

# Inghams Group Limited

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

## Appendix 4D for the half year; 26 weeks ended 25 December 2021 (1H FY2022)

### Results for announcement to the market

	1HFY22 \$'000	1HFY21 \$'000	Variance \$'000	Variance %
Revenue from ordinary activities	1,388,100	1,363,000	25,100	1.8%
Profit for the period after tax from ordinary activities attributable to members	38,400	35,300	3,100	8.8%

### Dividends

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 6.5 cents per share totalling \$24.2m will be paid on 7 April 2022. The dividend was not declared at 25 December 2021 and as such no provision has been recognised. The record date for this interim dividend will be 17 March 2022.

A fully franked final dividend in respect of FY21 of 9.0 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 25 December 2021, the net tangible asset backing per ordinary share was \$0.46 per share (26 December 2020: \$0.39 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% (1HFY21: 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 25 December 2021.



**Inghams Group Limited**  
ACN 162 709 506  
Interim Financial Report  
For the half year ended 25 December 2021

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## Directors' report

The directors of Inghams Group Limited (Ingham's or Company) and its controlled entities (the Group), present their report together with the consolidated interim financial report for the half year ended 25 December 2021 (1HFY22).

### 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
Peter Bush	Chairman	7 October 2016	
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	
Helen Nash	Non-Executive Director	16 May 2017	
Linda Bardo Nicholls AO	Non-Executive Director	7 October 2016	
Andrew Reeves	CEO & Managing Director	29 March 2021 <sup>1</sup>	
Robyn Stubbs	Non-Executive Director	20 January 2022	

(1) 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

Good progress has been made on strategic initiatives throughout the period, however progress was overwhelmed toward the end of December due to COVID-19.

The impacts of the closed international borders and extended lockdowns in New South Wales, Victoria and Auckland due to COVID-19 have been a key feature of 1H FY22. Intermittent and prolonged lockdowns and restrictions have significantly impacted consumer demand, channel and product mix; the demand for poultry remained strong while pricing was subdued despite elevated feed prices.

Growth in core poultry volume of 5.6% v 1H FY21 and 6.7% v 2H FY21 was due to greater coverage of the wholesale channel and the re-opening of export markets which were closed in Australia during 1H FY21. By-product volumes traded strongly +7.3% on 1H FY21 and +8.0% on 2H FY21 due to strong domestic demand while Feed sales volumes declined -10.8% due to the sale of Hamilton Feedmill in 2H FY21 and as customers transition supply away in preparation for closure of our WA Feedmill.

During the lock down periods Inghams operated as an 'essential' service provider, maintaining supply to our customer base. In the half, Inghams operated with the highest of safety standards, offering pandemic leave to staff to isolate when unwell and as close contacts. The disruption to our supply chain from labour shortages associated with the Omicron variant was not observed by the operation until post the 25 December 2021 period end.

1H FY22 Statutory Net Profit After Tax (NPAT) of \$38.3M was +8.8% up on 1H FY21, predominantly due to a \$2.2M reversal of a tax provision upon resolution of a historical tax matter.

### Principal activities

The principal activities of the Group during the 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.

### 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 6.5 cents per share has been declared totalling \$24.2 million to be paid 7 April 2022. 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 FY21 of 9.0 cents per share totalling \$33.4 million was declared and paid during the period.

## Directors' report (continued)

### Significant events after the balance date

On 11 January 2022, an ASX announcement was made to provide an update on the impact of COVID-19 and the Omicron variant on the Group's business. The late December 2021 surge in Omicron cases across Australia resulted in staff shortages that had a significant impact on processing capacity, supply chain, logistics and sales performance of the Company. Staff shortages have persisted and are likely to continue through the third quarter of FY22. Over the first seven weeks of 2H FY22, the unaudited NPAT is \$24M lower and Underlying EBITDA is \$35M lower than the comparative period with a driver being the above operational challenges. The Group continues to manage the cumulative impacts associated with COVID-19 and implement initiatives to reduce where possible, financial and operational impacts.

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 25 December 2021.

### 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*.



Peter Bush  
Chairman



Michael Ihlein  
Non-Executive Director

Sydney  
18 February 2022



# 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 25 December 2021 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.

KPMG

Julie Cleary

*Partner*

Sydney

18 February 2022

# Financial Statements

## Consolidated income statement

For the half year ended 25 December 2021

	<i>Notes</i>	25 December 2021 \$000	26 December 2020 \$000
<b>Revenue</b>	2	1,388,100	1,363,000
<b>Other income</b>		300	100
<b>Expenses</b>			
Cost of sales		(1,150,600)	(1,123,500)
Distribution		(85,200)	(83,300)
Administration and selling		(68,600)	(73,300)
<b>Operating profit</b>		<b>84,000</b>	<b>83,000</b>
<b>Finance income and costs</b>			
Finance income		200	200
Finance costs		(33,400)	(33,500)
<b>Net finance costs</b>		<b>(33,200)</b>	<b>(33,300)</b>
Share of net profit of associate		300	200
<b>Profit before income tax</b>		<b>51,100</b>	<b>49,900</b>
Income tax expense		(12,700)	(14,600)
<b>Profit for the period attributable to: Owners of Inghams Group Limited</b>		<b>38,400</b>	<b>35,300</b>
Basic EPS (cents per share)	11	10.34	9.50
Diluted EPS (cents per share)	11	10.28	9.49

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 25 December 2021

	25 December 2021 \$000	26 December 2020 \$000
<b>Profit for the period</b>	<b>38,400</b>	<b>35,300</b>
<b>Other comprehensive income</b>		
<i>Items that have been reclassified to profit or loss</i>		
Changes in the fair value of cash flow hedges	2,200	–
Tax on changes in fair value of cash flow hedges	(700)	–
<b>Total items that have subsequently been reclassified to profit or loss</b>	<b>1,500</b>	<b>–</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	2,300	200
Changes in the fair value of cash flow hedges	2,400	400
Tax on changes in fair value of cash flow hedges	(700)	(100)
<b>Total items that may subsequently be reclassified to profit or loss</b>	<b>4,000</b>	<b>500</b>
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of land and buildings reclassified to assets held for sale	–	(1,600)
<b>Total items that will not be reclassified to profit or loss</b>	<b>–</b>	<b>(1,600)</b>
<b>Total comprehensive income is attributable to:</b>		
<b>Owners of Inghams Group Limited</b>	<b>43,900</b>	<b>34,200</b>

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 25 December 2021

	Notes	25 December 2021 \$000	26 June 2021 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		134,000	158,100
Trade and other receivables		266,700	222,700
Biological assets		126,300	121,800
Inventories	3	237,400	196,100
Assets classified as held for sale	4	–	3,700
Current tax receivable		1,200	–
<b>Total current assets</b>		<b>765,600</b>	<b>702,400</b>
<b>Non-current assets</b>			
Property, plant and equipment		455,300	457,900
Investments accounted for using the equity method		2,200	2,100
Right-of-use assets	5	1,347,400	1,374,900
Derivative financial instruments		1,100	–
Deferred tax asset		–	7,700
<b>Total non-current assets</b>		<b>1,806,000</b>	<b>1,842,600</b>
<b>Total assets</b>		<b>2,571,600</b>	<b>2,545,000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	449,900	396,600
Current tax liability		–	27,800
Provisions		92,200	92,900
Derivative financial instruments		200	1,500
Lease liabilities		187,800	184,200
<b>Total current liabilities</b>		<b>730,100</b>	<b>703,000</b>
<b>Non-current liabilities</b>			
Trade and other payables	6	1,000	4,000
Borrowings	7	398,600	398,300
Provisions		29,500	26,200
Derivative financial instruments		–	1,800
Deferred tax liabilities		4,600	–
Lease liabilities		1,232,500	1,248,100
<b>Total non-current liabilities</b>		<b>1,666,200</b>	<b>1,678,400</b>
<b>Total liabilities</b>		<b>2,396,300</b>	<b>2,381,400</b>
<b>Net assets</b>		<b>175,300</b>	<b>163,600</b>
<b>Equity</b>			
Contributed equity	8	109,200	108,100
Reserves		35,600	30,800
Retained earnings		30,500	24,700
<b>Total equity</b>		<b>175,300</b>	<b>163,600</b>

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 25 December 2021

	Attributable to owners of Inghams Group Limited				
	Contributed Equity \$000	Retained Earnings /(Accumulated losses) \$000	Asset revaluation reserve \$000	Other reserves \$000	Total Equity \$000
<b>Balance at 27 June 2021</b>	<b>108,100</b>	<b>24,700</b>	<b>9,000</b>	<b>21,800</b>	<b>163,600</b>
Profit for the period	–	38,400	–	–	38,400
Other comprehensive income	–	–	–	5,500	5,500
<b>Total comprehensive income</b>	<b>–</b>	<b>38,400</b>	<b>–</b>	<b>5,500</b>	<b>43,900</b>
<b>Transfer of reserves</b>	<b>–</b>	<b>900</b>	<b>(900)</b>	<b>–</b>	<b>–</b>
<b>Transactions with owners of the Company</b>					
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)	–
	1,100	(33,500)	–	200	(32,200)
<b>Balance at 25 December 2021</b>	<b>109,200</b>	<b>30,500</b>	<b>8,100</b>	<b>27,500</b>	<b>175,300</b>
<b>Balance at 28 June 2020</b>	<b>109,200</b>	<b>(5,800)</b>	<b>10,500</b>	<b>15,200</b>	<b>129,100</b>
Profit for the period	–	35,300	–	–	35,300
Other comprehensive income	–	–	–	500	500
Transfer to retained earnings	–	–	(1,600)	–	(1,600)
<b>Total comprehensive income</b>	<b>–</b>	<b>35,300</b>	<b>(1,600)</b>	<b>500</b>	<b>34,200</b>
<b>Transactions with owners of the Company</b>					
Dividends provided for or paid	–	(24,900)	–	–	(24,900)
Settlement of share plan	–	–	–	(500)	(500)
Share based payment expense	–	–	–	1,900	1,900
	–	(24,900)	–	1,400	(23,500)
<b>Balance at 26 December 2020</b>	<b>109,200</b>	<b>4,600</b>	<b>8,900</b>	<b>17,100</b>	<b>139,800</b>

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 25 December 2021

	25 December 2021 \$000	26 December 2020 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	1,349,700	1,310,000
Payments to suppliers and employees (inclusive of GST)	(1,162,900)	(1,128,100)
	<b>186,800</b>	<b>181,900</b>
Interest received	200	200
Income taxes paid	(31,000)	(10,000)
<b>Net cash provided by operating activities</b>	<b>156,000</b>	<b>172,100</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(24,000)	(31,500)
Proceeds from sale of assets held for sale	3,800	1,100
Dividends received from investments	200	200
<b>Net cash used in investing activities</b>	<b>(20,000)</b>	<b>(30,200)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	–	(30,000)
Dividends paid	(33,500)	(24,900)
Lease payments - principal	(93,300)	(97,100)
Lease payments - interest	(25,700)	(25,900)
Interest and finance charges paid	(7,500)	(7,200)
Settlement of share plan	(500)	(500)
<b>Net cash used in financing activities</b>	<b>(160,500)</b>	<b>(185,600)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(24,500)</b>	<b>(43,700)</b>
Cash and cash equivalents at the beginning of the financial year	158,100	134,200
Effects of exchange rate changes on cash and cash equivalents	400	–
<b>Cash and cash equivalents at end of period</b>	<b>134,000</b>	<b>90,500</b>

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 25 December 2021 (the half year).

This interim financial report is:

- to be read in conjunction with the annual report of the Group for the year ended 26 June 2021 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 following:
  - Financial assets and liabilities (including derivative instruments) and certain classes of property, plant and equipment measured at fair value; and
  - Assets held for sale - measured at the lower of cost and fair value less cost of disposal;
- 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) New and amended Accounting Standards that are effective for the current period

The Group has initially adopted *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) from 27 June 2021. The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments.

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The FCA has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings
- Immediately after 30 June 2023, in the case of the remaining US dollar settings.

The Group is planning to transition its LIBOR-linked inventory procurement trade payable to risk-free rates (RFRs) through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from LIBOR to RFR at an agreed point in time. The Group expects the new basis for determining the contractual cashflows to be economically equivalent to the basis immediately preceding the change. As a result the Group will determine contractual cashflows prospectively on the new effective interest rates. The changes in measurement on the new effective interest rate is not considered material.

All newly transacted floating rate financial assets and liabilities will be linked to an alternative benchmark rate, such as SONIA or SOFR.

There are no other financial assets or liabilities that were impacted by the interest rate benchmark reform.

## 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 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
<b>Total revenue from contracts with customers</b>	<b>1,182,600</b>	<b>205,500</b>	<b>1,388,100</b>
Other income/(loss)	200	100	300
Inter segment revenue/(expense)	4,800	(4,800)	–
	<b>1,187,600</b>	<b>200,800</b>	<b>1,388,400</b>
Adjusted operating expenses*	(1,004,800)	(163,500)	(1,168,300)
Share of net profit of associate	300	–	300
<b>EBITDA</b>	<b>183,100</b>	<b>37,300</b>	<b>220,400</b>
Depreciation and amortisation			(136,100)
<b>EBIT</b>			<b>84,300</b>
Net finance costs			(33,200)
<b>Profit before tax</b>			<b>51,100</b>

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

	Australia 26 Dec 2020 \$000	New Zealand 26 Dec 2020 \$000	Consolidated 26 Dec 2020 \$000
Poultry	1,090,200	166,000	1,256,200
Feed	69,800	37,000	106,800
<b>Total revenue from contracts with customers</b>	<b>1,160,000</b>	<b>203,000</b>	<b>1,363,000</b>
Other income/(loss)	100	–	100
Inter segment revenue/(expense)	8,000	(8,000)	–
	<b>1,168,100</b>	<b>195,000</b>	<b>1,363,100</b>
Adjusted operating expenses*	(985,500)	(162,200)	(1,147,700)
Share of net profit of associate	200	–	200
<b>EBITDA</b>	<b>182,800</b>	<b>32,800</b>	<b>215,600</b>
Depreciation and amortisation			(132,400)
<b>EBIT</b>			<b>83,200</b>
Net finance costs			(33,300)
<b>Profit before tax</b>			<b>49,900</b>

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

## Notes to the interim financial report (continued)

### 3 Inventories

	25 Dec 2021 \$000	26 Jun 2021 \$000
Processed Poultry	104,000	116,200
Feed	101,600	55,600
Other	42,400	34,900
<b>Inventories (gross)</b>	<b>248,000</b>	<b>206,700</b>
Inventory obsolescence provision	(10,600)	(10,600)
<b>Inventories</b>	<b>237,400</b>	<b>196,100</b>

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

### 4 Assets classified as held for sale

	25 Dec 2021 \$000	26 Jun 2021 \$000
Assets classified as held for sale	–	3,700

The carrying amount of assets classified as held for sale at 26 June 2021 represents land and building assets previously marketed for sale in Bungonia NSW, Australia, which settled in September 2021.

### 5 Right-of-use assets

	Land and Building \$000	Contract Growers \$000	Equipment and Motor Vehicle \$000	Total \$000
<b>25 Dec 2021</b>				
<b>Balance at 26 June 2021</b>	<b>852,000</b>	<b>515,600</b>	<b>7,300</b>	<b>1,374,900</b>
Additions/(Disposals)	–	26,400	(1,100)	25,300
Re-measurements <sup>(1)</sup>	27,100	16,300	–	43,400
Depreciation	(36,000)	(69,900)	(2,900)	(108,800)
Modification <sup>(2)</sup>	4,600	4,800	–	9,400
Net foreign currency movement	1,700	1,500	–	3,200
<b>Balance at 25 December 2021</b>	<b>849,400</b>	<b>494,700</b>	<b>3,300</b>	<b>1,347,400</b>

(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.

	Land and Building \$000	Contract Growers \$000	Equipment and Motor Vehicle \$000	Total \$000
<b>26 Jun 2021</b>				
Balance at 27 June 2020	814,600	601,600	13,000	1,429,200
Additions	–	9,200	–	9,200
Re-measurements <sup>(1)</sup>	80,300	39,100	1,800	121,200
Depreciation	(67,500)	(133,900)	(7,500)	(208,900)
Modification <sup>(2)</sup>	25,000	–	–	25,000
Net foreign currency movement	(400)	(400)	–	(800)
<b>Balance at 26 June 2021</b>	<b>852,000</b>	<b>515,600</b>	<b>7,300</b>	<b>1,374,900</b>

(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)

### 6 Trade and other payables

	25 Dec 2021			26 Jun 2021		
	Current \$000	Non-Current \$000	Total \$000	Current \$000	Non-Current \$000	Total \$000
Trade payables	271,900	1,000	272,900	256,200	4,000	260,200
Inventory procurement trade payable	150,000	–	150,000	110,000	–	110,000
Other payables	28,000	–	28,000	30,400	–	30,400
<b>Trade and other payables</b>	<b>449,900</b>	<b>1,000</b>	<b>450,900</b>	<b>396,600</b>	<b>4,000</b>	<b>400,600</b>

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 25 December 2021 was \$150.0m (26 June 2021: \$110.0m).

### 7 Borrowings

#### (a) Interest bearing loans

	Carrying amount		Principal amount drawn		Interest rate	Maturity
	25 Dec 2021 \$000	26 Jun 2021 \$000	25 Dec 2021 \$000	26 Jun 2021 \$000		
<b>Unsecured liabilities</b>						
Tranche A	199,400	199,200	200,000	200,000	Floating rate*	November 2023
Tranche B	199,200	199,100	200,000	200,000	Floating rate*	November 2024
Tranche C	–	–	–	–	Floating rate*	November 2023
<b>Borrowings</b>	<b>398,600</b>	<b>398,300</b>	<b>400,000</b>	<b>400,000</b>		

\* Floating rates are at Bank Bill Swap Rate plus a predetermined margin. The Group has an additional undrawn facility under Tranche C of \$138.0m.

#### (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.

### 8 Equity

#### (a) Share capital

	25 Dec 2021 Shares	26 Jun 2021 Shares	25 Dec 2021 \$000	26 Jun 2021 \$000
Ordinary shares issued	371,679,601	371,679,601	109,200	108,100

#### (c) Movements in ordinary shares

	Shares	\$000
<b>Balance at 28 June 2020</b>	<b>371,679,601</b>	<b>109,200</b>
Amounts paid for treasury shares	–	(1,100)
<b>Balance at 26 June 2021</b>	<b>371,679,601</b>	<b>108,100</b>
<b>Balance at 27 June 2021</b>	<b>371,679,601</b>	<b>108,100</b>
Settlement of share plan	–	(500)
Transfer of shares for settlement of share plan	–	1,600
<b>Balance at 25 December 2021</b>	<b>371,679,601</b>	<b>109,200</b>

## Notes to the interim financial report (continued)

### 9 Dividends

#### (a) Ordinary shares

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 6.5 cents per share totalling \$24.2m will be paid on 7 April 2022. The dividend was not declared at 25 December 2021 and as such no provision has been recognised. The record date for this interim dividend will be 17 March 2022.

A fully franked final dividend in respect of FY21 of 9.0 cents per share was declared and paid in the period.

#### (b) Franking credits

	25 Dec 2021 \$000	26 Dec 2020 \$000
Amount of Australian franking credits available for subsequent periods to the shareholders of Inghams Group Limited	28,500	31,200

The ability to utilise 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 2020: \$16.4m) that are only available to be used under very limited and specific circumstances.

### 10 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.

#### Workplace incidents

SafeWork NSW and SA are separately investigating two separate workplace incidents that occurred at Ingham's Tahmoor NSW site in February 2020 and at Ingham's Bolivar SA site in May 2021. As at reporting date, Ingham's has not received an indication of whether either authority intends to take any regulatory action.

### 11 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)

### 11 Earnings per share (continued)

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

	25 Dec 2021 \$000	26 Dec 2020 \$000
<b>Earnings</b>		
Profit attributable to ordinary equity holders for calculating basic and diluted EPS calculations	38,400	35,300
<b>Number of ordinary shares</b>		
	'000	'000
Weighted average number of ordinary shares used in the calculation of basic EPS	371,500	371,500
Dilutive effect of share options	1,900	400
Weighted average number of ordinary shares for diluted EPS	<b>373,400</b>	<b>371,900</b>
Basic EPS (cents per share)	10.34	9.50
Diluted EPS (cents per share)	10.28	9.49

### 12 Events after the reporting period

Subsequent to the year end a fully franked interim dividend of 6.5 cents per share has been declared on 17 April 2022 totalling \$24.2m. 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 11 January 2022, an ASX announcement was made to provide an update on the impact of COVID-19 and the Omicron variant on the Group's business. The late December 2021 surge in Omicron cases across Australia resulted in staff shortages that had a significant impact on processing capacity, supply chain, logistics and sales performance of the Company. Staff shortages have persisted and are likely to continue through the third quarter of FY22. The Group continues to manage the cumulative impacts associated with COVID-19 and implement initiatives to reduce where possible, financial and operational impacts.

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 25 December 2021.

## 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 25 December 2021 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.



Peter Bush  
Chairman



Michael Ihlein  
Non-Executive Director

Sydney  
18 February 2022



# 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 25 December 2021 and of its performance for the half-year 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 25 December 2021;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half year ended on that date;
- Notes 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 half year's end or from time to time during the half-year.

The **Interim Period** is the 6 months ended on 25 December 2021.

## 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 the code.



## 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 25 December 2021 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 an 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

18 February 2022