Longstaff	Non-Executive Director	20 January 2022	
Jackie McArthur	Non-Executive Director	18 September 2017	
Linda Bardo Nicholls AO	Non-Executive Director	7 October 2016	
Andrew Reeves	CEO & Managing Director	29 March 2021 ²	
Robyn Stubbs	Non-Executive Director	20 January 2022	

(1) Helen Nash served as a Non-Executive Director from 16 May 2017 until her appointment as Chair on 22 August 2022

(2) Andrew Reeves served as a Non-Executive Director from 14 January 2019 until his appointment as CEO & Managing Director on 29 March 2021

Operating and financial review

Group Net Revenue grew 8.9% or \$123.1M compared to 1HFY22 –

- In Australia, total poultry volumes sold were 0.1% up on prior year and the growth in poultry revenue was 8.6% due to a 8.5% growth in poultry net selling prices as price increases were passed on progressively throughout the half. External feed revenue increased \$17.1M or 25.1% despite volumes declining -3.5% as customers began transitioning away from the WA feed mill in preparation for its closure, with the increase in revenue being driven by an increase in net selling prices of 29.6%.
- In New Zealand, total poultry revenue grew \$8.3M from a 8.5% growth in net selling prices, which was offset by a -3.6% decline in total poultry volumes due a planned reduction in field settings, in response to NZ labour constraints. External feed revenue grew \$1.5M or 5.3% due to 30.1% increase in net selling prices as higher input costs were passed on to customers, offset by a volume decline of -8.1% due to shipping delays in Q1 which resulted in a shortage of feed available for external sales.

Group Expenses including Cost of Sales, Distribution, Administration & Selling increased \$145.9M or 11.2% compared to 1HFY22 –

- Cost of Sales & Distribution costs increased \$132.8M as 1HFY23 continued to be impacted significant inflation headwinds and supply chain disruptions, delivery delays, floods and restricted supply of critical supplies like CO₂ which had a significant impact on the New Zealand further processing operations.
 - Compared to the prior comparative period (PCP), the material cost increases included: feed cost increase of \$57.9M due to inflated commodity prices; Packaging & Ingredients increase of 21.1% or \$12.4M as suppliers passed through higher input costs; Internal Freight \$8.6M or 20.9% as higher fuel costs cycled through.
 - Distribution costs increased 23.0% or \$19.6M notwithstanding broadly flat volumes, this was due to rising fuel costs, as well as additional costs from rail flooding, export freight and commissioning of the new Victorian DC.
 - New Zealand has recently successfully fully converted to nitrogen (instead of CO₂) in its further processing operations.
- Administration & Selling \$13.1M included two non-recurring items, a \$14.3M increase in the Business Transformation program offset by \$3.0M benefit from the Cleveland lease assignment.

In 1HFY23 the new state of the art distribution centre at Truganina in Victoria was commissioned, the site is designed to support our objectives to deliver network cost savings by being closer to transport routes and further compliment our sustainability initiatives as a 4 Star Green design that includes solar panels that can cover up to 100% of energy consumption.

Principal activities

The principal activities of the Group during the half year consisted of the production and sale of chicken and turkey products across its vertically integrated free-range, value enhanced, primary processed, further processed and by-product categories. Additionally, stockfeed is produced primarily for internal use but also for the poultry and pig industries.

Directors' report (continued)

Significant changes in the state of affairs

There were no significant changes in the nature of the Group's activities during the period.

Dividends

Subsequent to the half year end, a fully franked interim dividend of 4.5 cents per share has been declared totalling \$16.7 million to be paid on 6 April 2023. The financial effect of this dividend has not been brought to account in these consolidated financial statements and will be recognised in the subsequent financial report.

A fully franked final dividend in respect of FY22 of 0.5 cents per share totalling \$1.9 million was declared and paid during the period.

Significant events after the balance date

On 17 February 2023, Ingham's entered into an agreement to acquire the Bromley Park Hatcheries business in New Zealand, which supplies day old chicks to the Company for NZD\$8.6M subject to working capital adjustments at date of completion. A third party lessor will acquire the land and facilities and has entered into a long-term lease with Inghams. The transaction is subject to a number of conditions being satisfied including the Commerce Commission and Overseas Investment Office approval.

Other than the declaration of dividend and the item noted above, the directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the half year ended 24 December 2022.

Lead auditor's independence declaration

The lead auditor's independence declaration required under section 307C of the *Corporation Act 2001* is included on page 6.

Rounding of amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest hundred thousand dollars unless otherwise indicated under the option available to the Group under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

Signed in accordance with a resolution of the directors made pursuant to s298(2) of the *Corporations Act 2001*.



Helen Nash
Chair



Michael Ihlein
Non-Executive Director

Sydney
17 February 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Inghams Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Inghams Group Limited for the half-year ended 24 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A small, stylized KPMG logo in a handwritten style.

KPMG

A handwritten signature in black ink, appearing to read 'Julie Cleary'.

Julie Cleary

Partner

Sydney

17 February 2023

Financial Statements

Consolidated income statement

For the half year ended 24 December 2022

		24 December 2022	25 December 2021
	Notes	\$000	\$000
Revenue	2	1,511,200	1,388,100
Other income		100	300
Expenses			
Cost of sales		(1,263,800)	(1,150,600)
Distribution		(104,800)	(85,200)
Administration and selling		(81,700)	(68,600)
Operating profit		61,000	84,000
Finance income and costs			
Finance income		800	200
Finance costs		(38,200)	(33,400)
Net finance costs		(37,400)	(33,200)
Share of net profit of associate		400	300
Profit before income tax		24,000	51,100
Income tax expense		(6,800)	(12,700)
Profit for the period attributable to: Owners of Inghams Group Limited		17,200	38,400
Basic EPS (cents per share)	10	4.63	10.34
Diluted EPS (cents per share)	10	4.61	10.28

The above consolidated income statement should be read in conjunction with the accompanying notes.

Financial Statements

Consolidated statement of comprehensive income

For the half year ended 24 December 2022

	24 December 2022 \$000	25 December 2021 \$000
Profit for the period	17,200	38,400
Other comprehensive income		
<i>Items that have been reclassified to profit or loss</i>		
Changes in the fair value of cash flow hedges	(12,800)	2,200
Tax on changes in fair value of cash flow hedges	3,900	(700)
Total items that have subsequently been reclassified to profit or loss	(8,900)	1,500
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	3,600	2,300
Changes in the fair value of cash flow hedges	9,600	2,400
Tax on changes in fair value of cash flow hedges	(2,900)	(700)
Total items that may subsequently be reclassified to profit or loss	10,300	4,000
Total comprehensive income is attributable to:		
Owners of Inghams Group Limited	18,600	43,900

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Financial Statements

Consolidated statement of financial position

As at 24 December 2022

	Notes	24 December 2022 \$000	25 June 2022 \$000
ASSETS			
Current assets			
Cash and cash equivalents		104,100	131,600
Trade and other receivables		272,700	221,700
Biological assets		147,500	135,600
Inventories	3	238,800	238,700
Derivative financial instruments		200	5,600
Current tax receivable		2,200	1,400
Total current assets		765,500	734,600
Non-current assets			
Property, plant and equipment		476,200	477,300
Investments accounted for using the equity method		2,400	2,300
Right-of-use assets	4	1,262,300	1,319,400
Derivative financial instruments		900	5,400
Deferred tax asset		7,800	3,900
Total non-current assets		1,749,600	1,808,300
Total assets		2,515,100	2,542,900
LIABILITIES			
Current liabilities			
Trade and other payables	5	461,700	452,600
Provisions		94,900	97,000
Derivative financial instruments		500	–
Lease liabilities		170,900	186,700
Total current liabilities		728,000	736,300
Non-current liabilities			
Trade and other payables	5	3,500	2,900
Borrowings	6	398,300	398,900
Provisions		39,700	29,700
Lease liabilities		1,171,100	1,216,900
Total non-current liabilities		1,612,600	1,648,400
Total liabilities		2,340,600	2,384,700
Net assets		174,500	158,200
Equity			
Contributed equity	7	109,300	108,800
Reserves		46,600	46,100
Retained earnings		18,600	3,300
Total equity		174,500	158,200

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

Financial Statements

Consolidated statement of changes in equity

For the half year ended 24 December 2022

Attributable to owners of Inghams Group Limited					
	Contributed Equity \$000	Retained Earnings \$000	Asset revaluation reserve \$000	Other reserves \$000	Total Equity \$000
Balance at 26 June 2022	108,800	3,300	17,700	28,400	158,200
Profit for the period	–	17,200	–	–	17,200
Other comprehensive income	–	–	–	1,400	1,400
Total comprehensive income	–	17,200	–	1,400	18,600
Transactions with owners of the Company					
Dividends provided for or paid	–	(1,900)	–	–	(1,900)
Share based payment expense	–	–	–	(200)	(200)
Settlement of share plan	(200)	–	–	–	(200)
Transfer of shares for settlement of share plan	700	–	–	(700)	–
Balance at 24 December 2022	109,300	18,600	17,700	28,900	174,500
Balance at 27 June 2021	108,100	24,700	9,000	21,800	163,600
Profit for the period	–	38,400	–	–	38,400
Other comprehensive income	–	–	–	5,500	5,500
Total comprehensive income	–	38,400	–	5,500	43,900
Transfer of reserves	–	900	(900)	–	–
Transactions with owners of the Company					
Dividends provided for or paid	–	(33,500)	–	–	(33,500)
Share based payment expense	–	–	–	1,800	1,800
Settlement of share plan	(500)	–	–	–	(500)
Transfer of shares for settlement of share plan	1,600	–	–	(1,600)	–
Balance at 25 December 2021	109,200	30,500	8,100	27,500	175,300

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

Financial Statements

Consolidated statement of cash flows

For the half year ended 24 December 2022

	24 December 2022 \$000	25 December 2021 \$000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)*	1,529,000	1,389,300
Payments to suppliers and employees (inclusive of GST)*	(1,389,100)	(1,202,500)
	139,900	186,800
Interest received	800	200
Income taxes paid	(9,800)	(31,000)
Net cash provided by operating activities	130,900	156,000
Cash flows from investing activities		
Capital expenditure	(23,500)	(24,000)
Proceeds from sale of assets held for sale	—	3,800
Dividends received from investments	400	200
Net cash used in investing activities	(23,100)	(20,000)
Cash flows from financing activities		
Dividends paid	(1,900)	(33,500)
Lease payments - principal	(101,900)	(93,300)
Lease payments - interest	(27,900)	(25,700)
Interest and finance charges paid	(10,900)	(7,500)
Proceeds from settlement of derivatives	7,500	—
Settlement of share plan	(500)	(500)
Net cash used in financing activities	(135,600)	(160,500)
Net decrease in cash and cash equivalents	(27,800)	(24,500)
Cash and cash equivalents at the beginning of the financial year	131,600	158,100
Effects of exchange rate changes on cash and cash equivalents	300	400
Cash and cash equivalents at end of period	104,100	134,000

* In the period ended 25 December 2021, the 'Receipts from customers' has been restated from \$1,349,700 to \$1,389,300 and the 'Payments to suppliers and employees' has been restated from \$1,162,900 to \$1,202,500 to include GST.

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

Notes to the interim financial report

1 General

a. Basis of preparation and statement of compliance

This is the interim financial report for Inghams Group Limited (Ingham's or Company) and its controlled entities (the Group) and the Group's interest in equity accounted investments, for the 26 week period ended 24 December 2022 (the half year).

This interim financial report is:

- to be read in conjunction with the annual report of the Group for the year ended 25 June 2022 and any public announcements made by the Company during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*, and the Australian Securities Exchange listing rules;
- a general purpose financial report;
- prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*;
- prepared under the historical cost convention except for the Financial assets and liabilities (including derivative instruments) and certain classes of property, plant and equipment measured at fair value; and
- presented in Australian dollars, which is the functional currency of Ingham's, with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with *ASIC Corporations Instrument 2016/191* dated 1 April 2016.

The accounting policies adopted are consistent with those of the previous financial year.

b. Impact of accounting standards issued but not yet applied

At 24 December 2022, certain accounting standards and interpretations have been published or amended which will become mandatory in future reporting periods. These new or amended accounting standards and interpretations are either not material or not applicable to Ingham's.

c. Restatement in consolidated statement of cash flows

In the period ended 25 December 2021, the 'Receipts from customers' has been restated from \$1,349,700 to \$1,389,300 and the 'Payments to suppliers and employees' has been restated from \$1,162,900 to \$1,202,500 to include GST.

Notes to the interim financial report (continued)

2 Segment information

Description of segments

The Group's operations are all conducted in the poultry industry in Australia and New Zealand.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the senior leadership team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The Group's operations in Australia and New Zealand are each treated as individual operating segments. The Chief Executive Officer and the senior leadership team monitor the operating results of its business units separately, for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation ("EBITDA"). Inter-segment pricing is determined on an arm's length basis and inter-segment revenue is generated from a royalty charge and management fee for the services provided by the Australian operation.

Allocation of assets and liabilities are not separately identified in internal reporting so are not disclosed in the note.

	Australia 24 Dec 2022 \$000	New Zealand 24 Dec 2022 \$000	Consolidated 24 Dec 2022 \$000
Poultry	1,210,300	184,900	1,395,200
Feed	85,600	30,400	116,000
Total revenue from contracts with customers	1,295,900	215,300	1,511,200
Other income	100	–	100
Inter segment revenue/(expense)	6,000	(6,000)	–
	1,302,000	209,300	1,511,300
Adjusted operating expenses*	(1,133,600)	(181,100)	(1,314,700)
Share of net profit of associate	400	–	400
EBITDA	168,800	28,200	197,000
Depreciation and amortisation			(135,600)
EBIT			61,400
Net finance costs			(37,400)
Profit before tax			24,000

* Adjusted operating expenses include cost of sales, distribution, selling and administration, excluding depreciation and amortisation.

	Australia 25 Dec 2021 \$000	New Zealand 25 Dec 2021 \$000	Consolidated 25 Dec 2021 \$000
Poultry	1,114,200	176,600	1,290,800
Feed	68,400	28,900	97,300
Total revenue from contracts with customers	1,182,600	205,500	1,388,100
Other income	200	100	300
Inter segment revenue/(expense)	4,800	(4,800)	–
	1,187,600	200,800	1,388,400
Adjusted operating expenses*	(1,004,800)	(163,500)	(1,168,300)
Share of net profit of associate	300	–	300
EBITDA	183,100	37,300	220,400
Depreciation and amortisation			(136,100)
EBIT			84,300
Net finance costs			(33,200)
Profit before tax			51,100

* Adjusted operating expenses include cost of sales, distribution, selling and administration, excluding depreciation and amortisation.

Notes to the interim financial report (continued)

3 Inventories

	24 Dec 2022 \$000	25 Jun 2022 \$000
Processed Poultry	101,100	103,100
Feed	97,300	102,300
Other	50,100	42,900
Inventories (gross)	248,500	248,300
Inventory obsolescence provision	(9,700)	(9,600)
Inventories	238,800	238,700

Inventory is assessed for excess or slow moving stock, stock sold below net realisable selling price and other indicators of obsolescence in calculating the inventory obsolescence provision. Other inventories include dry ingredients, chemicals, medication, packaging and consumables.

4 Right-of-use assets

	Land and Buildings \$000	Contract Growers \$000	Equipment and Motor Vehicles \$000	Total \$000
Balance at 25 June 2022	835,500	461,900	22,000	1,319,400
Additions/(Disposals)	(400)	(13,200)	1,800	(11,800)
Re-measurements ⁽¹⁾	23,300	22,700	–	46,000
Depreciation	(36,400)	(69,400)	(2,900)	(108,700)
Modification ⁽²⁾	6,700	5,100	–	11,800
Net foreign currency movement	3,500	2,000	100	5,600
Balance at 24 December 2022	832,200	409,100	21,000	1,262,300

	Land and Buildings \$000	Contract Growers \$000	Equipment and Motor Vehicles \$000	Total \$000
Balance at 26 June 2021	852,000	515,600	7,300	1,374,900
Additions	27,300	37,600	3,400	68,300
Re-measurements ⁽¹⁾	21,800	16,600	–	38,400
Modification ⁽²⁾	8,700	31,200	16,500	56,400
Depreciation	(72,000)	(137,500)	(5,200)	(214,700)
Net foreign currency movement	(2,300)	(1,600)	–	(3,900)
Balance at 25 June 2022	835,500	461,900	22,000	1,319,400

(1) Re-measurements during the period include change in lease term assumptions, CPI increases, term extension from options exercised and additional lease space taken up under existing contractual terms.

(2) Modifications during the period are due to contract renewals, variations in price and extensions of contracts across Australia and New Zealand.

Notes to the interim financial report (continued)

5 Trade and other payables

	24 Dec 2022			25 Jun 2022		
	Current \$000	Non-Current \$000	Total \$000	Current \$000	Non-Current \$000	Total \$000
Trade payables	284,000	1,000	285,000	287,900	1,000	288,900
Inventory procurement trade payable	153,100	–	153,100	141,500	–	141,500
Other payables	24,600	2,500	27,100	23,200	1,900	25,100
Trade and other payables	461,700	3,500	465,200	452,600	2,900	455,500

The Group has an inventory procurement trade payable with a third party financial institution, which is interest bearing. Trade bills of exchange are paid by the financial institution direct to the supplier and the Group settles the payable on extended payment terms. The amount utilised and recorded within trade and other payables at 24 December 2022 was \$153.1M (25 June 2022: \$141.5M).

6 Borrowings

(a) Interest bearing loans

	Carrying amount		Principal amount drawn		Interest rate	Maturity
	24 Dec 2022 \$000	25 Jun 2022 \$000	24 Dec 2022 \$000	25 Jun 2022 \$000		
Unsecured liabilities						
Tranche A	198,900	199,500	200,000	200,000	Floating rate*	November 2025
Tranche B	199,400	199,400	200,000	200,000	Floating rate*	November 2024
Tranche C	–	–	–	–	Floating rate*	November 2025
Borrowings	398,300	398,900	400,000	400,000		

* Floating rates are at Bank Bill Swap Rate plus a predetermined margin. The Group has an additional undrawn facility under Tranche C of \$145.0M.

(b) Fair value

For external borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on the borrowings is close to current market rates. The Group has entered into interest rate swaps in relation to the interest payable.

7 Equity

(a) Share capital

	24 Dec 2022 Shares	25 Jun 2022 Shares	24 Dec 2022 \$000	25 Jun 2022 \$000
Ordinary shares issued	371,679,601	371,679,601	109,300	108,800

(a) Movements in ordinary shares

	Shares	\$000
Balance at 27 June 2021	371,679,601	108,100
Settlement of share plan	–	(500)
Transfer of shares for settlement of share plan	–	1,200
Balance at 25 June 2022	371,679,601	108,800
Balance at 26 June 2022	371,679,601	108,800
Settlement of share plan	–	(200)
Transfer of shares for settlement of share plan	–	700
Balance at 24 December 2022	371,679,601	109,300

Notes to the interim financial report (continued)

8 Dividends

(a) Ordinary shares

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 4.5 cents per share totalling \$16.7M will be paid on 6 April 2023. The dividend was not declared at 24 December 2022 and as such no provision has been recognised. The record date for this interim dividend will be 16 March 2023.

A fully franked final dividend in respect of FY22 of 0.5 cents per share was declared and paid in the period.

(b) Franking credits

	24 Dec 2022 \$000	25 Dec 2021 \$000
Amount of Australian franking credits available for subsequent periods to the shareholders of Inghams Group Limited	24,200	28,500

The utilisation of franking credits is dependent upon the ability to declare dividends in the future. Included within the franking credit balance is \$16.4M in credits (December 2021: \$16.4M) that are only available to be used under very limited and specific circumstances.

9 Contingent liabilities

Workers' Compensation

State WorkCover authorities require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the outstanding liability. Workers' compensation guarantees held at each reporting date do not equal the liability at these dates due to the timing of issuing the guarantees.

The probability of having to make a payment under these guarantees is considered remote.

No provision has been made in the consolidated financial statements in respect of these contingencies, however provisions for self-insured risks, which includes liabilities relating to workers' compensation claims, have been recognised in the Consolidated Statement of Financial Position at the reporting date.

Claim

A warranty claim for damages was lodged against Ingham's, with respect to a sale of assets. The claim is at a very early stage and the Group's intention is to disclaim the liability and defend the claim. Based on information available at the date of this report, the Group cannot determine the likelihood and quantum of a liability arising, if any.

10 Earnings per share

Basic EPS is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the interim financial report (continued)

10 Earnings per share (continued)

The following table reflects the income and share data used in the basic and diluted EPS computations:

	24 Dec 2022 \$000	25 Dec 2021 \$000
Earnings		
Profit attributable to ordinary equity holders for calculating basic and diluted EPS calculations	17,200	38,400
	Number of shares '000	'000
Number of ordinary shares		
Weighted average number of ordinary shares used in the calculation of basic EPS	371,700	371,500
Dilutive effect of share options	1,800	1,900
Weighted average number of ordinary shares for diluted EPS	373,500	373,400
Basic EPS (cents per share)	4.63	10.34
Diluted EPS (cents per share)	4.61	10.28

11 Events after the reporting period

Subsequent to the year end a fully franked interim dividend of 4.5 cents per share totalling \$16.7M has been declared and will be paid on 6 April 2023. The financial effect of this dividend has not been brought to account in these consolidated financial statements and will be recognised in subsequent financial reports.

On 17 February 2023, Ingham's entered into an agreement to acquire the Bromley Park Hatcheries business in New Zealand, which supplies day old chicks to the Company for NZD\$8.6M subject to working capital adjustments at date of completion. A third party lessor will acquire the land and facilities and has entered into a long-term lease with Inghams. The transaction is subject to a number of conditions being satisfied including the Commerce Commission and Overseas Investment Office approval.

The directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the half year ended 24 December 2022.

Directors' declaration

1. In the opinion of the directors of Inghams Group Limited (the Company):
 - (a) The consolidated financial statements and notes set out on pages 7 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 24 December 2022 and of its performance for the financial half year ended on that date, and
 - (ii) complying with Australian Accounting Standard *AASB134 Interim Financial reporting* and the *Corporations Regulations 2001*.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Helen Nash
Chair



Michael Ihlein
Non-Executive Director

Sydney
17 February 2023



Independent Auditor's Review Report

To the shareholders of Inghams Group Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Inghams Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Inghams Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 24 December 2022 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 24 December 2022;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Inghams Group Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 24 December 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

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 and 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 24 December 2022 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Julie Cleary

Partner

Sydney

17 February 2023