Inghams Group Limited

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

Appendix 4E for the year ended 25 June 2022 (FY22)

Results for announcement to the market

	FY22 $'000	FY21 $'000	Variance $'000	Variance %
Revenue from ordinary activities	2,713,100	2,668,800	44,300	1.7%
Profit for the period after tax from ordinary activities attributable to members	35,100	83,300	(48,200)	(57.9%)
Net profit for the period attributable to members	35,100	83,300	(48,200)	(57.9%)

Dividends

The directors have determined that a fully franked final dividend of 0.5 cents per share be declared. The dividend was not declared before 25 June 2022 and as such no provision has been recognised. The record date for determining entitlements to the dividend is 14 September 2022.

A fully franked interim dividend of 6.5 cents per share was declared and paid.

Explanatory note on results

For further information refer 'Operating and Financial Review' section within the attached Directors' Report.

Net tangible assets backing

Net tangible assets backing at 25 June 2022 was $0.39 per share (26 June 2021: $0.44 per share).

Entities where control has been gained or lost

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

Associates

The Group has a 50% (FY21: 50%) investment in AFB International Pty Limited (AFB). AFB manufactures and markets a leading range of wet and dry palatants, sprayed onto pet food to enhance its palatability. The business has two processing facilities in Somerville (VIC) and Murarrie (QLD) and services Australia and South East Asia with pet food flavours (palatants). The Group's share of AFB's results is not material to the Group's results for the current period or for the previous corresponding period.

Annual General Meeting

The annual general meeting will be held as a hybrid meeting at the Vibe Hotel, North Sydney NSW 2060 commencing on 8 November 2022 at 10AM.

The approximate date the Annual Report will be available is 7 October 2022.

This Appendix 4E should be read in conjunction with the Inghams Group Limited Financial Report for the year ended 25 June 2022.

Inghams Group Limited

ACN 162 709 506

Financial Report

For the year ended 25 June 2022

Contents

Directors' report

This audited general purpose financial report for the year ended 25 June 2022 covers the consolidated entity comprising Inghams Group Limited (the Company) (ACN 162 709 506) and its controlled entities ('The Group', 'Ingham's'). The Group's functional and presentation currency is Australian dollars ($), rounded to the nearest hundred thousand.

Directors

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

Name	Role	Date of appointment	Date of resignation
Peter Bush	Chair	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[1]	
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

Present Director profiles of the Company

Peter Bush (Chair)

Bachelor of Arts, Fellow of the Australian Marketing Institute

Board Chair and Chair of the Nominations Committee

Peter has had a long and successful career in the fast-moving consumer goods (FMCG) industry, holding senior roles with Ampol/Caltex, Arnott's, Reckitt and Coleman, and SC Johnson. He was also formerly Chief Executive Officer of AGB McNair, McDonald's Australia and Schwarzkopf. Peter ran his own strategic consultancy business for six years with clients including George Patterson Bates, John Singleton Advertising, McDonald's Australia, Qantas and Telstra. He has also previously served as Chair of Mantra Group Limited, Nine Entertainment Holdings Limited, Pacific Brands Limited and Southern Cross Media Group Limited, and as a director of Insurance Australia Group Limited.

Andrew Reeves (Chief Executive Officer and Managing Director)

Bachelor of Arts (Economics), Advanced Management Program – Harvard Business School

Andrew was appointed Chief Executive Officer and Managing Director of Ingham's on 29 March 2021.

Andrew has more than 40 years' experience in leadership and governance roles across the food and beverage and agribusiness industries in Australia and internationally.

From 2019 to 2021, Andrew was a Non-Executive Director on the Inghams Group Limited Board and was a member of the Board's Finance & Audit Committee and Risk & Sustainability Committee. He is currently an Independent Non-Executive Director of Keytone Dairy Corporation Limited and was previously the Chief Executive Officer of George Weston Foods, Managing Director and Executive Director of Lion Nathan Limited, Managing Director Australia of Coca-Cola Amatil Limited and Managing Director of The Smith's Snack Food Company.

Rob Gordon (Non-Executive Director)

Bachelor of Science (Honours), Chartered Engineer, Member of the Australian Institute of Company Directors

Member of the Finance & Audit Committee

Rob has nearly 40 years' experience in the FMCG and agribusiness sectors. This includes over 20 years in Chief Executive Officer and Managing Director roles for companies including Dairy Farmers Limited, Goodman Fielder Limited (Meadow Lea and Consumer Goods divisions) and Viterra Inc. Rob is currently the Chief Executive Officer and a Director of Ricegrowers Limited, and a member of the Rabobank Agribusiness Advisory Board. He has also served as a Non-Executive Deputy Chair of the Australian Food and Grocery Council and a member of Gresham Private Equity Advisory Board.

Directors’ report (continued)

Present Director profiles of the Company (continued)

Michael Ihlein (Non-Executive Director)

Bachelor of Business (Accounting), Fellow of the Australian Institute of Company Directors, Fellow of Certified Practising Accountants, Fellow of the Financial Services Institute of Australasia, Member of the Financial Executives Institute of Australia

Chair of the Finance & Audit Committee, Member of the People & Remuneration Committee, Member of the Risk & Sustainability Committee

Michael has significant experience across FMCG and supply chain logistics companies. He held senior roles at Coca-Cola Amatil Limited, including Executive Director and Chief Financial Officer, as well as Managing Director, Coca-Cola Amatil Poland. Subsequently, he was Executive Director and Chief Financial Officer at Brambles Limited prior to becoming Chief Executive Officer until his retirement. Michael also serves on the Boards of Ampol Limited, Scentre Group Limited and the not-for-profit mentoring organisation Kilfinan Australia. He was formerly a Non-Executive Director of CSR Limited.

Jackie McArthur (Non-Executive Director)

Bachelor of Engineering (Aeronautical)

Chair of the Risk & Sustainability Committee, Member of the People & Remuneration Committee and Member of the Nominations Committee

Jackie has more than 20 years' experience in supply chain and logistics roles globally. She was most recently the Managing Director ANZ for the Martin Brower Company, a global logistics solutions provider for quick service restaurants. Prior to that, Jackie was the McDonald's Vice President Supply Chain for Asia, Pacific, Middle East, and Africa having also had roles in McDonald's Australia as Senior Vice President Chief Restaurant Support Officer and Vice President Supply Chain Director. Jackie is an Independent Non-Executive Director on the boards of Qube Holdings Limited and Tassal Group Limited. She was formerly a Non-Executive Director of InvoCare Limited and Blackmores Limited.

Helen Nash (Non-Executive Director)

Bachelor of Arts (Hons), Graduate of the Australian Institute of Company Directors

Chair of the People & Remuneration Committee, Member of the Nominations Committee

Helen started her career in finance and is CIMA trained (Certified Institute of Management Accountancy). Following the completion of these professional exams she transitioned to a marketing career which spanned more than 20 years and three industries: consumer-packaged goods, publishing and media and quick service restaurants. Her most senior role was as Senior Vice President/Chief Marketing Officer for McDonald's Australia and New Zealand. She then took on further strategic, commercial and operational responsibility for the business as Chief Operating Officer for McDonald's Australia. Helen is currently an Independent Non-Executive Director of Metcash Limited and Southern Cross Media Limited. She was formerly a Non-Executive Director of Blackmores Limited and Pacific Brands Limited.

Linda Bardo Nicholls AO (Non-Executive Director)

Bachelor of Arts (Economics), Master of Business Administration, Life Fellow of the Australian Institute of Company Directors

Member of the Finance & Audit Committee, Member of the People & Remuneration Committee, Member of the Risk & Sustainability Committee, and Member of the Nominations Committee

Linda has more than 30 years' experience as a senior executive and director in banking, insurance and funds management in Australia, New Zealand, and the United States. She is currently a Chair of Melbourne Health and director of Medibank Private Limited and serves on the Board of Museums Victoria. She has previously served as a Chair and director on the boards of Japara Healthcare Limited and other major Australian listed companies, including Fairfax Limited.

Timothy Longstaff (Non-Executive Director)

Bachelor of Economics, Fellow of the Institute of Chartered Accountants in Australia and New Zealand, Fellow of the Financial Services Institute of Australia, and Graduate of the Australian Institute of Company Directors

Member of the Risk & Sustainability Committee, Member of the Finance & Audit Committee

Timothy had a 25-year career in investment banking, with many years in Managing Director and senior executive roles at top-tier global investment banking firms, where he advised the Boards and CEOs of leading Australian and international companies on transformational strategic mergers and acquisitions, and capital markets transactions.

Directors' report (continued)

Present Director profiles of the Company (continued)

More recently, Timothy served as Senior Advisor to the Federal Minister for Finance and Leader of the Government in the Senate, and the Federal Minister for Trade, Tourism, and Investment.

Timothy is also a non-executive Director of Perenti Global, The George Institute for Global Health and Snowy Hydro Limited. He is a Member of Takeovers Panel.

Robyn Stubbs (Non-Executive Director)

Master of Science, Bachelor of Business, Graduate of the Australian Institute of Company Directors

Member of the People & Remuneration Committee

Robyn is a board director and executive coach working across the commercial and government sectors. Drawing on a successful 25+ year career as a senior executive in large, complex organisations, Robyn is on the Board of ASX-listed Brickworks Limited and HMC Funds Management Limited and was previously a member of the board of Aventus and InvoCare. Robyn also provides executive coaching services to a diverse range of corporate clients via Stephenson Mansell Group.

With her experience on board committees at Aventus, Brickworks and InvoCare, Robyn brings strong board level perspective on culture and people as well as remuneration. She also brings great knowledge in customer behaviour, marketing, and digitisation.

Directors' report (continued)

Directors' meetings

The number of meetings of directors (including meetings of Board Committees) held during the year and the number of meetings attended by each director, during their time in office, were as follows:

	Director meetings held	Director meetings attended	F&AC meetings held	F&AC meetings attended	P&RC meetings held	P&RC meetings attended	R&SC meetings held	R&SC meetings attended	Noms C meetings held	Noms C meetings attended
P Bush	8	8[(c)]	-	3*	-	2*	-	2*	14	14
R Gordon	8	7[5]	4	4	-	-	-	1*	-	-
M Ihlein	8	8	4	4[(c)]	5	5	6	6	-	-
T Longstaff[1]	6	6	-	2*	-	3*	3	3[1]	-	-
J McArthur[3]	8	8	-	3*	5	5	6	6[(c)]	14[3]	13
H Nash	8	8	-	4*	5	5[(c)]	-	3*	14	13
L Bardo Nicholls[4,5]	8	7[5]	4	3[4]	5	5	6	5[4]	14	12
A Reeves	8	8	-	4*	-	5*	-	4*	-	-
R Stubbs[2,5]	6	5	-	2*	3	3[2]	-	2*	-	-

* Denotes attendance by a Director while not a member of the Committee
(c) Denotes Chair of the Board or Committee

(1) Timothy Longstaff appointed as a Director as from 20 January 2022, as member of Risk & Sustainability Committee on 20 January 2022 and as a member of Finance & Audit Committee on 16 June 2022
(2) Robyn Stubbs appointed as a Director as from 20 January 2022 and as member of People & Remuneration Committee
(3) Jackie McArthur appointed as a member of Nominations Committee on 19 August 2021
(4) Linda Nicholls could not attend the Finance & Audit Committee meeting held on 5 May 2022 and Risk & Sustainability Committee meeting held on 24 May 2022
(5) Robyn Stubbs and Linda Nicholls could not attend Board meeting on 28 April 2022, Rob Gordon and Linda Nicholls could not attend the Board meeting held on 5 May 2022. Both the Board meetings on 28 April 2022 and 5 May 2022 were ad-hoc meetings and convened at short notice

F&AC = Finance & Audit Committee
P&RC = People & Remuneration Committee
R&SC = Risk & Sustainability Committee
Noms C = Nominations Committee

Company Secretary

David Matthews, B Econ, LL.B.

David joined Ingham's in November 2015. David has over 30 years' experience as a lawyer with international law firms in Australia and the UK and with large, listed global companies. Prior to joining Ingham's, he was General Counsel and Company Secretary of Fonterra Co-operative Group, Telecom New Zealand's Australian operations, and Arnott's Biscuits/Campbell Soup in the Asia Pacific Region.

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.

Corporate Structure

Ingham's is a company limited by shares that is incorporated and domiciled in Australia. Details of all companies in the Group are outlined in Note 22 to the Financial Statements.

Significant changes in the state of affairs

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

Dividends

An interim fully franked dividend of 6.5 cents per share totaling $24.2 million was paid on 4 April 2022 (2021: $27.9M).

Subsequent to the year end, a fully franked dividend of 0.5 cents per share has been declared totaling $1.9 million to be paid on 5 October 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.

The full year fully franked dividend of 7.0 cents per share, represents a payout ratio of 61.6%, at the lower end of the 60-80% payout range of Underlying NPAT.

Directors' report (continued)

Significant events after the balance date

The directors of the Company are not aware of any other matter or circumstance not otherwise dealt within 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 year ended 25 June 2022.

Environmental regulation

The Group is subject to particular and significant environmental regulations. All relevant authorities have been provided with regular updates, and to the best of the directors' knowledge all activities have been undertaken in compliance with or in accordance with a process agreed with the relevant authority.

The Group takes its environmental obligations seriously and has had an environmental policy in place for more than 30 years. The policy provides the framework for a comprehensive management strategy that is integrated with overall business strategy and ensures individual sites are managed in a consistent way to a high standard. In the past decade, sustainability has become a focus for the organisation and is a key business objective, helping identify business improvements and further efficiencies. Ingham's ambition is to be the leader in sustainable poultry and continues to focus on resource conservation through its Alliance for Water Stewardship partnership and waste reduction resulting in a 89% diversion of waste from landfill.

The policy contains a commitment to protecting the environment including:

- Development of an environmental management system integral to overall management;
- Prevention of pollution;
- Product stewardship;
- Water, energy and material conservation;
- Continuous environmental improvement; and
- Working towards sustainability internally and with the supply chain.

It includes requirements for each site to develop and implement a site-specific environmental management plan, aligned to ISO14001:2015 standard requirements, with the following objectives:

- Compliance with applicable legal and other requirements met;
- Identification of environmental impacts of our activities, products and services;
- Procedures for managing activities with a potential to impact the environment;
- Continuous environmental improvement through setting and reviewing specific objectives and targets; and clear responsibilities and accountability.

It also outlines the annual self-assessment and the periodic independent environmental review processes.

Each site has the required environmental protection licence or resource consent and completes an annual statement of compliance.

The Group is subject to the *National Greenhouse and Energy Reporting Act 1997* and is required to report on the energy consumption and greenhouse gas emissions of its Australian operations.

Directors’ report (continued)

Directors’ interests

The relevant interest of each director in the shares and rights over such instruments issued by the companies within the Group, as notified by the directors to the ASX in accordance with s250G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary shares	Performance rights
Peter Bush	208,730	–
Rob Gordon	25,772	–
Michael Ihlein	45,455	–
Timothy Longstaff	29,850	–
Jackie McArthur	26,823	–
Helen Nash	54,259	–
Linda Bardo Nicholls, AO	47,869	–
Andrew Reeves	22,800	430,098
Robyn Stubbs	23,000	–

Directors' report (continued)

Share options

Legacy share option arrangement

A KMP of the Group was granted an interest-free loan in September 2018 to subscribe to shares of Inghams Group Limited. This loan is non-recourse other than to the shares held by that employee, and the proceeds of the loan must be used to buy shares. The arrangement has been accounted for as share options. These options entitle the holder to receive dividends on ordinary shares of the Company, and these dividends are required to be used to repay the loans attached. Shares under this scheme are held in trust for employees by a subsidiary, Ingham 2 Pty Limited. This interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement has been fully repaid and the ordinary shares have been transferred to the holder as at 25 June 2022.

There are no other loans to KMP and no loan arrangements will be offered in the future.

Performance rights

Executive KMP and senior executives are invited annually to participate in a three-year Long-Term Incentive Plan (LTIP), awarded in share rights with these share rights being performance based and only vest if minimum performance hurdles are met. The share rights do not attract voting rights or entitle the holder to receive dividends.

In addition, Executive KMP and certain senior executives have a portion of any actual Short-Term Incentive Plan award deferred into share rights, that are required to be held for a period of 12 months before vesting into shares. No performance conditions exist for these share rights to vest and they are time-based vesting on the completion of the service period.

Share options and rights outstanding at the end of the year have the following expiry dates and exercise prices (where relevant):

Grant Date	Expiry Date	2022 Exercise price	2022 Number of rights	2021 Exercise price	2021 Number of rights/options
05 November 2021	1 July 2024	–	1,462,535	–	–
15 September 2021	15 September 2022	–	98,000	–	–
10 June 2021	1 July 2023	–	862,917	–	1,097,339
15 September 2020	1 July 2021	–	–		299,654
17 April 2020	25 June 2022	–	–	–	1,448,756
02 April 2020	31 December 2022	–	14,410	–	14,410
01 September 2020	31 July 2023	–	15,031	–	15,031
06 December 2018	30 June 2021	–	–	–	34,860
04 December 2018	30 June 2021	–	–	–	506,862
05 November 2018	30 June 2021	–	–	–	354,001
22 December 2015	21 December 2020	–	–	$1.40	200,000
Share-based payments			**2,452,893**		**3,970,913**

Included in the above were rights granted as remuneration to the following directors and officers of the company and the Group during the year:

Name of officer	Date granted	Number of rights
Andrew Reeves	15 September 2021	21,763
Andrew Reeves	5 November 2021	408,335
Jonathan Gray	15 September 2021	14,376
Jonathan Gray	5 November 2021	97,248
Gary Mallett	15 September 2021	17,183
Gary Mallett	5 November 2021	112,601

No options were granted to the directors or officers of the company since the end of the financial year.

Directors’ report (continued)

Indemnities and insurance of officers and auditors

Indemnities

Ingham's constitution indemnifies each officer of Ingham's and its controlled entities against a liability incurred by that person as an officer unless that liability arises out of conduct involving a lack of good faith. The constitution also provides that Ingham's may make a payment to an officer or employee (by way of advance, loan or otherwise) for legal costs incurred by them in defending legal proceedings in their capacity as an officer or employee. Ingham's has entered into a Deed of Access, Indemnity and Insurance with each director which applies during their term in office and after their resignation (except where a director engages in conduct involving a lack of good faith). Ingham's constitution provides that it may indemnify its auditor against liability incurred in its capacity as the auditor of Ingham's and its controlled entities. Ingham's has not provided such an indemnity.

Indemnification and insurance of officers

During the reporting period and since the end of the reporting period, the consolidated entity has paid premiums in respect of a contract insuring directors and officers of the consolidated entity in relation to certain liabilities. The insurance policy prohibits disclosure of the nature of the liabilities insured and the premium paid.

Lead auditor's independence declaration

The lead auditor's independence declaration required under section 307C of the *Corporation Act 2001* is included on page 55.

Non-audit services

The following non-audit services were provided by the entity's auditor, KPMG. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. This assessment has been confirmed to the Board by the Finance & Audit Committee.

KPMG received or are due to receive the following amounts for the provision of non-audit services:

	$000
Other assurance services	8
Total non-audit services	**8**

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*.

Directors' report (continued)

Operating and financial review

Non-IFRS measures

Throughout this report, Ingham's has included certain non-IFRS financial information, including EBITDA. Ingham's believes that these non-IFRS measures provide useful information to recipients for measuring the underlying operating performance of Ingham's.

EBITDA stands for Earnings Before Interest, Tax, Depreciation, and Amortisation. This is calculated throughout the Operating and Financial Review consistent with the segment note to the financial statements from page 73.

Underlying results

The underlying results exclude the profit on sale of assets, business transformation costs, impairments and restructuring charges. The abovementioned items have been tax effected to determine an underlying Net Profit after Tax (NPAT) to allow shareholders to make a meaningful comparison of the Group's underlying NPAT performance against prior year.

Underlying results (52 weeks)

Table 1: Underlying results for FY22 compared to underlying results for prior year

Consolidated income statement	FY22 Underlying $000	FY21 Underlying $000	Change $000
Revenue	2,713,100	2,668,800	44,300
Cost of sales	(2,059,800)	(1,948,600)	(111,200)
Gross profit	**653,300**	**720,200**	**(66,900)**
Distribution expense	(157,100)	(142,200)	(14,900)
Sales, general and administration expense	(116,200)	(130,100)	13,900
Share of net profit associate	400	400	–
Other income	400	400	–
EBITDA	**380,800**	**448,700**	**(67,900)**
Depreciation and amortisation	(270,600)	(265,300)	(5,300)
EBIT	**110,200**	**183,400**	**(73,200)**
Net interest expense	(66,600)	(65,600)	(1,000)
FX gain/(loss)	1,500	–	1,500
Net profit before tax	**45,100**	**117,800**	**(72,700)**
Income tax expense	(2,700)	(31,100)	28,400
Net profit after tax	**42,400**	**86,700**	**(44,300)**

Group core poultry volume grew 4.2% in a challenging trading environment dominated by COVID-19.

Australian core poultry volume grew 5.2% (1H 6.6% / 2H 3.9%) with volume growing in the wholesale channel due to the simpler range of products that were able to be produced within a constrained COVID-19 labour environment. As a result, Australian core poultry revenue grew 1.6% in FY22 as net selling prices declined -3.5% reflective of the impact of growing and shifting volume into an over supplied wholesale market.

New Zealand core poultry fell -2.0% (1H 0.1% / 2H -4.2%) due to reduced bird numbers in response to reduced demand arising from the on-going border closures with COVID-19. New Zealand core poultry revenue grew at 3.1% in FY22, while net selling prices overall increased 5.2% as price increases were passed on across all channels, reflective of the current inflationary environment in New Zealand.

Feed volumes declined -8.8% or -32.6kt, -25.3kt in New Zealand and -7.3kt in Australia. In New Zealand, feed was down due to the sale of the Hamilton mill at the end of Q3 FY21 and Australia was impacted by a customer loss in WA as customers start migrating to new alternate suppliers prior to the closure of the WA Feedmill.

By-products volume grew modestly at 1.8% or 1.9kt, with the growth rebounding in New Zealand 1.4kt or 11.3% due to higher pet food demand, while in Australia growth was relatively flat.

Cost of sales grew 5.7% as rising commodity prices, general price inflation and COVID-19 disruptions in Q3 resulted in an increased cost of working during FY22.

Distribution costs excluding AASB 16 increased 8.4% in FY22 due to a mix of higher core poultry volumes 4.2% and CPI increases of 4.1% reflective of increases in fuel costs offset by improved route optimisation and cost efficiencies.

Directors' report (continued)

Operating and financial review (continued)

Sales, general and administrative (SGA) excluding AASB 16 costs were down 12.5% ($17.1M); $11.5M is due to not meeting the FY22 short term incentive (STI) hurdle, the release of excess provision relating to the FY21 STI and not meeting the FY20 long term incentive (LTI) performance hurdle. A further benefit of $5.6M is due to lower legal and insurance costs more than offsetting any CPI increases.

Depreciation was marginally below FY21 by 1.1% due to continued delays in completing new projects due to supply chain disruptions, labour shortages and COVID-19 site access restrictions.

External net interest, excluding AASB 16 interest was $14.8M, flat to FY21.

Foreign exchange gain realised relates to a NZ profit hedge closed out in the year.

The effective tax rate of 6.0% (2021: 26.4%) was down due to the receipt of an R&D tax credit of $8.5M for the FY20 claim year and the release of a $2.2M provision upon resolution of a historical tax matter.

The impact of AASB 16 included in the underlying results above are as follows:

Table 1a: AASB 16

AASB 16	FY22 AASB 16 $000	FY21 AASB 16 $000	Change $000
Cost of sales	222,800	211,800	11,000
Gross profit	**222,800**	**211,800**	**11,000**
Distribution expense	18,900	20,100	(1,200)
Sales, general and administration expense	3,900	7,200	(3,300)
EBITDA	**245,600**	**239,100**	**6,500**
Depreciation and amortisation	(214,700)	(208,900)	(5,800)
EBIT	**30,900**	**30,200**	**700**
Net interest expense	(51,700)	(50,800)	(900)
Net (loss)/profit before tax	**(20,800)**	**(20,600)**	**(200)**
Income tax expense	6,100	6,100	–
Net (loss)/profit after tax	**(14,700)**	**(14,500)**	**(200)**

The AASB 16 impact on the Statutory EBITDA is an increase of $6.5M due to new contract grower leases, modifications, re-measurements (CPI) and extensions. Whereas, the AASB 16 impact on Statutory NPAT is a marginal decrease of $0.2M due to the offset in depreciation and interest.

Table 1b: Underlying Pre AASB 16

Underlying Pre AASB 16	FY22 Underlying Pre AASB 16 $000	FY21 Underlying Pre AASB 16 $000	Change $000
EBITDA	**135,200**	**209,600**	**(74,400)**
Net profit after tax	**57,100**	**101,200**	**(44,100)**

Underlying EBITDA pre AASB 16 is down 35.5% or -$74.4M due to a steep decline in 2H trading performance of -$73.4M due principally to the impacts of COVID-19 isolation orders, illness and disruptions impacting our ability to supply customers.

Directors' report (continued)

Operating and financial review (continued)

Statutory results

Table 2: Statutory results for FY22 actual compared to FY21

Consolidated income statement	Statutory FY22 (52 weeks) Actual $000	Statutory FY21 (52 weeks) Actual $000	Change $000
Revenue	2,713,100	2,668,800	44,300
Cost of sales	(2,059,800)	(1,948,600)	(111,200)
Gross profit	**653,300**	**720,200**	**(66,900)**
Other income	400	(100)	500
Distribution expense	(157,100)	(142,200)	(14,900)
Sales, general and administration expense	(126,600)	(134,400)	7,800
Share of net profit associate	400	400	–
EBITDA	**370,400**	**443,900**	**(73,500)**
Depreciation and amortisation	(270,600)	(265,300)	(5,300)
EBIT	**99,800**	**178,600**	**(78,800)**
Net interest expense	(66,600)	(65,600)	(1,000)
FX gain/(loss)	1,500	–	1,500
Net profit before tax	**34,700**	**113,000**	**(78,300)**
Income tax expense	400	(29,700)	30,100
Net profit after tax	**35,100**	**83,300**	**(48,200)**

Statutory results vs prior year actual

Business drivers behind the year on year performance have been described in the underlying results commentary above.

The FY22 results include employee restructuring costs of $3.4M relating to the upcoming closure of the Wanneroo Feedmill in WA and the Lyndhurst DC in VIC, $10.1M in Business Transformation costs relating to the scoping and design phase of the new ERP, partly offset by a $3.1M reversal of the FY20 Wacol Feedmill impairment.

The prior corresponding period included employee restructuring costs of $3.1M in 1H FY21, a legal settlement of $1.2M related to the sale of the Mitavite business in a prior period and a loss on sale of the Hamilton mill of $0.5M.

Directors' report (continued)

Operating and financial review (continued)

Reconciliations - statutory to underlying

Table 3: Reconciliation of statutory EBITDA to underlying EBITDA

Consolidated EBITDA ($000)	Note	FY22 Actual	FY21 Actual
Statutory revenue		**2,713,100**	**2,668,800**
Underlying revenue		**2,713,100**	**2,668,800**
Statutory EBITDA		**370,400**	**443,900**
Loss/(profit) on sale of assets		–	500
Restructuring	1	3,400	4,300
Impairment reversal	2	(3,100)	–
Business transformation	3	10,100	–
Underlying EBITDA		**380,800**	**448,700**
AASB 16		(245,600)	(239,100)
Underlying EBITDA pre AASB 16		**135,200**	**209,600**

Table 4: Reconciliation of underlying NPAT to statutory NPAT

Consolidated NPAT ($000)	Note	FY22 Actual	FY21 Actual
Statutory NPAT		**35,100**	**83,300**
Loss / (Profit) on sale of assets		–	300
Restructuring	1	2,500	3,100
Impairment reversal	2	(2,200)	–
Business transformation	3	7,000	–
Underlying NPAT		**42,400**	**86,700**
AASB 16		14,700	14,500
Underlying NPAT pre AASB 16		**57,100**	**101,200**

(1) Removal of restructuring expenses
(2) Removal of impairment reversal for Wacol
(3) Removal of business transformation costs associated with the scope and design of the new ERP program

Directors' report (continued)

Operating and financial review (continued)

Australia

Table 5: Selected statutory financial information for the Australia segment

Consolidated income statement	Actual FY22 $000	Actual FY21 $000	Change $000
Revenue	2,314,700	2,275,200	39,500
EBITDA	312,200	371,800	(59,600)

Australian revenue grew by 1.7% in the year, underpinned by 5.3% growth in poultry volumes offset by lower feed volumes -2.8% and lower net selling prices in core poultry -3.5% as volumes shifted to an oversupplied wholesale market.

The decline in EBITDA is attributable to the disruptive impact of COVID-19 in the second half, where core poultry volumes shifted to wholesale, and the increased cost of operating during the COVID-19 disruption coupled with the inflationary pressure of higher prices more than exceeded any operational efficiencies realised.

Australia did not receive any Government COVID-19 financial support during the year.

New Zealand

Table 6: Selected statutory financial information for the New Zealand segment

Consolidated income statement	Actual FY22 $000	Actual FY21 $000	Change $000
Revenue	398,400	393,600	4,800
EBITDA	58,200	72,100	(13,900)

New Zealand revenue increased 1.2% in the year, growth of 3.3% or $11.4M was attributable to price increases as volumes were flat across total poultry, offset by a 10.5% or -$6.7M decline in feed revenue due to the sale of the Hamilton Feedmill in Q3 FY21.

The decline in EBITDA is due to inflationary pressures of higher commodity process and other generalized inflation exceeding the increase in core poultry net selling prices of 5.2%.

New Zealand received Government COVID-19 financial support during the year in relation to employee leave support and short-term absence schemes. A total of NZ$410,000 was received in FY22.

Directors’ report (continued)

Operating and financial review (continued)

Balance Sheet

Table 7: Selected statutory consolidated statement of financial position for the year ended 25 June 2022

Selected consolidated statement of financial position	FY22 $000	FY21 $000	Change $000
Current assets	734,600	702,400	32,200
Non-current assets	1,808,300	1,842,600	(34,300)
Total assets	**2,542,900**	**2,545,000**	**(2,100)**
Current liabilities	736,300	703,000	33,300
Non-current liabilities	1,648,400	1,678,400	(30,000)
Total liabilities	**2,384,700**	**2,381,400**	**3,300**
Net assets	**158,200**	**163,600**	**(5,400)**

Net Assets

Current assets increased largely due to the increase in biological assets and inventories. The increased working capital impact of biological assets of $13.8M is due to the cycling of higher feed costs. The increase in inventories of $42.6M from June 2021 is due to higher physical grain purchases from growers stored at offsite locations offset by a reduction in frozen poultry inventory.

Non-current asset values have decreased $34.3M due to the reduction in the right of use asset for AASB 16 Leases which contributed to a $55.5M decrease (note 12).

Current liabilities increased $33.3M due to an increase trade and other payables of $56.0M from the timing of payments and the purchase of additional feed, this was offset by a decrease in the current tax liability of $27.8M.

Non-current liabilities decreased $30.0M due to the wind down of the AASB 16 Lease liability of $31.2M.

These financial statements are prepared on a going concern basis despite the group being in a small current net liability position of $1.7M. The Group continues to have positive profit after tax, positive net assets, positive operating cashflow, significant cash on hand and undrawn committed debt facilities. In addition, the bank facility debt is non-current and bank covenants have been met.

Table 8: Consolidated statutory net debt as at 25 June 2022

Net debt as at 25 June 2022	FY22 $000	FY21 $000
Bank loans	(400,000)	(400,000)
Capitalised loan establishment fees included in borrowings	1,100	1,700
Total borrowings	**(398,900)**	**(398,300)**
Less: Cash and cash equivalents	131,600	158,100
Net debt	**(267,300)**	**(240,200)**

Net debt

Net debt has increased by $27.1M primarily due to a decline in cash generation from trading activities in the second half, this has been supported by good working capital management and lower than expected capital expenditure. The Group's leverage ratio as at June is 2.0x (FY21: 1.2x).

Directors' report (continued)

Operating and financial review (continued)

Material business risks

Ingham's is exposed to a range of strategic, financial and operational risks associated with operating a vertically integrated poultry company.

Ingham's has an enterprise risk management framework which together with governing its most material risks, provides a sound basis for managing material risks. Ingham's has continued to invest to optimise its risk management processes and has implemented new reporting and tools during FY22. Recent enhancements include the introduction of dedicated risk management resources and maturing use of the integrated risk management software solution. Risk appetite statements have been updated with the Board and are challenged and monitored during the year. In addition, strategic and emerging risk reports and material operational risk reports are regularly tabled to Ingham's Risk & Sustainability Board Committee.

Material business risks faced by the Group that may have a significant effect on the financial prospects of the Group include:

Strategic Risks:

Risk	Implication	Mitigating Actions
Changes in poultry demand and supply impacting poultry pricing due to regulation or social change	Any material increase in the supply of chicken in the Australian and New Zealand markets that exceeds the increase in demand could lead to an oversupply of chicken, which may result in reduced prices, negatively affecting Ingham's financial performance.	• We participate in a competitive market involving a number of suppliers of chicken products in Australia and New Zealand. • We carefully manage our poultry flock numbers to match expected demand with our customers. • We leverage our diverse geographic network of poultry production across Australia and New Zealand to efficiently manage the cost of supply. • We supply into the domestic wholesale and export markets which both serve as an outlet for supply excesses.
Import restrictions	Changes to import quarantine conditions in Australia and/or New Zealand that would allow additional forms of poultry to be imported could result in changes to the poultry market that would adversely impact Ingham's financial performance. New Zealand currently relies on imported feed. If imports were restricted, this would raise grain commodities/feed costs in New Zealand and potentially make farming unviable.	• We contribute or respond to research on the topic of poultry food safety and disease. • We participate in discussions with industry forums and government bodies such as PIANZ.
Customer volumes or mix	A change in the volume or mix of Ingham's business could negatively impact its operational or commercial performance.	• Ingham's commercial strategy focuses on strengthening core customer relationships, sustainably building new business and strengthening its revenue streams and the margin contribution via mix.
Assets stranded geographically or due to new business models/ technology	Ingham's may be locked into long-dated leases that do not align with future operating requirements and/or the economic life of the assets.	• Ingham's base network plan has been developed in light of long-term forecast demand (at least 5 years), providing substantial lead time to develop or dispose of assets across the network.

Financial Risks:

Liquidity
Liquidity levels may increase should costs pass through strategies fail to offset increased input prices, resulting in potential covenant breaches and potential increased costs and/or, a reduction in availability of funding.

Directors' report (continued)

Operating and financial review (continued)

Material business risks (continued)

Operational Risks:

Risk	Implication	Mitigating Actions
People safety	Ingham's is subject to inherent operational risks that could potentially result in serious injury or fatality of employees, contractor or members of the public.	• We prioritise the safety and health of our People and Partners. We strive for Zero Harm and are committed to sending employees home safely at the end of each workday. • We have a comprehensive Work Health and Safety Management System. This includes our Golden Safety Rules, which help our people identify critical controls that must be in place before undertaking work at Ingham's. • Our Safety for Life program is anchored around four pillars: zero harm culture, risk reduction strategies, safety management system enhancement and improved workers' compensation performance. • Ingham's has a robust internal and external assurance program to validate the strength of safety controls in place across the business.
Food safety and disease outbreak	Poor product quality or unsafe products and processes may potentially result in injury, harm or illness to consumers, claims, regulatory impacts and significant reputational damage. Outbreak of an avian disease in Ingham's flocks or within the same geographic regions may affect the use and transportation of the affected stock and disrupt supply causing financial loss. If products of Ingham's or a competitor became unsafe or were perceived as being unsafe, reduced demand for poultry products could follow.	• We have a food safety and quality governance framework and dedicated quality and food safety staff across the business to meet both mandatory and internal food safety requirements. • Ingham's is certified to British Retail Consortium (BRC) Food Safety Issue for the processing sites and BRC Storage and Distribution Issue 4 for the Distribution Centres with an overall rating of AA across all Australia and New Zealand sites. This is a Global Food Safety Initiative (GFSI) world class standard. • Ingham's is also certified to over 5 Customer Owned Standards for both Retail outlets and Quick Service Restaurants. • Procedures are in place in how we effectively manage, handle, store, recall and withdraw products. • Our competitive landscape is monitored in Australia and New Zealand for immediate impacts to our poultry demand and the global context continues to be monitored. • Our Product Pride program involves quality assurance, training and awareness across the whole supply chain. • High biosecurity measures are in place to control the risk of infections on our sites • We have documented procedures to manage and minimise the impact should an avian disease outbreak occur.

Directors' report (continued)

Operating and financial review (continued)

Material business risks (continued)

Risk	Implication	Mitigating Actions
Animal welfare	Poor animal welfare practices or industry activism could result in significant reputational damage for Ingham's and the poultry industry more broadly.	• Our commitment to high animal welfare standards is underpinned by comprehensive programs developed in collaboration with international animal welfare experts, retailers and regulatory authorities. • We hold accreditation with the Royal Society for the Prevention of Cruelty to Animals (RSPCA) in Australia and Society for the Prevention of Cruelty to Animals (SPCA) for our Waitoa free range brand in New Zealand. in line with the Approved Farming Scheme standards.
Climate Change and Feed Input Costs	If feed ingredients supply is reduced following a prolonged period of drought, higher feed prices may arise from lower production levels resulting in higher input costs for Ingham's. Feed prices can also be impacted by events outside of drought, such as floods and fires as well as international supply shortages, creating challenges to the business to pass through rising costs.	• Ingham's national production footprint mitigates the risk of concentrated production in one region. In addition, the diversity of grain suppliers across the regions provides access to multiple grain supply chains, further mitigating the risk of grain shortages. • Input costs, including grain price and other commodities, are managed through cost pass through arrangements where available and customer pricing negotiations. There may be instances where these costs are not able to be effectively passed through or are delayed and this can contribute to the potential risk of margin erosion.
Plant failure & Site Security	A range of events, including natural disaster, fire, explosion and other force majeure related events, may result in the failure of one of our plants. Our plants include feed mills, primary processing plants and further processing plants. Site access remains a focus point for interruption at primary and secondary processing plants, farms and distribution centres which may impact on supply.	• We have a rolling program of regular site inspection of a plant's pressure vessels, boiler, gas supply and fire detection and response. • Ingham's would address any loss of plant using its business continuity plans, disaster recovery and network planning. This would mean that spare or contingent capacity is identified at a group level to accommodate a loss of the largest site. There may be instances where our spare or contingent capacity is insufficient to cover the loss of plant. • Ingham's retains a focus on contingency planning to all of its farms, production and distribution sites.
Customer relationships	The risk of reduced sales volumes, or a missed opportunity to increase sales volumes, from one of our largest customers, could have a significant financial consequence for Ingham's.	• We focus on delivering and exceeding our customer expectations. • We extend supply contracts to key customers to both mitigate the risk of loss of business and allow for effective network planning. • Ingham's has a centralised customer complaints management process and network-wide tracking and remediation of outcomes arising from customer audits. • Quality assurance teams undertake comprehensive quality assurance testing of products prior to customer approvals

Directors' report (continued)

Operating and financial review (continued)

Risk	Implication	Mitigating Actions
Information asset failure and cyber	Information assets may fail, including as a result of a cyber-attack, resulting in the inability to operate and support critical business processes.	• We have a range of IT and IT security controls within an overarching IT risk management framework. We regularly test our disaster recovery plans and continue to roll out a cyber awareness program, and are developing cyber specific security processes. • We have a forward-looking network-level strategy to refresh legacy information assets. • IT assets and systems are a key platform within the ongoing business wide Transformation program as Ingham's moves to modernise its systems and processes.
Legal, regulatory and governance	Our operations are subject to a range of legal and regulatory matters including work health and safety, food safety, consumer protection, competition and the environment	• We have a range of policies, procedures and plans to help us manage our legal and regulatory compliance. • Our Code of Conduct sets out the guiding principles for 'doing the right thing' and living up to our Purpose and Principles. • We evaluate and respond to legal proceedings and claims, with our response correlated to the potential risk exposure. • We monitor and engage with government and regulatory bodies on policy, regulatory compliance and impacts to the regulatory environment.
Business interruption e.g. industrial action, pandemic	Interruption to our operations can be caused by range of issues including but not limited to natural disaster, supply chain, industrial action and other regulatory incidents, loss of plant, cyber incident or IT system failure and pandemic/epidemic. Business interruptions could impact our operations, our partners and our employees and may cause business and reputational damage as well as significant financial impacts.	• We monitor and respond to threats in the continuity of our operations. • We undertake a range of business continuity exercises to test the ability of our business to respond effectively. • We are continuing to invest in our technology infrastructure and applications and regularly review our IT recovery plans to enhance our offsite back-up and recovery capabilities. • We continue to monitor, scenario plan and manage our business in line with COVID-19 pandemic impacts, which could have a material financial impact on our business, particularly relating to any response in Australia and New Zealand that could materially affect demand for poultry products or our ability to supply to market. • We continue to monitor and manage the effects of potential labour absenteeism or the challenges in retaining or sourcing staff for our business through workforce planning.

Directors' report (continued)

Operating and financial review (continued)

Strategy and future prospects

The Group's ambition is to be Australia and New Zealand's first choice for poultry. Our purpose is to produce 'deliciously good food, in the best way'. This purpose underpins our strategic objectives, and our commitment to making a positive difference.

Our strategy is focussed on growing returns over time and we have developed a framework for how we will achieve this across all critical aspects of our business:

Our marketplace:

- Products: creating a brand and product portfolio that creates more value for Inghams, our customers, and our consumers
- Customers: elevating key strategic relationships, and setting the strategic direction of the poultry category in partnership with major customers

Our workplace:

- Sustainability: continuing to develop industry leadership in sustainable processes and practices
- People: embedding a constructive culture; inspiring people to develop themselves and give their best everyday
- Efficiency: driving efficiency through continuous improvement across all parts of our business
- Capability: investing behind critical manufacturing capabilities that support growth, efficiency improvement, and meet evolving marketplace needs

This strategy will be enabled through the ongoing development of systems, processes, people. This includes systems that embed continuous improvement capability, enabled integrated business planning, and that evolve and integrate key technology systems and processes.

It also includes a clear focus on developing our people, embedding the principles of care, courage, curiosity, and commitment in everything we do.

Directors' report (continued)

Chair of the People & Remuneration Committee

On behalf of the Board of Directors, I invite shareholders to review our Remuneration Report for the financial year 2022. The report summarises Inghams Group Limited's remuneration strategy and outcomes for Executive Key Management Personnel (Executive KMP) and Non-Executive Directors.

Our year

Ingham's financial results in FY22 were delivered against a volatile environment driven by the ongoing COVID-19 pandemic, labour challenges, and floods in New South Wales and Queensland that placed further pressure on the operating environment. It also included the outbreak of war in Ukraine, which impacted global fuel and feed prices.

Despite these challenges, our leadership team demonstrated an enduring commitment to leading with care. We focused on keeping our people safe and being agile in our operations to continue to deliver quality products to our customers. The success of our Safety for Life program helped us to exceed our targets in reducing injuries. We also exceeded our food safety targets as part of our Product Pride program. Both programs continue to deliver year-on-year reductions.

Our statutory results included:

- increasing Revenue by 1.7% to $2.7 billion
- decreasing Earnings Before Interest Taxes, Depreciation and Amortisation (EBITDA) by 16.6% to $370.4 million
- decreasing Net Profit after Tax by 57.9% to $35.1 million, and
- decreasing Earnings Per Share (basic) by 57.9% to 9.45 cents per share.

Operating as an essential service providing quality food to our customers, we kept our frontline people employed. We did not require or receive any JobKeeper payments in Australia during the pandemic. In New Zealand, we did not receive JobKeeper-style payments. However, we did pass through a government subsidy to our people for sick leave. This supported them to stay at home and adhere to government guidance.

The refreshed Ingham's Way – purpose, ambition, values and behaviours – was designed with an inclusion lens to support our journey to a more constructive culture. Our values and behaviours help us to make better decisions, to achieve better outcomes and achieve our strategy. We remain focused on investing in our people to maintain and grow our team's capacity and capability. While the effects of Omicron significantly impacted progress this year, we expect momentum to return to our investment in our people activities in 2023.

FY22 remuneration outcomes – short-term incentive plan (STIP) and long-term incentive plan (LTIP)

In FY22, we undertook a thorough benchmarking process to assess KMP remuneration. The Board determined no increases to Total Fixed Remuneration (TFR) for the CEO/MD and the CEO, NZ. The TFR for the CFO increased by 6.6% to better align to benchmarking market data for this role. For further information on TFR see page 36.

In the context of company performance, the STIP Balanced Scorecard outcome for FY22 was not achieved, due to the financial gate not being achieved. As a result, the individual final STIP outcome for Executive KMP was zero, forfeiting all of their FY22 STIP, circa $1.4M at Target and circa $2.1M at Maximum for the CEO/MD and CFO combined. This is in line with our remuneration framework and policies. The Board did not exercise their discretion to alter the STIP outcome. For further information on the STIP outcomes see page 40.

The FY20-FY22 LTIP did not vest. Of the Earnings Per Share (EPS) tranche, 0% vested. The lapsed face value for the CFO is circa $0.5M. As Ingham's was positioned at the 20th percentile against its comparator group for Total Shareholder Return (TSR), none of the Relative TSR measure vested. For further information on individual Executive KMP see page 44.

The Board fees remained unchanged in FY22.

FY23 onwards incentive plans – financial measures and AASB 16

For FY22, Ingham's financial results have been provided in both a pre AASB 16 and post AASB 16 formats. Consistent with previous years, both the FY22 STIP and FY22-FY24 LTIP have financial measures based on pre AASB 16 financial outcomes. In FY23, we will align our measures to post AASB 16 financial results and continue to disclose both pre and post AASB 16 financial results.

We could not make this change earlier due to the substantial complexity of selecting the most appropriate financial measures to make the change. The Board reviewed a thorough analysis and modelling to ensure that any changes to the performance measures best aligned with company and shareholder value creation.

Directors' report (continued)

Chair of the People & Remuneration Committee (continued)

In FY23, the STIP financial measure and gate will move from EBITDA pre AASB 16 to EBIT post AASB 16. The Core Volume Sales Growth measure is to remain unchanged for FY23. However, it will be removed for FY24. The gate only applies to the STIP financial measures.

The FY23-FY25 LTIP ROIC will move from pre AASB 16 to post AASB 16. The strategic, network and capital plans that underpin our ROIC target are being updated in light of the business challenges highlighted in this report. The Board will then consider the impact of the new plan and budgeted ROIC targets to ensure that the target provides enough stretch to motivate and challenge participants and delivers the expected long-term profitable growth.

The Board believes management will be neither advantaged nor disadvantaged by adopting this approach.

Incentive plans – ESG on track for FY24

Ingham's includes Environmental, Social and Governance (ESG) incentive measures to support the company's commitment to delivering its ESG strategy. For FY23, People Safety and Food Safety will fall under the ESG (non-financial) measures. The gate will not apply to the ESG measures, however the measures will remain subject to the safety modifiers. In the event of a significant people or food safety incident, which is within management's control, the STIP payout on the safety metrics may be reduced to nil. The table below shows the proposed FY23 and intended FY24 STIP scorecard.

Metric		FY22		FY23		Illustration FY24
Financial, EBITDA (pre AASB16)		60%		-		-
Financial, EBIT (post AASB16)	Gate	-	Gate	60%	Gate	60%
Core Volume Sales Growth		20%		20%		0%
People Safety		10%				
Food Safety		10%				
ESG (non-financials):						
Environment 1: TBC		-		-		10%
Environment 2: TBC		-	Modifier	-	Modifier	10%
Social: People safety		-		10%		10%
Social: Food safety		-		10%		10%
Total		100%		100%		100%

Our remuneration strategy supports Ingham's business strategy

The Board continues to govern Ingham's remuneration strategy and structure to align to shareholders' interests with incentives to create value for the company over the short, medium, and long-term. This structure includes an equity component that fosters a business-ownership approach. It is underpinned by good governance, consultation with key stakeholders and alignment with the company's business strategy.

In FY22, we adopted a minimum shareholding requirement where Non-Executive Directors need to hold a minimum shareholding of 100% of their Board fees, the CEO/MD needs to hold a minimum of 100% of TFR and other KMP 50% of TFR. The minimum shareholding will need to be achieved after five years and we expect significant progress by the end of three years.

The Board is aware of the competitive external labour market and the increasing frequency with which high performing people are approached by other organisations. The Board is committed to retaining our executive leadership talent. The Board recognises the importance of retaining the CEO/MD and CFO in delivering improved returns to shareholders as the business cycles out of these challenging times.

To ensure stability in delivering against our business strategy through the retention of our CEO/MD and CFO, we seek to grant a one-off performance rights award up to 80% of TFR. This will be subject to performance conditions measured against Absolute TSR over three years and held for one further year, with additional individual performance clawbacks. The grant price will be

Directors' report (continued)

Chair of the People & Remuneration Committee (continued)

determined using a 10-day VWAP following the announcement of the FY22 results. Any rights that vest will be shares purchased on market.

The Absolute TSR performance scorecard will have a minimum hurdle of 10% p.a. At this level of performance, 30% of the award will vest. A straight-line vesting between 30% of the award and 100% of the award as maximum, occurs when the stretch performance target of 20% p.a. or greater is achieved. These targets support the position that sustained Absolute TSR performance needs to be achieved before vesting occurs. For illustration purposes only, the expected share price at 3 years for threshold and stretch Absolute TSR performance using an assumed grant share price of $3.00 and historical dividend yield of 4% p.a. would be $3.57 and $4.68 respectively. For the CEO/MD retention we will seek shareholder approval prior to granting this award.

On behalf of the Board, we invite you to read our report. We look forward to receiving your feedback at the Annual General Meeting (AGM).

Yours faithfully,

Helen Nash

Helen Nash
Chair, People & Remuneration Committee

Directors' report (continued)

Remuneration report - audited

Contents

Directors' report (continued)

Remuneration report - audited (continued)

1 Remuneration report overview

The Remuneration Report has been audited as required by section 308 (3c) of the *Corporations Act 2001*.

This Report covers Non-Executive Directors and Executive Key Management Personnel (KMP) of Ingham's who are responsible for determining and executing the business strategy. The Executive KMP comprises the Chief Executive Officer and Managing Director (CEO/MD), Chief Financial Officer (CFO) and Chief Executive Officer, New Zealand (CEO, NZ) as well as Non-Executive Directors.

Executive KMP are authorised and responsible for planning, directing and controlling Ingham's activities, directly or indirectly, including any director (whether executive or otherwise) of Ingham's.

The table below outlines the Non-Executive Directors of Ingham's and any movement during FY22.

Name	Position	Term
Non-Executive Directors		
Peter Bush	Non-Executive Chair	Full financial year
Rob Gordon	Non-Executive Director	Full financial year
Michael Ihlein	Non-Executive Director	Full financial year
Timothy Longstaff	Non-Executive Director	From 20 January 2022
Jackie McArthur	Non-Executive Director	Full financial year
Helen Nash	Non-Executive Director	Full financial year
Linda Bardo Nicholls AO	Non-Executive Director	Full financial year
Robyn Stubbs	Non-Executive Director	From 20 January 2022

The table below outlines the Executive KMP of Ingham's and any movement during FY22.

Current Executive KMP	Position	Term as Executive KMP
Executive Director		
Andrew Reeves	CEO/MD	Full financial year
Senior executives		
Jonathan Gray	CEO, NZ	Full financial year[1]
Gary Mallett	CFO	Full financial year

(1) Jonathan Gray resigned and left Ingham's on 1 July 2022. The role of CEO, NZ has been reclassified and will no longer be a KMP role going forward

Directors' report (continued)

Remuneration report - audited (continued)

2 How remuneration is governed

A. Remuneration decision making

The Board, People and Remuneration Committee, Executive KMP and Management work together to apply our Remuneration Governance Framework (see below) and ensure our strategy supports sustainable shareholder value. Our Framework is designed to support our purpose, ambition, values and behaviours that underpin our strategy and long-term approach to creating value for our shareholders, customers and the community.

Ingham's has several policies that govern the framework and promote responsible management and conduct. These policies include an Inclusion and Diversity Policy, Code of Conduct Policy, Continuous Disclosure Policy and Securities Dealing Policy. Further information is available at: http://investors.Inghams.com.au.

Membership of the People and Remuneration Committee during the period 27 June 2021 to 25 June 2022 included the following five independent Non-Executive Directors and chaired by an independent Non-Executive Director for the whole year:

- Helen Nash — Independent Non-Executive Committee Chair
- Linda Bardo Nicholls AO — Independent Non-Executive Committee Member
- Jackie McArthur — Independent Non-Executive Committee Member
- Michael Ihlein — Independent Non-Executive Committee Member
- Robyn Stubbs — Independent Non-Executive Committee Member

The Committee's Charter allows the Committee access to specialist external advice about remuneration structure and levels and is utilised periodically to support the remuneration decision making process.

Directors' report (continued)

Remuneration report - audited (continued)

2 How remuneration is governed (continued)

Diagram: Remuneration Governance Framework

INGHAM'S BOARD

- Responsible for the remuneration strategy and outcomes for executives and Non Executive Directors.
- Reviews and approves recommendations from the People and Remuneration Committee.
- Approves the appointment of Non Executive Directors.

PEOPLE AND REMUNERATION COMMITTEE

- Five Non Executive Directors, all of whom are independent, including the Chair of the Committee, make recommendations to the Board on remuneration strategy, governance and policy for executives and Non Executive Directors.
- Key responsibilities of the Committee are:

01. Approve major changes and developments in the remuneration policies and superannuation arrangements for the Group.
02. Approve the appointment of remuneration consultants for the purposes of the Corporations Act 2001.
03. Take appropriate action to ensure the Committee, Board and management have available to them sufficient information and external advice to ensure informed decision making regarding remuneration.
04. Review and recommend to the Board the Remuneration Report prepared in accordance with the Corporations Act 2001 for inclusion in the annual Directors' Report.
05. Oversee and recommend to the Board an equitable, consistent and responsible reward approach – including incentive targets for achieving remuneration outcomes – have regard to the performance of Ingham's, the performance of the executives and the general pay environment.

NOMINATION COMMITTEE

- Develops and implements a process to evaluate the performance of Non Executive Directors.
- Leads process to appoint Non Executive Directors.

INDEPENDENT EXTERNAL CONSULTANTS

- Provide external independent advice, information and recommendations relevant to remuneration decisions where required.
- Provided benchmarking data on executive remuneration to the People and Remuneration Committee.
- Advisors do not provide a remuneration recommendation as defined in Section 9B of the Corporations Act 2001 and Advisors did not provide a remuneration recommendation for FY22.

CEO/MD AND CHIEF PEOPLE OFFICER

Provides information to the People and Remuneration Committee for the Committee to recommend:

01. Incentive targets and outcomes.
02. Remuneration Policy.
03. Short and long term incentive participation eligibility.
04. Individual remuneration and contractual arrangements for executives.

Directors' report (continued)

Remuneration report - audited (continued)

3 Overview of company performance

OVERVIEW OF COMPANY PERFORMANCE

UNDERLYING EBITDA[1]

$135.2M

IN FY22

UNDERLYING NPAT

$56.9M

IN FY22

TSR

-23.01%

FROM FY20 TO FY22

	FY22 Statutory	FY22 Underlying[1]	FY21 Statutory	FY21 Underlying[1]	FY20 Statutory	FY20 Underlying[1]	FY19 Statutory	FY19 Underlying[1]	FY18 Statutory	FY18 Underlying[1]
Revenue ($'000)	2,713,100	2,713,100	2,668,800	2,668,800	2,555,300	2,555,300	2,489,800	2,487,800	2,373,900	2,341,400
EBITDA ($'000)	370,400	135,200	443,900	209,600	387,800	179,700	242,200	208,600	212,000	202,700
Profit after tax ($'000)	35,100	57,100	83,300	101,200	40,100	78,800	126,200	103,200	114,600	108,000
Dividends per year (cents per share)	7.0	7.0	16.5	16.5	14.0	14.0	19.5	19.5	21.1	21.1
Return of capital (cents per share)	–	–	–	–	–	–	33.0	33.0	–	–
Movement in share price post-IPO (cents per share)[2]	(53.0)	–	84.0	–	5.0	–	87.0	–	67.0	–

(1) Underlying pre AASB 16 excludes AASB 16 impact, the profit or loss on sale of assets, impairment, business transformation and restructuring charges. The above-mentioned items have been tax effected to determine an underlying Net Profit after Tax (NPAT) to allow shareholders to make a meaningful comparison of the Group's underlying NPAT performance against prior year

(2) Movement in share price is calculated by taking the last price of the current financial year since the initial public offering price of 3.15

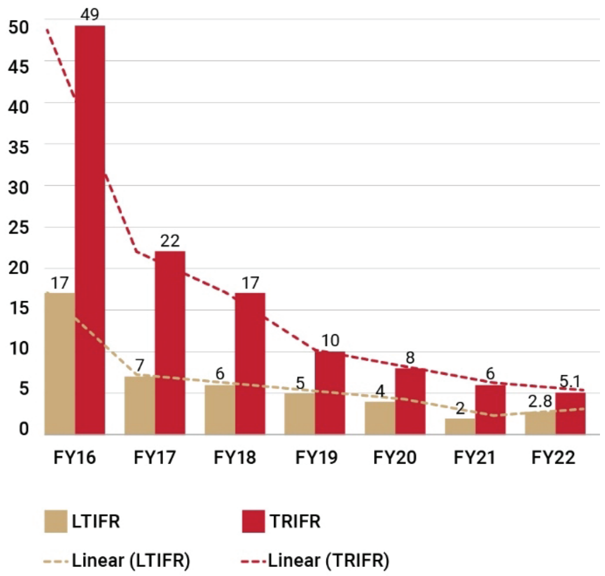
Directors' report (continued)

Remuneration report - audited (continued)

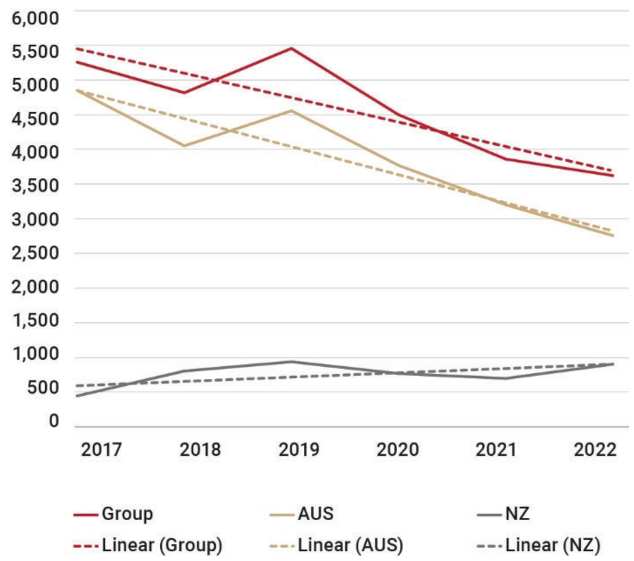
3 Overview of company performance (continued)

Non-financial company performance

Year-on-year LTIFR and TRIFR (unaudited)



Customer complaints FY17 – FY22 (unaudited)



Five-year Total Shareholder Return (TSR) Performance (unaudited)

Directors' report (continued)

Remuneration report - audited (continued)

3 Overview of company performance (continued)

3.1 Actual Remuneration Table (non-statutory)

The remuneration earned by each Executive KMP in FY22 and FY21 are set out below. This information is relevant as it provides shareholders with a view of the remuneration 'paid or vested' to executives in FY22 for performance. This information has not been prepared in accordance with the accounting standards and differs from the statutory tables presented on page 49.

	Year	Fixed remuneration[1] $000	STIP paid[4] $000	Total cash $000	Other short-term benefits[2] $000	STIP vested[6] $000	LTIP vested[3] $000	Total actual remuneration $000
CEO/MD								
Andrew Reeves[5]	2022	1,100	88	1,188	22	–	–	1,210
	2021	287	–	287	–	–	–	287
KMP Senior Executives								
Gary Mallett	2022	644	162	806	–	45	–	851
	2021	610	45	655	–	–	–	655
Jonathan Gray	2022	548	132	680	–	51	42	773
	2021	550	52	602	271	–	50	923
Total Actual 'Paid'	**2022**	**2,292**	**382**	**2,674**	**22**	**96**	**42**	**2,834**
Remuneration	**2021**	**1,447**	**97**	**1,544**	**271**	**–**	**50**	**1,865**

(1) Fixed remuneration entitlements include salary, superannuation, annual leave and sick leave entitlements
(2) Other short-term benefits include a company provided motor vehicle for the CEO/MD valued at $22,000. Jonathan Gray's FY21 benefit reflects a relocation benefit of NZ $281,000 for Jonathan Gray moving to New Zealand urgently at the company's request that includes selling costs and loss in value upon the sale of his Australian home
(3) LTIP vested represents the portion of the grant date fair value of share rights vested. The amount recognised is adjusted to reflect the expected number of instruments that will vest for non-market based performance conditions. No adjustment for non-vesting is made for failure to achieve the relative TSR performance hurdle, as this is taken into account in the fair value at grant date
(4) STIP paid during the financial year. The amount disclosed for FY22 reflects the STIP paid in FY22 for FY21 performance
(5) Andrew Reeves' FY21 fixed remuneration excludes $121,000 in Board fees and $12,000 in Superannuation for the period he served as a non-executive director
(6) STIP vested represents the total value of deferred STIP rights in FY22 vested for FY20 performance

Directors' report (continued)

Remuneration report - audited (continued)

4 Overview of executive remuneration

A. How we determine executive remuneration policies and structures

The Remuneration Governance Framework is designed to attract, motivate and retain high performing executives. The remuneration for Executives, including Executive KMP, is set on appointment to the role and reviewed annually. We set both fixed and total remuneration by considering a range of factors including experience, capabilities and performance in the role, relevant market data, talent availability and the role's impact. The variable components of Executive remuneration are closely linked to successful execution of strategic objectives, balancing delivery in both the short and long term and linking pay primarily to shareholder interests. The key principles supporting Ingham's remuneration framework are:

Principle	Objective	Application
Competitive Remuneration	Reward Executives competitively for their contributions to Ingham's success, ensuring consistency with shareholder, community and consumer expectations.	• Total remuneration is based on the Executive's capabilities and experience. • Remuneration is benchmarked against appropriate peer companies and independent remuneration data from a variety of sources. • The Board approves recommendations on total remuneration packages.
Performance Driven	Executives are rewarded for achieving business outcomes that support sustainable growth in shareholder wealth only when this is achieved through the expected behaviours.	• Variable rewards are intended to provide a robust link between remuneration outcomes and key drivers of long-term shareholder value. • Variable rewards are designed to motivate strong performance against short-term and long-term performance objectives.
Behaviour Driven	Executives are rewarded for Ingham's performance when the manner in which this performance is achieved is aligned with Ingham's purpose, values and expected behaviours. Only when we achieve our results through these expected behaviours will Ingham's fully realise its strategic objectives.	• An Individual Multiplier has been applied to the STIP award to ensure the behaviours of each executive are driven to create strong, sustainable performance for both the Company and shareholders. Our four values and twelve behaviours also help us to make better decisions, to achieve better outcomes and achieve our strategy. • All incentive awards are subject to malus and claw-back provisions to ensure that no rewards are received by Executives where the outcomes are materially misaligned with our values, code of conduct or other circumstances detailed on page 52.

B. Our executive remuneration principles, policies and structures

Remuneration Principles

- Contribute to Ingham's key strategic business objectives and desired business outcomes.
- Align the interest of employees with those of shareholders.
- Assist in attracting and retaining employees required to execute the business strategy by providing competitive remuneration and benefits.
- Manage risks in rewarding desired behaviours and balance of short and long-term focus.
- Support Ingham's high-performance culture driven by desired leadership behaviours.
- Develop an ownership mindset.

Directors' report (continued)

Remuneration report - audited (continued)

4 Overview of executive remuneration (continued)

B. Our executive remuneration principles, policies and structures (continued)

- Be simple, clear and easily understood.

Ingham's Executive remuneration consists of TFR, short-term incentives (with a deferral to rights component) and long-term incentives in the form of performance rights.

Non-Executive Directors do not have a variable performance related component to their remuneration, hence none of their remuneration is at risk.

Diagram: Ingham's remuneration strategy and framework

Directors' report (continued)

Remuneration report - audited (continued)

4 Overview of executive remuneration (continued)

B. Our executive remuneration principles, policies and structures (continued)

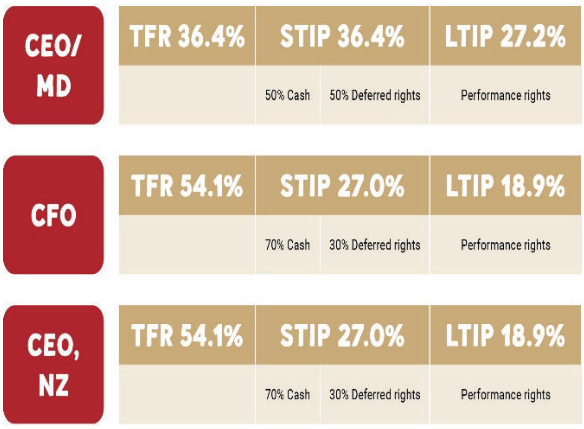
FY22 SHORT-TERM INCENTIVE PLAN

FY22 – FY24 LONG- TERM INCENTIVE PLAN

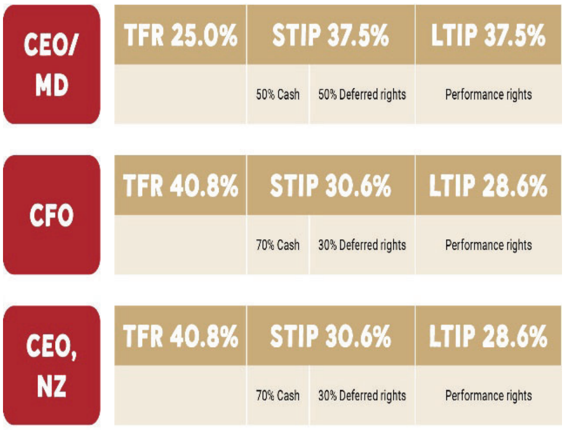
Diagram: Fixed to variable remuneration mix

The graphs below set out the remuneration mix for the CEO/MD and Executives at Ingham's in FY22, illustrating the fixed and variable proportions of remuneration at target and maximum levels.

KMP REMUNERATION MIX AT TARGET



KMP REMUNERATION MIX AT MAXIMUM



Directors’ report (continued)

Remuneration report - audited (continued)

5 Executive remuneration framework and outcomes

Total Fixed remuneration (TFR)

TFR is comprised of base salary, salary sacrificed items and employer superannuation contributions, in line with statutory obligations.

TFR is reviewed annually taking into consideration:

- performance and experience in role
- organisational level
- role and responsibilities
- impact on the business
- commercial outputs
- market benchmarking
- recognition of desired behaviours, and
- risk management.

In FY22, there was a thorough benchmarking process undertaken to assess KMP remuneration. The Board determined there would be no increases to TFR for the CEO/MD and the CEO, NZ. For the CFO, an increase of 6.6%, effective 1 September 2021, was awarded to better the position against the benchmarking market data.

Incumbent	Position	FY21 TFR	FY22 TFR	% Change from FY21 to FY22
Andrew Reeves	CEO/MD	$1,100,000 (Pro-rata for time in role)	$1,100,000	0%
Jonathan Gray	CEO, NZ	$550,778[1] NZD $583,825	$545,631[2] NZD $583,825	(0.3%)
Gary Mallett	CFO	$610,000	$650,000	6.6%

(1) 2021 remuneration is reported in AUD based on the 12-month average historic foreign exchange rates for FY21 being NZD 1.06 (NZD $583,825)
(2) 2022 remuneration is reported in AUD based on the 12-month average historic foreign exchange rates for FY22 being NZD 1.07 (NZD $583,825) Jonathan Gray’s remuneration from FY21 to FY22 remained unchanged in NZD, with any fluctuations year-on-year subject to currency conversion

Short Term Incentive Plan (STIP)

The STIP provides the Executive KMP and other senior members of the management team a cash or cash/equity incentive where specific outcomes have been achieved in the financial year. STIP payments are calculated as a percentage of total TFR, as per contractual arrangements and conditional on achieving performance objectives against key financial measures (underlying pre AASB 16 EBITDA and Core Poultry Sales Volume Growth), two non-financial measures (People Safety and Food Safety), and the individuals overall performance to the achievement of our group strategic objectives.

Key features of the FY22 STIP

Term	Description
Objective	To reward participants for achieving strategic business objectives in a manner consistent with our purpose, ambition, values and behaviours
Participants	Executive KMP and invited senior management
Performance Period	Financial year ended 25 June 2022

Directors' report (continued)

Remuneration report - audited (continued)

5 Executive remuneration framework and outcomes (continued)

<table>
<tr><td rowspan="4">Opportunity</td><td>Executive KMP</td><td>On Target</td><td>Maximum</td></tr>
<tr><td>CEO/MD</td><td>100% of TFR</td><td>150% of TFR</td></tr>
<tr><td>CEO/MD NZ</td><td>50% of TFR</td><td>75% of TFR</td></tr>
<tr><td>CFO</td><td>50% of TFR</td><td>75% of TFR</td></tr>
<tr><td>Gate</td><td colspan="3">For any STIP payment to be made, the financial threshold level of performance (underlying EBITDA pre AASB 16) must be met.</td></tr>
<tr><td>Modifiers</td><td colspan="3">In the event of a significant people safety or food safety incident within management's control, (e.g. death, major injury, major loss of plant, consumer recall, etc.) the STIP payout on the safety metrics may be reduced to nil for all participants (20% of total balanced scorecard payout reduced to nil).

Board retains discretion to make further adjustments to STIP payout based on individual accountability.

To ensure any payout remains fully funded, the STIP pool modifier allows STIP payouts to be adjusted to remain within the available pool.</td></tr>
<tr><td>Financial Measures (80% of balanced scorecard)</td><td colspan="3">Ingham's financial performance is measured by the Group's underlying EBITDA (pre AASB 16) and Core Poultry Sales Volume growth.

Underlying pre AASB 16 EBITDA has been assessed as the most suitable measure of financial performance for the STIP historically due to its expected alignment to the generation of cash earnings for Ingham's and its shareholders. This is supported by the Core Poultry Sales Volume measure.

Our underlying pre AASB 16 EBITDA (60%) performance is measured at four levels:

<table>
<tr><td></td><td>Full Year Target</td><td>% of Target STIP</td></tr>
<tr><td>Below Threshold</td><td><$216.6m</td><td>0%</td></tr>
<tr><td>Threshold</td><td>$216.6m</td><td>30%</td></tr>
<tr><td>Target</td><td>$228.0m</td><td>100%</td></tr>
<tr><td>Maximum</td><td>$250.8m</td><td>120%</td></tr>
</table>

Our Core Poultry Sales Volume growth (20%) performance is measured at three levels.

<table>
<tr><td></td><td>Full Year Target</td><td>% of Target STIP</td></tr>
<tr><td>Below Target</td><td><3.0% increase</td><td>0%</td></tr>
<tr><td>Target</td><td>increase of 3.0%</td><td>100%</td></tr>
<tr><td>Maximum</td><td>increase of 3.5%</td><td>120%</td></tr>
</table>
</td></tr>
<tr><td>Non-Financial Measures (20% of balanced scorecard)</td><td colspan="3">The Board reviews the performance objectives against non-financial measures as these are key contributors to short-, medium- and long-term sustainable value creation for both the Company and shareholders. The non-financial measures ensure the business prioritises community and consumer expectations for ensuring the safety of our employees and our products and to maintain our reputation as a high-quality food producer.

People Safety

The safety of our people across the business, be it Ingham's employees or contractors, is paramount to ensure we are conducting our business in the most ethical community-focused way. A safe and healthy workplace not</td></tr>
</table>

Directors' report (continued)

Remuneration report - audited (continued)

5 Executive remuneration framework and outcomes (continued)

only protects workers from injury and illness, it can also lower injury/illness costs, reduce absenteeism and turnover, increase productivity and quality, and raise employee morale.

Our Group TRIFR (total recordable injury frequency rate being the number of lost time injuries requiring treatment by a medical professional per million hours worked) Year-On-Year (YOY) Reduction (10%) performance is measured at two levels.

	Full Year Target	% of Target STIP
Target	7% reduction or a TRIFR of 5.6	100%
Maximum	13% reduction or a TRIFR of 5.2	120%

Food Safety

Complaint reduction is a cross-organisational responsibility; not just quality and operations. Complaints have been selected as the STIP measure being an indicator of direct impact to business performance including legal, reputational and financial implications, and to ensure that all facets of the business contribute to and are invested in a successful outcome.

Our Customer Complaints YOY Reduction (10%) performance is measured at two levels.

	Full Year Target	% of Target STIP
Target	10% reduction or a CPmKg of 4.49	100%
Maximum	15% reduction or a CPmKg of 4.24	120%

Individual Multiplier

This multiplier serves to link an individual's overall performance to the achievement of our group strategic objectives (Balanced Scorecard) by an executive behaving in line with our purpose, ambition, values and behaviours. Leading the business as a senior executive at Ingham's is about not only an individual's contribution to business performance and leading through the right behaviours. Our Leaders behaviour drives our culture and the right behaviours drive enhanced business performance.

Multiplier	
Rating: Straight-line vesting from threshold performance to significant outperformance	**% Applied to Balance Scorecard Outcome** 0% - 125%

The Individual Multiplier enables an Executive to achieve the maximum opportunity of the award, as without this, the maximum award an executive can receive is 120% of the target. The multiplier acts in a way that can both increase or decrease the total final award. Any Individual Multiplier below 100% of target will decrease the total award, while the inverse is also true. Three examples of how the multiplier works are provided below:

1. 100/120 scorecard outcome is multiplied by a 125/125 Individual Multiplier outcome.
   = final outcome of 83% of maximum.
2. 100/120 scorecard outcome is multiplied by a 75/125 Individual Multiplier outcome.
   = final outcome of 50% of maximum.
3. 40/120 scorecard outcome is multiplied by a 75/125 Individual Multiplier outcome
   = final outcome of 20% of maximum.

In the first two circumstances, the scorecard outcome remains the same, however, the Individual Multiplier determines the final quantum of the STIP award.

Directors’ report (continued)

Remuneration report - audited (continued)

5 Executive remuneration framework and outcomes (continued)

	Any final STIP award is subject to the performance gates, the balanced scorecard outcome and modifiers before taking these calculations into consideration.
Deferral	50% of CEO/MD and 30% of other KMP payouts will be deferred into rights for 12 months subject to a 12-month service condition. The deferred component supports increased share ownership and is a risk management lever to facilitate Malus policy application during the deferral period. An amount of 25% of any vested equity award will need to be held for any relevant KMP until the minimum shareholding requirement is met. Minimum shareholder requirements are details on page 47.
Payment Method	CEO/MD = 50% is paid as cash and the other 50% is awarded as Inghams Group Limited rights. Other KMP = 70% is paid as cash and the other 30% is awarded as Inghams Group Limited rights. Rights are deferred for a period of 12 months from the STIP payment date, 15 September 2022. Following the deferral period, the rights convert into Inghams Group Limited ordinary shares. Deferred rights are grants which are not subject to any further performance conditions except continuous employment. The rights will vest on 15 September 2023 and the fair value on the deferred rights is calculated as the market price of Ingham’s shares traded on the ASX on grant date of the deferred rights. The rights carry no voting or dividend rights. Shares once allocated carry the same voting and dividend rights as all other Inghams Group Limited ordinary shares.
Quantum of Rights	The final number of Rights awarded to each participant is calculated by dividing the face value of the deferred portion of their STIP award by the volume weighted average price (VWAP) of Ingham’s shares traded on the ASX in the 10 days after 19 August 2022. (i.e. the announcement of Ingham’s FY22 annual results.)
Discretion	At all times, the Board may exercise discretion on STIP payments. Discretion will only be applied in a manner that aligns the experience of both the Company and shareholders. Any discretion applied will be disclosed and explained in the Remuneration Report.
Cessation of employment	The following are circumstances where the Rights will be lapsed or forfeited, unless the Board determines otherwise: • where employment ends before the completion of the deferral period, or • where a notice of resignation is given before the completion of the deferral period, even where employment will end after the completion of the deferral period, or • if while during employment it is found that an employee has engaged in any misconduct, or serious breach of policy, or conduct that brings Ingham’s into disrepute, including where such conduct is discovered post the ending of employment and prior to the date the shares are awarded, or • any other circumstance which in the Board’s judgement warrants the Rights to be lapsed or forfeited. Where an Executive’s exit is related to any other reason (e.g. retrenchment, retirement or death), the Executive remains eligible on a pro-rata basis where applicable (unless the Board determines otherwise) to be considered for a STIP award with regard to actual performance against performance measures (as determined by the Board in the ordinary course following the end of the performance period).

Directors' report (continued)

Remuneration report - audited (continued)

5 Executive remuneration framework and outcomes (continued)

STIP outcomes for FY22

In determining the Executive remuneration outcomes this year and how these outcomes will be delivered, the Board has considered the needs and expectations of various stakeholders, the business performance and the efforts undertaken by management to continue to trade through a year of extraordinary challenge. The Board has not exercised discretion on the STIP outcomes for FY22.

FY22 Balanced Scorecard Outcome

<table>
<tr><th>Type of performance measure and weighting at target</th><th colspan="2">KMP Performance measure</th><th>Targets</th><th>FY22 Actual Performance</th><th>Scorecard Outcome</th></tr>
<tr><td rowspan="2">Group Financial
80% of balanced scorecard</td><td colspan="2">Group underlying EBITDA (pre AASB 16)
(60%)</td><td>Threshold = $216.6m
Target = $228.0m
Maximum = $250.8m</td><td>Group underlying EBITDA (pre AASB 16) = $135.2m</td><td>0% outcome against the target and maximum STIP performance levels</td></tr>
<tr><td colspan="2">Core Poultry Sales Volume Growth
(20%)</td><td>Target = increase of 3.0%
Maximum = increase of 3.5%</td><td>Core Poultry Sales Volume Growth of 4.2% was achieved
(140% of target)</td><td>Maximum outcome achieved for Core Poultry Sales Volume Growth, however Gate not achieved resulting in 0% outcome</td></tr>
<tr><td rowspan="2">Non-Financial Strategic Goals include
20% of balanced scorecard</td><td rowspan="2">Safety</td><td>People Safety (TRIFR)
(10%)</td><td>Target = TRIFR of 5.6
Maximum = TRIFR of 5.2</td><td>TRIFR of 5.1</td><td>Maximum outcome achieved for People Safety, however Gate not achieved resulting in 0% outcome</td></tr>
<tr><td>Food Safety (Customer Complaints)
(10%)</td><td>Target = CPmKg of 4.49
Maximum = CPmKg of 4.2</td><td>Customer complaints or a CPmKg of 4.07</td><td>Maximum outcome achieved for Food Safety, however Gate not achieved resulting in 0% outcome</td></tr>
</table>

Overall FY22 STIP Outcome Calculation

For the KMP detailed below, the Board assessed that the results for both individual performance and behaviours for Andrew Reeves and Gary Mallett resulted in a 100% out of a maximum of 125% outcome for the Individual Multiplier. Jonathan Gray resigned during the performance year, as a result was not assessed for performance and behaviours, and is no longer eligible for incentives.

Executive KMP	Scorecard Outcome (% of the maximum score)	Individual Multiplier (% of the maximum score)	Overall Individual STIP Outcome (applied against maximum STIP)	Overall Individual STIP Outcome as a % of TFR
Jonathan Gray	0/120 = **0%**	n/a	**0%**	**0% of TFR** awarded out of a **maximum of 75% of TFR**
Gary Mallett	0/120 = **0%**	100/125 = **80%**	0% multiplied by 80% = **0%**	**0% of TFR** awarded out of a **maximum of 75% of TFR**

Directors' report (continued)

Remuneration report - audited (continued)

5 Executive remuneration framework and outcomes (continued)

Andrew Reeves	0/120 = **0%**	100/125 = **80%**	0% multiplied by 80% = **0%**	**0% of TFR** awarded out of a **maximum of 150% of TFR**

FY22 STIP Awarded

Executive KMP	STIP target - $	STIP maximum - $	Total STIP awarded - $	STIP Cash awarded - $	STIP Rights awarded - $[1]	Forfeit against STIP maximum - $	Forfeited % against STIP maximum
Jonathan Gray	271,479	407,219	–	–	–	407,219	100.00%
Gary Mallett	325,000	487,500	–	–	–	487,500	100.00%
Andrew Reeves	1,100,000	1,650,000	–	–	–	1,650,000	100.00%

1. The estimated number of rights is calculated by dividing the face value of their award by the volume weighted average price (VWAP) of Ingham's shares traded on the ASX in the 10 days after grant date.

Long Term Incentive Plans

FY22-FY24 LTIP Offer

The FY22-FY24 LTIP was approved at the 2021 AGM. The below table outlines the key terms of the Offer:

<table>
<tr><td>Eligibility to participate in LTIP Offer</td><td>Offers may be made at the Board's discretion to employees of the Inghams Group or any other person the Board determines to be eligible to receive a grant under the Plan.
The FY22-FY24 LTIP Offer has been made to the following current KMP:
– Andrew Reeves (CEO/MD), (150% of TFR at Maximum)
– Jonathan Gray (CEO, NZ), (70% of TFR at Maximum)
– Gary Mallett (CFO), (70% of TFR at Maximum)</td></tr>
<tr><td>Offers under the Plan</td><td>The LTIP Offer is a grant of performance rights.</td></tr>
<tr><td>Grant of Rights</td><td>A Right entitles the participant to acquire a share for nil consideration at the end of the performance period, subject to meeting specific performance conditions. The Board retains the discretion to make a cash payment to participants on vesting of the Rights in lieu of an allocation of shares.</td></tr>
<tr><td>Quantum of Rights</td><td>The aggregate face value at maximum of the LTIP Offer to all participants (Executive KMP and Senior Management) is $6.7 million.
The final number of Rights awarded to each participant was calculated by dividing the face value of their LTIP award by $4.0408, being the volume weighted average price (VWAP) of Ingham's shares traded on the ASX in the 10 days after 20 August 2021. (i.e. the announcement of Ingham's FY21 annual results).</td></tr>
<tr><td>Performance Period</td><td>3 years, commencing on 27 June 2021 and ending on or about 1 July 2024.</td></tr>
<tr><td>Performance conditions</td><td>Relative TSR (50% of Award)
For this component, the Company's relative TSR will be compared to a comparator group comprising the ASX Small Ordinaries and vest according to the following schedule:
<table>
<tr><th>Company's relative TSR rank in the comparator group over performance period</th><th>% of Rights that Vest</th></tr>
<tr><td>Less than 50th percentile</td><td>Nil</td></tr>
<tr><td>At 50th percentile (threshold)</td><td>50%</td></tr>
</table></td></tr>
</table>

Directors’ report (continued)

Remuneration report - audited (continued)

5 Executive remuneration framework and outcomes (continued)

<table>
<tr><td></td><td>
<table>
<tr><td>Between 50th and 75th percentile</td><td>Straight line pro rata Vesting between 50% and 100%</td></tr>
<tr><td>At 75th percentile or above</td><td>100%</td></tr>
</table>
Return on invested capital (50% of award)
For this component, the Company’s Underlying Return on Invested Capital pre AASB 16 (“ROIC”) will be calculated as the equivalent of net operating profit after tax divided by average invested capital. The Company’s ROIC for each of the three years forming the performance period will be averaged to provide an overall outcome, with ROIC performance targets set out below (rather than retrospectively), following shareholder feedback.
The Board reserves discretion to make adjustments to ROIC in exceptional circumstances, such as to take account of corporate actions undertaken by the Company.
The level of vesting of this component will be determined according to the following schedule:
<table>
<tr><th>Company’s ROIC Outcome</th><th>% of Rights that Vest</th></tr>
<tr><td>Less than 20.8% p.a.</td><td>Nil</td></tr>
<tr><td>At 20.8% p.a.</td><td>50%</td></tr>
<tr><td>Between 20.8% p.a. and 24.1% p.a.</td><td>Straight line pro rata Vesting between 50% and 100%</td></tr>
<tr><td>At 24.1% p.a. or more</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>Voting and dividend entitlements</td><td>Performance rights granted under the LTIP do not carry dividend or voting rights prior to vesting. Shares allocated upon vesting of performance rights carry the same dividend and voting rights as other Ingham’s shares.</td></tr>
<tr><td>Re-testing</td><td>Performance will not be re-tested if the performance conditions are not satisfied at the end of the performance period. Any Rights that remain unvested at the end of the performance period will lapse immediately.</td></tr>
<tr><td>Restrictions on dealing</td><td>The Executive KMP must not sell, transfer, encumber, hedge or otherwise deal with performance rights. The Executive KMP will be free to deal with the shares allocated on vesting of the performance rights, subject to the requirements of Ingham’s Securities Dealing Policy at that time.</td></tr>
<tr><td>Change of control</td><td> Under the Plan rules and the terms of the LTIP awards, the Board may determine in its absolute discretion that some or all of the Executive KMP performance rights will vest on a likely change of control.
In the event of an actual change in the control of the company then, unless the Board determines otherwise, all unvested performance rights will immediately vest or cease to be subject to restrictions (as applicable) on a pro rata basis based on the portion of the vesting period that has elapsed. </td></tr>
<tr><td>Clawback</td><td> Under the Plan rules and the terms of the LTIP awards, the Board has claw back powers which it may exercise if, among other things:

the Executive KMP has acted fraudulently or dishonestly;
has engaged in gross misconduct, brought Ingham’s, the Inghams Group or any Ingham’s group company into disrepute or breached their obligations to the Inghams Group;
</td></tr>
</table>

Directors' report (continued)

Remuneration report - audited (continued)

5 Executive remuneration framework and outcomes (continued)

	• Ingham's is required by or entitled under law or Ingham's policy to reclaim remuneration from the Executive KMP; • there is a material misstatement or omission in the accounts of an Inghams Group company; or • the Executive KMP entitlements vest or may vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the performance rights would not have otherwise vested.
Cessation of employment	If the participant ceases employment for cause or due to their resignation, unless the Board determines otherwise, any unvested Rights will automatically lapse. The Board has the discretion to designate a "good leaver", whereby Rights will not automatically lapse. In all other circumstances, the Rights will be pro-rated (based on the proportion of the performance period that has elapsed) and remain on foot and subject to the original performance conditions, unless the Board exercises a discretion to treat them otherwise.
Fair Value	The fair value of the LTIP offer at grant date was determined using an adjusted form of Black Scholes model for the TSR component. The ROIC component is valued using a discounted cashflow technique. The weighted average grant date fair value of rights granted in the year was $2.58. The model inputs for performance rights granted during the year ended included: a) Exercise price $Nil (2021: $Nil, 2020: $Nil) b) Share price at grant date $3.60 (2021: $3.71, 2020: $3.39) c) Expected price volatility 33% (2021: 33%, 2020: 24-28%) d) Expected dividend yield 4.6% (2021: 4.3%, 2020: 4.8%) e) Risk-free interest rate 0.81% (2021: 0.014%, 2020: 0.23%)

Directors' report (continued)

Remuneration report - audited (continued)

5 Executive remuneration framework and outcomes (continued)

LTIP Outcomes during FY22

Performance against LTIP measures

LTIP vesting outcomes

The FY20-FY22 LTIP scheme vested on 25 June 2022. The EPS performance was below threshold and resulted in all EPS-based rights lapsing. The TSR performance was at the 20th Percentile, which resulted in 0.0% of the TSR-based rights vesting.

The total amount that vested is 0.0% of total rights granted.

The details of the outcomes against the relative TSR hurdles is set out below.

Relative TSR Hurdle:

Company's TSR rank in the relevant comparator group	% of rights that vest
Less than 50th percentile	Nil
At 50th percentile	50%
Between 50th and 75th percentile	Straight line pro-rata vesting between 50% and 100%
At 75th percentile	100%
Outcome:	
TSR percentile rank at the 20th percentile	0.0% vesting

The following outcome applies:

Executive KMP	LTIP Rights Granted	LTIP Rights Vested	LTIP Rights Forfeited
Andrew Reeves (1)	-	-	-
Jonathan Gray (2)	118,927	-	118,927
Gary Mallett	133,579	-	133,579

(1) Andrew Reeves joined as CEO/MD on 29 March 2021 therefore was not granted FY20-FY22 LTIP
(2) Jonathan Gray resigned and his last day was 1 July 2022 forfeiting his LTIP awards

6 Other Key Information

Executive Employment Agreements

Key terms of the Executive Service Agreements for the CEO/MD and other Executive KMP members are presented in the table below:

Executive KMP	Position	Contract duration	Notice Period	Termination payments applicable
Andrew Reeves	CEO/MD	Unlimited	12 months	Up to 12 months fully paid
Jonathan Gray	CEO, NZ	Unlimited	6 months	Up to 6 months fully paid
Gary Mallett	CFO	Unlimited	6 months	Up to 6 months fully paid

Loans to Key Management Personnel – Legacy item

Jonathan Gray received an interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement. This interest free non-recourse loan has been fully repaid and the ordinary shares have been transferred to the holder as at 25 June 2022.

There are no other loans to KMP.

Directors' report (continued)

Remuneration report - audited (continued)

7 Overview of non-executive director remuneration

The details of fees paid to Non-Executive Directors in FY22 are outlined in section 8 of this Remuneration Report. Non-Executive Directors' fees were fixed, and they did not receive any performance-based remuneration.

The table below outlines the fee structure for Non-Executive Directors in FY22 (inclusive of superannuation as applicable). There were no changes to the fees in FY22. The annual aggregate fee pool for Non-Executive Directors is capped at $2.0M. Board and committee fees inclusive of statutory superannuation contributions are included in this aggregate fee pool.

Board fees		**FY22**
Chair		$350,000 (no additional committee fees)
Non-Executive Director		$140,000
Committee fees		
Finance & Audit	Chair	$20,000
People & Remuneration	Chair	$20,000
Risk & Sustainability	Chair	$20,000
Nomination	Chair	–
Committee Fees	Membership per committee	$10,000

Directors' report (continued)

Remuneration report - audited (continued)

8 Statutory and share-based reporting

A. Director & Executive KMP remuneration for the year ended 25 June 2022

The following tables of Director & Executive KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 200*1 requirements, for the period from 27 June 2021 to 25 June 2022. Share-based payments are calculated as deferred STIP and LTIP awards.

		Short-term benefits				Long-term/ post-employment benefits		Share-based payments			
	Year	Salary and fees $000	STIP bonus $000	Monetary and Benefits[1] $000	Deferred Cash $000	Superan-nuation $000	Long service leave $000	Performance Rights $000	Deferred benefits[4 6] $000	Total remun-eration $000	Performance related $000
Non-Executive Directors[2]											
Peter Bush	2022	326	–	–	–	24	–	–	–	350	–
	2021	328	–	–	–	22	–	–	–	350	–
Rob Gordon	2022	136	–	–	–	14	–	–	–	150	–
	2021	137	–	–	–	13	–	–	–	150	–
Michael Ihlein	2022	180	–	–	–	–	–	–	–	180	–
	2021	171	–	–	–	–	–	–	–	171	–
Timothy Longstaff	2022	61	–	–	–	6	–	–	–	67	–
	2021	–	–	–	–	–	–	–	–	–	–
Robyn Stubbs	2022	67	–	–	–	–	–	–	–	67	–
	2021	–	–	–	–	–	–	–	–	–	–
Jackie McArthur	2022	155	–	–	–	15	–	–	–	170	–
	2021	162	–	–	–	15	–	–	–	177	–
Helen Nash	2022	145	–	–	–	15	–	–	–	160	–
	2021	161	–	–	–	7	–	–	–	168	–
Linda Bardo Nicholls, AO	2022	155	–	–	–	15	–	–	–	170	–
	2021	155	–	–	–	15	–	–	–	170	–
Sub-total Non-Executive	**2022**	**1,225**	**–**	**–**	**–**	**89**	**–**	**–**	**–**	**1,314**	**–**
Directors' Remuneration	**2021**	**1,114**	**–**	**–**	**–**	**72**	**–**	**–**	**–**	**1,186**	**–**
CEO/MD											
Andrew Reeves	2022	1,076	–	22	–	24	17	348	44	1,531	392
	2021	422[3]	88	–	–	17[5]	4	–	44	575	132
Sub-total Directors'	**2022**	**1,076**	**–**	**22**	**–**	**24**	**17**	**348**	**44**	**1,531**	**392**
Actual Remuneration	**2021**	422	88	–	–	17	4	–	44	575	132
KMP Senior Executives											
Gary Mallett	2022	620	–	–	–	24	11	18	35	708	53
	2021	588	162	–	–	22	9	312	54	1,147	528
Jonathan Gray[6]	2022	511	–	–	–	38	(1)	(305)[7]	7[7]	250	(298)
	2021	512	132	271	–	38	6	120	84	1,163	336
Total Executives	**2022**	**1,131**	**–**	**–**	**–**	**62**	**10**	**(287)**	**42**	**958**	**(245)**
Remuneration	**2021**	**1,100**	**294**	**271**	**–**	**60**	**15**	**432**	**138**	**2,310**	**864**
Total Directors' and Executive	**2022**	**3,432**	**–**	**22**	**–**	**175**	**27**	**61**	**86**	**3,803**	**147**
Officers' Remuneration	**2021**	**2,636**	**382**	**271**	**–**	**149**	**19**	**432**	**182**	**4,071**	**996**

(1) Monetary benefits represents a company provided motor vehicle for the CEO/MD valued at $22,000. In FY22 a payment of NZD $281,000 made for Jonathan Gray moving to New Zealand urgently at the Company's request that includes selling costs and loss in value upon the sale of his Australian home

(2) Andrew Reeves, Jackie McArthur and Helen Nash received remuneration for special Board projects in FY21. This work ceased in March 2021 for Andrew upon appointment to the role of CEO/MD, and in mid-April 2021 for the other directors

(3) Andrew Reeves' FY21 salary and fees include $121,000 in Board fees for the period he served as a non-executive director

(4) Deferred benefits include deferred equity incentives and the FY19 Management Recognition Incentive (see note 6)

(5) Andrew Reeves' FY21 Superannuation includes $12,000 for the period he served as a non-executive director

(6) Jonathan Gray was awarded 24,474 restricted shares with a value of $104,000 as part of the FY19 Management Recognition Incentive plan. This was based on a VWAP of $4.247. The VWAP was calculated on the relevant date Jonathan commenced in his role. The shares were sourced on-market and are being held in escrow until 15 December 2022

(7) Jonathan Gray finalised his employment with the Company on 1 July 2022. The reversal of performance right and deferred benefits relates to all outstanding awards which had lapsed upon his resignation with the Company

Directors' report (continued)

Remuneration report - audited (continued)

8 Statutory and share-based reporting (continued)

B. Rights awarded, vested and lapsed during the year

The table below discloses the number of rights granted, vested or lapsed during the year. Rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

		No. of rights awarded during the year	Award date	Fair value per right at grant date ($)	Vesting date	Value of rights granted during the year ($000)	No. rights vested during the year	No. rights lapsed/ forfeited during the year
Jonathan Gray	FY19-FY21 LTIP	–	5 Nov 2018[1]	3.06	30 Jun 2021	–	15,510	–
	FY19-FY21 LTIP	–	6 Dec 2018[1,2]	3.06	30 Jun 2021	–	1,527	–
	FY20-FY22 LTIP	–	17 Apr 2020[1]	3.20	25 Jun 2022	–	–	(118,927)
	FY20 STIP	–	15 Sep 2020[3]	3.33	1 Jul 2021	–	15,275	–
	FY21-FY23 LTIP	–	10 Jun 2021[4]	2.69	1 Jul 2023	–	–	(114,260)
	FY21 STIP	14,376	15 Sep 2021[3]	4.04	15 Sep 2022	58	–	(14,376)
	FY22-FY24 LTIP	97,248	5 Nov 2021[4]	2.58	1 Jul 2024	251	–	(97,248)
Andrew Reeves	FY21 STIP	21,763	15 Sep 2021[3]	4.04	15 Sep 2022	88	–	–
	FY22-FY24 LTIP	408,335	5 Nov 2021[4]	2.58	1 Jul 2024	1,054	–	–
Gary Mallett	FY20 STIP	–	15 Sep 2020[3]	3.33	1 Jul 2021	–	13,384	–
	FY20-FY22 LTIP	–	17 Apr 2020[1]	3.20	25 Jun 2022	–	–	(133,579)
	FY21 STIP	17,183	15 Sep 2021[3]	4.04	15 Sep 2022	69	–	–
	FY22-FY24 LTIP	112,601	5 Nov 2021[4]	2.58	1 Jul 2024	291	–	–

(1) The fair value of the LTIP offer at grant date was determined using an adjusted form of the Black Scholes Model. Fair value on performance rights is a weighted average of rights values under the EPS and TSR portion of the awards

(2) These rights relate to the top up grants to Executive KMP as a result of the capital return carried out. These were approved at the EGM on 6 December 2018, and vest progressively the end of FY19 to the end of FY21 in line with the underlying grants that were topped up

(3) Deferred rights were granted on 15 September 2021 (FY20 STIP: 15 September 2020) subsequent to the calculation of the volume weighted average price of Ingham's shares traded on the ASX, 10 days after 20 August 2021 (FY20 STIP: 21 August 2020). The fair value of the deferred rights is calculated as the market price of Ingham's shares traded on the ASX on grant date of the deferred rights

(4) The fair value of the LTIP offer at grant date was determined using an adjusted form of the Black Scholes Model. Fair value on performance rights is a weighted average of rights values under the ROIC and TSR portion of the awards

C. Performance rights holdings of Directors and KMP

	Balance 26 June 2021	Granted as remuneration	Rights vested	Rights lapsed/ forfeited	Balance 25 June 2022
Andrew Reeves	–	430,098	–	–	430,098
Jonathan Gray	465,499	111,624	(232,312)[1]	(344,811)	–
Gary Mallett	275,331	129,784	(13,384)	(133,579)	258,152
Total	**740,830**	**671,506**	**(245,696)**	**(478,390)**	**688,250**

(1) Jonathan Gray received an interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement. This interest free non-recourse loan has been fully repaid in FY22 and 200,000 ordinary shares have been transferred to the holder as at 25 June 2022

D. Minimum Shareholding Requirements

The minimum shareholding requirement of Non-Executive Directors is a minimum shareholding of 100% of their Board fees and for the CEO/MD a minimum of 100% of TFR and other KMP 50% of TFR. The minimum shareholding will need to be achieved after 5 years. To assist with achieving the minimum shareholding requirement an amount of 25% of any vested equity award will need to be held for any relevant KMP until the minimum shareholding requirement is met.

Directors’ report (continued)

Remuneration report - audited (continued)

8 Statutory and share-based reporting (continued)

E. Shareholdings of Directors and KMP

	Balance 26 June 2021	Granted as remuneration	On exercise of rights/options	Net change other	Balance 25 June 2022
Non-Executive Directors					
Peter Bush	208,730	–	–	–	208,730
Rob Gordon	15,772	–	–	10,000	25,772
Michael Ihlein	45,455	–	–	–	45,455
Timothy Longstaff	–	–	–	29,850	29,850
Jackie McArthur	24,950	–	–	1,873	26,823
Helen Nash	29,370	–	–	24,889	54,259
Linda Bardo Nicholls, AO	42,048	–	–	5,821	47,869
Robyn Stubbs	-	–	–	23,000	23,000
CEO					
Andrew Reeves	12,800	–	–	10,000	22,800
Senior Executives					
Gary Mallett	–	13,384	–	–	13,384
Jonathan Gray	166,325	–	–	182,318[1]	348,643
Total	**545,450**	**13,384**	**–**	**287,751**	**846,585**

(1) Jonathan Gray received an interest free non-recourse loan to purchase shares in Ingham’s under a legacy arrangement. This interest free non-recourse loan has been fully repaid in FY22 and 200,000 ordinary shares have been transferred to the holder as at 25 June 2022

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

Peter Bush
Chair

Michael Ihlein
Non-Executive Director

Sydney
19 August 2022

Corporate Governance Statement

This statement summarises the Corporate Governance framework, policies and practices of Inghams Group Limited (ACN 162 709 506) ('Ingham's' or 'the Company') for the financial year ended on 25 June 2022 ('reporting period') in accordance with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). Ingham's Board has approved this Corporate Governance Statement.

Ingham's Board and Committee Charters and the key Corporate Governance policies referred to in this statement are available in the Investor Centre (Corporate Governance tab) of the Company website: https://investors.inghams.com.au/Investor-Centre/Governance.html?page=corporate-governance

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Responsibilities

The Board is responsible for the overall governance of Ingham's, including overseeing and appraising the Company's strategies, policies, performance, and reporting to shareholders. In accordance with the Board Charter, the Board sets, reviews and monitors compliance with the Company's values, strategies, policies and performance, and ensures that shareholders are kept informed of the Group's performance and any major developments affecting its state of affairs.

The Company's purpose and values form the basis of Ingham's culture and are disclosed on the Company website. The Board Charter sets out the Board's role, powers and duties and establishes the functions reserved for the Board and those delegated to management. The Charter is available on the Company website: https://investors.inghams.com.au/Investor-Centre/Governance.html?page=corporate-governance

The Board's responsibilities as set out in the Board Charter include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of the Chief Executive Officer and Managing Director (CEO/MD)
- contributing to and approving management's development of corporate strategy, setting performance objectives and approving operating budgets
- reviewing, ratifying and monitoring systems of risk management and internal control, and ethical and legal compliance
- monitoring corporate performance and implementation of strategy and policy
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting, and
- developing and reviewing corporate governance principles and policies.

The Board delegates authority to the CEO/MD for the day-to-day operations of the Company, its subsidiaries and their respective operations. The Company Secretary is accountable to the Board through the Chair for the proper functioning of the Board.

Board Reviews and Appointments

The Board regularly reviews the performance and effectiveness of the Board, its committees and individual directors. This is done to ensure individual directors, Board committees, and the Board as a whole work effectively in meeting their responsibilities.

The Company has written agreements in place with its directors setting out the terms of their appointment. Before the appointment of a new director, the Company arranges for appropriate checks to be undertaken relevant to a decision on whether to elect a director. Material information relevant to each director's qualifications and experience is disclosed to securityholders through a number of channels, including via the Notice of Meeting, and the directors' resumés and other information in this report.

During the reporting period, Mrs Robyn Stubbs and Mr Timothy Longstaff were appointed as Non-Executive Directors, effective 20 January 2022, as announced to the Australian Securities Exchange (ASX). Mrs Stubbs was also appointed to the People & Remuneration Committee and Mr Longstaff was appointed to the Risk & Sustainability Committee and to the Finance & Audit Committee during the reporting period.

Inclusion and Diversity

The Company has an Inclusion and Diversity Policy, which includes a requirement that the Board sets measurable objectives for diversity, including gender diversity. The Company's current targets for gender diversity are that women should comprise at least 30 per cent (in aggregate) of the Board and senior leaders within Ingham's management. The measurable objective with respect to the Board meets the recommendations applying to Ingham's as an S&P/ASX 300 company under the 4th edition of the ASX Recommendations.

Corporate Governance Statement (continued)

During the reporting period, women comprised four of the nine directors on the Board (44 per cent). Women generally comprise up to 28 per cent of senior leaders at Ingham's and 41 per cent of our people across Australia and New Zealand. As a 'relevant employer' under the Workplace Gender Equality Act 2012, the Company submitted its annual filing to the Workplace Gender Equality Agency (WGEA) by 11 August 2022 for the 12-month period ending 31 March 2022, which will disclose its current Gender Equality Indicators. When published, the report can be accessed in accordance with the 4th edition of the ASX Recommendations at: https://data.wgea.gov.au/organisations/464.

The Company continues to be committed to be a workplace that encourages inclusion and diversity.

Executive responsibilities and reviews

Each member of the Executive Leadership Team, including the CEO/MD, has a written service agreement that clearly sets out their role and responsibilities. The goals and objectives of the Executive Leadership Team are aligned with Ingham's strategic objectives. The performance of each member of Ingham's Executive Leadership Team is evaluated during the reporting period. The performance of the CEO/MD is reviewed by the Board and the Chair.

The Company undertakes appropriate background checks on Executive Leaders before appointment. Details of the experience of the Executive Leadership Team are set out in this report.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

The Board currently comprises eight independent Non-Executive Directors and one Executive Director (being the CEO/MD). The Chair of the Board, Peter Bush, is an independent Non-Executive Director.

The Board seeks directors with an appropriate range of skills, knowledge, experience, independence and diversity to deal with current and emerging business issues. The table below summarises the key skills of the existing directors and forms the basis of the skills matrix against which existing Non-Executive Directors are assessed, to ensure that the skills and experience of the Board reflect the various areas relevant to Ingham's core capabilities and strategic objectives.

Details of the experience, qualifications and length of service of current directors are set out on pages 4 to 6 of this report.

Independence of directors

The Board only considers a director to be independent where they are free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, their capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of Ingham's and its shareholders generally. The Company's Board Charter sets out guidelines for the purpose of determining independence of directors in accordance with the ASX Recommendations and has adopted a definition of independence based on the ASX Recommendations. The Board will consider the materiality of any given interest, position, association or relationship on a case-by-case basis and reviews each director's independence in light of interests disclosed to the Board from time to time. During the reporting period, the Board considered that each of Peter Bush (Chair), Robert Gordon, Michael Ihlein, Timothy Longstaff, Jackie McArthur, Helen Nash1, Linda Bardo Nicholls AO and Robyn Stubbs were free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their respective judgment as directors, and were able to fulfil the role of an independent director for the purposes of the 4th edition of the ASX Recommendations.

Nomination Committee and Board education and succession

The Board's Nomination Committee during the reporting period was comprised of four Non-Executive Directors, Peter Bush (Chair), Jackie McArthur, Helen Nash and Linda Bardo Nicholls AO, all of whom are independent directors. Jackie McArthur was appointed as a member of the Committee on 19 August 2021. The roles, responsibilities, composition and structure of the Nomination Committee are set out in the Nomination Committee Charter available on the Company website.

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[1] Helen Nash is also a Director of Metcash Limited, which is a customer of the Company and therefore a factor relevant to assessing independence. The Board has considered this relationship, and because the Company's dealings with Metcash are not material to Ingham's sales volume, revenue or overall results, the Board is of the opinion that this role does not compromise the independence of Helen Nash.

The Nomination Committee assists the Board with the selection and appointment of directors. The Committee met on a number of occasions during the reporting period, including with other directors, including to consider the appointment of Robyn Stubbs and Timothy Longstaff and to consider the Chair transition (with Peter Bush and Helen Nash recusing themselves from decisions in

Corporate Governance Statement (continued)

which they had a personal interest). The number of times the Nomination Committee met throughout the reporting period and individual attendance is set out elsewhere in this report.

The Board has a program for inducting new directors and considers ongoing professional development for directors to maintain the skills and knowledge needed to perform their roles effectively.

The Board will continue to review its composition with a view to enhancing its base of skills and experience, and to develop succession plans to maintain an appropriate balance of skills, knowledge, experience, independence and diversity on the Board.

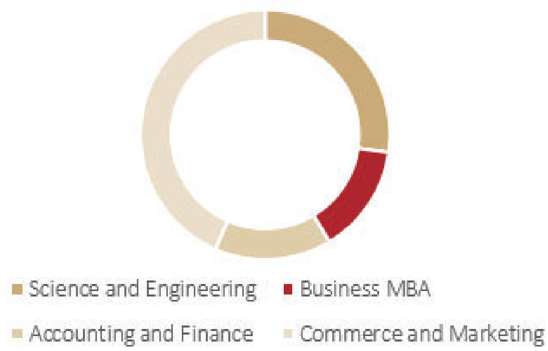
Skills and experience

- Specialist
- Experienced
- Developing

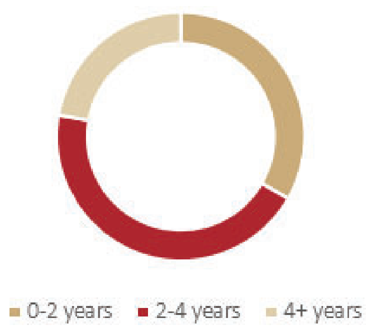
ASX listed company experience
Senior executive listed company experience
Financial and accounting
Risk management
Agribusiness
Executive/Board experience with major supermarkets
Quickservice restaurant
Fast-moving consumer goods
Government relations
Experience in Australia and New Zealand
Strategic planning
Marketing and brand management
Manufacturing operations
Innovation and new technology

Gender diversity

Tertiary qualifications



Tenure



Corporate Governance Statement (continued)

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

The Company is committed to act with honesty, integrity and ethically in all its dealings. It has adopted a Code of Conduct that underpins the Company's commitments, ethical standards and policies. It also outlines the standards of conduct expected of Ingham's business and people, taking into account the Company's legal and other obligations to its stakeholders.

The Company has an Anti-Bribery and Anti-Corruption Policy and a Whistleblower Policy. These policies outline the Company's commitment to prevent fraud, bribery and corruption and provides a mechanism for individuals to report concerns regarding potentially improper practices or behaviours. The Board is advised of all material breaches of those policies and the Code of Conduct.

Copies of these policies are available on the Company website: https://investors.inghams.com.au/Investor-Centre/Governance.html?page=corporate-governance

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Finance & Audit Committee

The Finance & Audit Committee (FAC) assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to:

- the integrity of the Company's financial reporting
- the Company's financial controls and systems, and
- the Company's relationship with each of the external auditor and internal auditor, and the external and internal audit functions generally.

The FAC Charter sets out the roles, responsibilities, composition and structure of the Committee.

At the end of the reporting period, the FAC was comprised of four Non-Executive Directors, all of whom are independent, being Michael Ihlein (Chair), Linda Bardo Nicholls AO, Rob Gordon and Timothy Longstaff. Timothy Longstaff was appointed as a member of the Committee on 16 June 2022. The CEO/MD, the Chief Financial Officer (CFO), the external auditor and the internal auditor must attend Committee meetings if requested. The Committee has unrestricted access to management and the auditors, and the right to seek explanations and additional information. The Committee meets with the external auditor and the internal auditor without management present. The number of times the FAC met throughout the reporting period and individual attendance is set out elsewhere in this report.

CEO & Managing Director and Chief Financial Officer certifications

In accordance with section 295A of the Corporations Act, the CEO/MD and the CFO have provided assurances to the Board for each of the half year and full year results, that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External Audit

Ingham's external auditor is KPMG. The Company will ensure the auditor attends the Company's Annual General Meeting (AGM) and is available to answer questions from shareholders relevant to the audit and the preparation and content of the auditor's report.

Internal Audit

The Internal Audit department provides independent and objective assurance on the adequacy and effectiveness of the Group's systems for risk management, internal control and governance. Internal Audit also offers recommendations to improve the efficiency and effectiveness of Ingham's internal control systems and processes. The Internal Auditor reports to the Board through the FAC on Ingham's compliance against its governance framework and policies, and has direct access to the Chair of the FAC. The Internal auditor oversees the implementation of Ingham's risk framework across the organisation, and generally provides the FAC with reports and information relevant to assisting the Committee with discharging its responsibilities.

Verification

Ingham's is committed to providing shareholders and external stakeholders with timely and transparent corporate reporting. For any periodic report that is not audited or reviewed by an external auditor, including disclosures in this report on operations, sustainability, risk and corporate governance, the Company has implemented internal verification processes to validate the statements made and supporting the data used. During the reporting period, ASX announcements (other than administrative

Corporate Governance Statement (continued)

announcements) were reviewed and approved before publication by the Ingham's Board and/or the Company's Disclosure Committee comprising the CEO/MD, CFO and General Counsel and Company Secretary.

Ingham's process to verify the integrity of corporate reports is based on the nature of the relevant report, its subject matter and where it will be published. Generally, the following processes and principles are applied for preparation and verification of its corporate reporting:

- relevant subject matter experts provide corporate reports with oversight by relevant Executive Leadership Team members
- all reports are required to be accurate and not misleading, and to comply with applicable legislation or regulation, and
- relevant reports must be authorised for release by any appropriate approver required under Ingham's policy.

The Annual Report for the reporting period, which includes Ingham's Financial Statements, the Operating and Financial Review, the Remuneration Report, Sustainability Report and Corporate Governance Statement, were prepared by the relevant subject matter experts and reviewed and verified by relevant Ingham's executives and senior leaders prior to Board approval.

For sustainability disclosures, the internal assurance process included reviewing and aggregating external sources for utility data, such as utility provider invoices and transaction reports, and individual site records for water and waste for a small number of sites. Greenhouse gas emissions were calculated on an externally administered web-based platform, which uses the latest emissions factors published by the Australian and New Zealand governments for each region.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Company has a Continuous Disclosure Policy for the purposes of complying with its continuous disclosure obligations. The policy outlines the processes the Company implements to ensure compliance with its continuous disclosure obligations, including the role of the Disclosure Committee. The Company releases any new and substantive investor or analyst presentations prepared by the Company on the ASX Market Announcement Platform ahead of any presentations.

Directors are promptly provided copies of all material announcements after they have been made.

A copy of the Continuous Disclosure Policy is available on the Company website: https://investors.inghams.com.au/Investor-Centre/Governance.html?page=corporate-governance

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Communication with shareholders

Ingham's investor relations program aims to promote effective two-way communication between the Company and both investors and market analysts. This ensures they are kept informed of all major developments affecting the Company's state of affairs. In addition, Ingham's values the opportunity to hear investors' and analysts' views and concerns and, where appropriate, distils and communicates those views to the Board.

Shareholder communications include half yearly and annual reports, market announcements and media releases. All are available in the Investor Centre of the Company website, together with corporate governance information and background information on the Group. Shareholders have the option to receive communications from and send communications to Ingham's and its security registry electronically to ensure information is received in a timely manner.

The Company provides the full text of all notices of meetings and explanatory material on its website. The Company also encourages shareholders to provide email addresses so that notices of meetings and explanatory material can be sent to shareholders electronically. A notice setting out the rights of shareholders to request that documents be sent to them in a manner required by section 110K of the Corporations Act is available on the Company's website https://investors.inghams.com.au/Investor-Centre/AGM.html?page=annual-general-meetings

The Company encourages the participation of shareholders at its AGM each year. All substantive resolutions at meetings of shareholders of the Company are decided by poll.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Risk & Sustainability Committee

Ingham's Risk & Sustainability Committee (RSC) is responsible for overseeing both the Company's risk management system and its sustainability strategy.

The RSC Charter sets out the responsibilities of the Committee in relation to risk.

Corporate Governance Statement (continued)

During the reporting period the RSC was comprised of four Non-Executive Directors, all of whom are independent, being Jackie McArthur (Chair), Michael Ihlein, Timothy Longstaff and Linda Bardo Nicholls AO. Timothy Longstaff was appointed as a member of the Committee on 20 January 2022.

The number of times the RSC met throughout the reporting period and individual attendance is set out elsewhere in this report.

Evaluate and manage risk

The Board and the Risk & Sustainability Committee monitor and evaluate risks through a variety of existing systems, programs and policies. The Finance & Audit Committee monitors and evaluates financial risks, while the People and Remuneration Committee monitors and evaluates people risks. The Board and/or Risk & Sustainability Committee also reviews the following areas:

- the Company's risk management and compliance framework
- health, safety, quality and environmental risks
- all other material and emerging risks including but not limited to risks associated with cyber security, brand and reputation, climate change and regulatory matters (but excluding financial and people risks, which are the responsibility of the Finance & Audit Committee and People & Remuneration Committee respectively)
- strategic risks facing the Company
- the annual insurance program
- structure and adequacy of business continuity plans, and
- the Company's sustainability strategy and its implementation plans.

The Company's management is responsible for managing strategic, financial and operational risk, and implementing risk mitigation measures, within parameters overseen by the Board and its Committees. Management incorporates risk management into strategic planning and decision-making to understand and prioritise the management of material business risks. The RSC reviews key risks within the Company's risk management framework to ensure Ingham's strategy is executed in a responsible, ethical and sustainable way.

Ingham's Sustainability Strategy is available on the Company website and addresses the areas considered key for sustainable performance, including animal welfare, climate change, water stewardship, sustainable agriculture, environmental compliance, people and safety, and procurement.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

People & Remuneration Committee

Ingham's People & Remuneration Committee (PRC) assist and advise the Board on remuneration policies and practices for the Board and Executive Leadership Team, including equity-based remuneration.

During the reporting period, the PRC was comprised of five Non-Executive Directors, all of whom are independent, including the Chair. The directors currently serving on the PRC are Helen Nash (Chair), Michael Ihlein, Jackie McArthur, Linda Bardo Nicholls AO and Robyn Stubbs. Robyn Stubbs was appointed as a member of the Committee on 20 January 2022.

The roles, responsibilities, composition and structure of the PRC are set out in the PRC Charter.

The number of times the PRC met throughout the reporting period and individual attendance is set out elsewhere in this report.

Director and executive remuneration

The Remuneration Report on pages 26 to 48 of this report details Ingham's policies and practices for remunerating directors and executives. The Company distinguishes the remuneration of Executive Directors and Executive Leaders from Non-Executive Directors by offering Executive Leaders a mix of fixed and at-risk remuneration through the Company's short-term and long-term incentive plans. These plans are designed to enable Ingham's to realise its strategic objectives by rewarding sustainable performance and behaviour that is aligned to our purpose and values.

Non-Executive Director's remuneration is fixed and includes superannuation. It does not include any retirement benefits.

Securities trading policy

Ingham's Securities Dealing Policy includes terms which provide that the Directors, the CEO/MD and other Company executives (each being 'Designated Persons' under the Policy) are prohibited from entering into transactions or arrangements with anyone who could have the effect of limiting their exposure to risk relating to an element of their remuneration that has not vested or is held subject to escrow restrictions.

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 audit of Inghams Group Limited for the financial year ended 25 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Julie Cleary
Partner

Sydney

19 August 2022

Financial Statements
Consolidated income statement
For the year ended 25 June 2022

	Notes	52 weeks ended 25 June 2022 $000	52 weeks ended 26 June 2021 $000
Revenue	3	2,713,100	2,668,800
Other income/(loss)	4(a)	400	(100)
Expenses			
Cost of sales		(2,307,600)	(2,182,000)
Distribution		(175,700)	(164,100)
Administration and selling		(130,800)	(144,400)
Operating profit		**99,400**	**178,200**
Finance income and costs			
Finance income		500	400
Finance costs		(65,600)	(66,000)
Net finance costs	4(c)	**(65,100)**	**(65,600)**
Share of net profit of associate	24	400	400
Profit before income tax		**34,700**	**113,000**
Income tax benefit/(expense)	5(a)	400	(29,700)
Profit for the year attributable to: Owners of Inghams Group Limited		**35,100**	**83,300**
Basic EPS (cents per share)	27	9.45	22.43
Diluted EPS (cents per share)	27	9.41	22.35

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

Financial Statements

Consolidated statement of comprehensive income

For the year ended 25 June 2022

	Notes	52 weeks ended 25 June 2022 $000	52 weeks ended 26 June 2021 $000
Profit for the year		**35,100**	**83,300**
Other comprehensive income			
Items that have been reclassified to profit or loss			
Changes in the fair value of cash flow hedges		2,300	4,600
Tax on changes in fair value of cash flow hedges		(700)	(1,300)
Total items that have subsequently been reclassified to profit or loss		**1,600**	**3,300**
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	19(a)	(2,800)	(500)
Changes in the fair value of cash flow hedges	19(a)	12,800	2,200
Tax on changes in fair value of cash flow hedges	19(a)	(3,800)	(700)
Total items that may subsequently be reclassified to profit or loss		**6,200**	**1,000**
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings		12,500	(2,200)
Tax on revaluation of land and buildings		(2,700)	700
Total items that will not be reclassified to profit or loss		**9,800**	**(1,500)**
Total comprehensive income for the year, attributable to:			
Owners of Inghams Group Limited		**52,700**	**86,100**

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 June 2022

	Notes	25 June 2022 $000	26 June 2021 $000
ASSETS			
Current assets			
Cash and cash equivalents	6	131,600	158,100
Trade and other receivables	7	221,700	222,700
Biological assets	8	135,600	121,800
Inventories	9	238,700	196,100
Derivative financial instruments	16	5,600	–
Assets classified as held for sale	10	–	3,700
Current tax receivable		1,400	–
Total current assets		**734,600**	**702,400**
Non-current assets			
Property, plant and equipment	11	477,300	457,900
Investments accounted for using the equity method	24	2,300	2,100
Right-of-use assets	12	1,319,400	1,374,900
Derivative financial instruments	16	5,400	–
Deferred tax asset	5(c)	3,900	7,700
Total non-current assets		**1,808,300**	**1,842,600**
Total assets		**2,542,900**	**2,545,000**
LIABILITIES			
Current liabilities			
Trade and other payables	13	452,600	396,600
Current tax liability		–	27,800
Provisions	15	97,000	92,900
Derivative financial instruments	16	–	1,500
Lease liabilities		186,700	184,200
Total current liabilities		**736,300**	**703,000**
Non-current liabilities			
Trade and other payables	13	2,900	4,000
Borrowings	14	398,900	398,300
Provisions	15	29,700	26,200
Derivative financial instruments	16	–	1,800
Lease liabilities		1,216,900	1,248,100
Total non-current liabilities		**1,648,400**	**1,678,400**
Total liabilities		**2,384,700**	**2,381,400**
Net assets		**158,200**	**163,600**
Equity			
Contributed equity	17(a)	108,800	108,100
Reserves	19(a)	46,100	30,800
Retained earnings		3,300	24,700
Total equity		**158,200**	**163,600**

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 year ended 25 June 2022

		Attributable to owners of Inghams Group Limited				
	Notes	Contributed Equity $000	Retained Earnings /(Accumulated losses) $000	Asset revaluation reserve $000	Other reserves $000	Total Equity $000
Balance at 27 June 2020		**109,200**	**(5,800)**	**10,500**	**15,200**	**129,100**
Profit for the year		–	83,300	–	–	83,300
Other comprehensive income	19(a)	–	–	(1,500)	4,300	2,800
Total comprehensive income		**–**	**83,300**	**(1,500)**	**4,300**	**86,100**
Transactions with owners of the Company						
Dividends provided for or paid	18	–	(52,800)	–	–	(52,800)
Share based payment expense	19(a)	–	–	–	2,900	2,900
Settlement of share plan		(1,700)	–	–	–	(1,700)
Transfer of shares for settlement of share plan		600	–	–	(600)	–
		(1,100)	(52,800)	–	2,300	(51,600)
Balance at 26 June 2021		**108,100**	**24,700**	**9,000**	**21,800**	**163,600**
Balance at 27 June 2021		**108,100**	**24,700**	**9,000**	**21,800**	**163,600**
Profit for the year		–	35,100	–	–	35,100
Other comprehensive income	19(a)	–	–	9,800	7,800	17,600
Total comprehensive income		**–**	**35,100**	**9,800**	**7,800**	**52,700**
Transfer of reserves		**–**	**1,100**	**(1,100)**	**–**	**–**
Transactions with owners of the Company						
Dividends provided for or paid	18	–	(57,600)	–	–	(57,600)
Settlement of share plan		(500)	–	–	–	(500)
Transfer of shares for settlement of share plan		1,200	–	–	(1,200)	–
		700	(57,600)	–	(1,200)	(58,100)
Balance at 25 June 2022		**108,800**	**3,300**	**17,700**	**28,400**	**158,200**

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 year ended 25 June 2022

	Notes	52 weeks ended 25 June 2022 $000	52 weeks ended 26 June 2021 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,712,900	2,662,200
Payments to suppliers and employees (inclusive of GST)		(2,339,900)	(2,211,800)
		373,000	**450,400**
Interest received		500	400
Income taxes paid		(31,900)	(10,900)
Net cash provided by operating activities	21	**341,600**	**439,900**
Cash flows from investing activities			
Capital expenditure		(61,900)	(66,300)
Proceeds from sale of assets held for sale		3,800	10,700
Dividends received from investments		200	200
Net cash used in investing activities		**(57,900)**	**(55,400)**
Cash flows from financing activities			
Settlement of share plan		(500)	(1,700)
Repayment of borrowings		–	(50,000)
Dividends paid		(57,600)	(52,800)
Lease payments - principal		(187,700)	(192,300)
Lease payments - interest		(51,700)	(50,800)
Interest and finance charges paid		(12,300)	(12,900)
Net cash used in financing activities		**(309,800)**	**(360,500)**
Net increase/(decrease) in cash and cash equivalents		**(26,100)**	**24,000**
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)	(100)
Cash and cash equivalents at end of year	6	**131,600**	**158,100**

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

Notes to the consolidated financial statements

1 Corporate information

The financial statements of Inghams Group Limited and its subsidiaries (collectively, the Group) for the 52 weeks ended 25 June 2022 (comparative period was 52 weeks ended 26 June 2021) were authorised for issue in accordance with a resolution of the directors on 19 August 2022. Inghams Group Limited (the Company) is a for-profit company limited by shares incorporated in Australia.

The registered office and principal place of business of Inghams Group Limited is:

Level 4
1 Julius Avenue
North Ryde
NSW 2113 Australia

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.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) 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 and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

These financial statements are prepared on a going concern basis despite the group being in a current net liability position of $1.7M. The Group continues to have positive profit after tax, positive net assets, positive operating cashflow, significant cash on hand and undrawn committed debt facilities. In addition, the bank facility debt is non-current, bank covenants have been met and there has not been a requirement for additional capital raisings to support liquidity.

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Financial assets and liabilities (including derivative instruments) and certain classes of property, plant and equipment - measured at fair value.
- Assets held for sale - measured at the lower of cost (including revaluation adjustments where applicable), or fair value less cost of disposal.

(ii) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 below.

- Fair value determination of freehold land and buildings - note 11;
- The determination of workers compensation provision - note 15;
- Fair value of options granted under the long term incentive scheme, as determined at grant date - note 20;
- Carrying value of assets - note 11 & 12; and
- Inventory obsolescence provision - note 9.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to these financial statements.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) 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; and
- 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 consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Group and its subsidiaries and the results of all subsidiaries for the year ended 25 June 2022.

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(ii) Joint Ventures

The Group's interests in equity-accounted investees comprise interests in a joint venture. Interests in the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income of equity-accounted investees, until the date on which significant influence or joint control ceases.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates (‘the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Inghams Group Limited's functional and presentation currency.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at period end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in consolidated income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of foreign operations of the Group (none of which have the currency of a hyperinflationary economy), that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for the statement of financial position are translated at the closing rate at balance date,
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates, and
- All resulting exchange differences are recognised in other comprehensive income.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods

A sale is recorded when goods have been dispatched to a customer pursuant to a sales order and control of the goods has passed to the carrier or customer.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(e) Income tax

(i) Income tax treatment

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

(ii) Tax consolidation legislation

Inghams Group Limited, the ultimate Australian controlling entity, and its subsidiaries, have implemented the tax consolidation legislation.

Inghams Group Limited and its subsidiaries in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Inghams Group Limited, the ultimate Australian controlling entity, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated Group.

Assets or liabilities arising under tax funding arrangements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Under the tax funding arrangement the members of the tax consolidated Group compensate Inghams Group Limited for any current tax payable assumed, and are compensated by Inghams Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Inghams Group Limited.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(f) Impairment of assets

Assets are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term and highly liquid investments with maturities of three months or less from inception date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally collected within 30 days of invoice date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is calculated using an expected credit losses provision matrix. The provision matrix is based on the Group's historical observed default rates, adjusted for forward looking estimates. The historical observed default rates are updated to reflect current and forecast credit conditions on each reporting date. Provisions for specific receivables are recognised in addition to the general provision originating from the expected credit losses matrix.

The amount of the provision is recognised in the consolidated income statement within selling expenses.

(i) Biological assets

Biological assets are recognised at cost less accumulated depreciation. The fair value of biological assets cannot be reliably measured, as quoted market prices are not available and it is difficult to estimate the fair value based on the eventual sales price. Depreciation of breeder chickens occurs on an egg-laying basis with the depreciation representing a portion of the egg cost and subsequently the day-old broiler cost in the capitalised cost of broilers.

Biological assets are reclassified as inventory once processed.

(j) Inventories

Poultry, feed and other classes of inventories are stated at the lower of cost and net realisable value. Cost comprises all overheads except selling, distribution, general administration and interest. Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the costs necessary to make the sale.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI) - debt investment;
- Fair value through other comprehensive income (FVOCI) - equity investment;
- Fair value through profit or loss (FVTPL).

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This category generally applies to all derivative financial assets. For more information on derivative financial instruments, refer to note 16.

Loans and receivables

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- Its contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

This category generally applies to trade and other receivables. For more information on receivables, refer to note 7.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the Group has transferred substantially all the risks and rewards of the asset; or

  (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as measured at amortised cost, FVTPL or as derivatives designated as hedging instruments in an effective hedge, as appropriate. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such as initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(l) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 16. Movements in the hedging reserve in shareholders' equity are shown in note 19(a). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the comprehensive income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps and hedging fixed rate borrowings is recognised in the comprehensive income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the comprehensive income statement within other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the consolidated income statement over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the comprehensive income statement within other income or other expense.

Amounts accumulated in equity are reclassified to the comprehensive income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are reclassified from equity and

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(l) Derivatives and hedging activities (continued)

included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

The Group may also enter into derivative contracts in order to hedge the translation of results of its New Zealand business. As this result is an uncertain amount at the date the derivative is entered into, it is not eligible for designation as a hedging instrument under Australian Accounting Standards, and as such any applicable contracts are measured at fair value through profit or loss, with gains or losses being recognised in profit or loss in the period incurred.

(m) Property, plant and equipment

Freehold land and buildings are shown at fair value based on formal periodic valuations (with sufficient regularity to ensure materially accurate valuations reflected) by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Freehold land and buildings and leasehold buildings	3 - 50 years
Plant and equipment	1 - 20 years
Leased plant and equipment	5 - 15 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(n) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(i) Lease Liability

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(n) Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

(ii) Right-of-use asset

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

(iii) Depreciation expense

Depreciation is calculated on a straight-lined basis on the right-of-use asset over the term of each lease. In line with Group's policy of classifying expenses by function, depreciation is included within the elements of Operating Profit as appropriate.

(iv) Extension and termination options

Land and building lease agreements are typically entered for fixed periods of 5 to 20 years, with some leases for periods of 30 years. Extension and termination options are included in a number of these leases across the Group.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Management's assessment is that lease options cannot be reasonably certain and are therefore excluded in the calculation of the lease liability.

Contract Growers have a set expiry date after which the lease continues indefinitely until either party gives 12 months' notice to terminate. As Ingham's continues to review the company's strategic objectives, Chicken Contract Growers will move to more performance-based agreements in the future. Turkey Contract Growers have had fixed term agreements renewed for another 2 years, after which a move to a more performance-based agreement will be revisited.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

(v) Practical expedients applied

The Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment where the total individual lease payments are less than A$10,000.

(vi) Leases exempt from recognition under AASB 16 Leases

All short term leases (less than 12 months), low value or performance based leases are not recognised under *AASB 16 Leases*. These leases continue to be recognised in the Profit & Loss as an operating lease expense.

(o) Assets classified as held for sale

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. Assets are not depreciated or amortised while they are classified as held for sale.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(p) Investments

Investments in subsidiaries and joint venture entities are accounted for at cost. Dividends received from subsidiaries and joint venture entities are recognised in the parent entity's profit, rather than being deducted from the carrying amount of these investments.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

(s) Provisions

Provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Workers compensation provisions are determined by actuarial assessment every financial period. The provision represents the expected liability of the entity in relation to each state's self-insurance licence.

(t) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is presented as provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

(t) Employee benefits (continued)

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to executives and select key management under Long Term Incentive Plans.

The fair value of shares granted under Long Term Incentive Plans are recognised as an employee benefits expense with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the shares. The total amount to be expensed is determined by reference to the fair value of the shares granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting condition.

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Where such adjustments results in a reversal of previous expenses these are recognised as a credit to profit and loss in the period that it is assessed that certain vesting conditions will not be met.

(iv) Short term incentive scheme

The Group recognises a certain liability and expense for bonuses based on a formula that takes into consideration financial and non financial outcomes of the Group.

(u) Contributed equity

Ordinary shares are classified as equity.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(w) Good and services tax (GST)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

(x) Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest hundred thousand dollars (where rounding is applicable) where noted ($000), or in certain cases, the nearest dollar, under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

(y) Parent entity

The financial information for the parent entity, Inghams Group Limited, has been prepared on the same basis as the consolidated financial statements.

Notes to the consolidated financial statements (continued)

3 Segment information

Description of segments

Ingham'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 CEO 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 CEO and the senior leadership team monitor the operating results of 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 for the services provided by the Australian operation.

One customer generated revenue in excess of 10% of Group revenue (2021: One).

Allocations of assets and liabilities are not separately identified in internal reporting so are not disclosed in this note.

	Australia 2022 $000	New Zealand 2022 $000	Consolidated 2022 $000
Poultry	2,169,400	341,100	2,510,500
Feed	145,300	57,300	202,600
Total revenue from contracts with customers	**2,314,700**	**398,400**	**2,713,100**
Other income/(loss)	200	200	400
Inter segment revenue/(expense)	10,300	(10,300)	–
	2,325,200	**388,300**	**2,713,500**
Adjusted operating expenses*	(2,013,400)	(330,100)	(2,343,500)
Share of net profit of associate	400	–	400
EBITDA	**312,200**	**58,200**	**370,400**
Depreciation and amortisation			(270,600)
EBIT			**99,800**
Net finance costs			(65,100)
Profit before tax			**34,700**

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

	Australia 2022 $000	New Zealand 2022 $000	Consolidated 2022 $000
Total capital expenditure	49,900	11,600	61,500
Total property, plant and equipment	402,000	75,300	477,300
Total impairment losses (trade receivables and inventory)	12,200	2,700	14,900
Reversal of impairment losses (non-current assets)	(3,100)	–	(3,100)

Notes to the consolidated financial statements (continued)

3 Segment information (continued)

	Australia 2021 $000	New Zealand 2021 $000	Consolidated 2021 $000
Poultry	2,134,400	329,700	2,464,100
Feed	140,800	63,900	204,700
Total revenue from contracts with customers	**2,275,200**	**393,600**	**2,668,800**
Other income/(loss)	200	(300)	(100)
Inter segment revenue/(expense)	9,500	(9,500)	–
	2,284,900	**383,800**	**2,668,700**
Adjusted operating expenses*	(1,913,500)	(311,700)	(2,225,200)
Share of net profit of associate	400	–	400
EBITDA	**371,800**	**72,100**	**443,900**
Depreciation and amortisation			(265,300)
EBIT			**178,600**
Net finance costs			(65,600)
Profit before tax			**113,000**

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

	Australia 2021 $000	New Zealand 2021 $000	Consolidated 2021 $000
Total capital expenditure	55,900	12,900	68,800
Total property, plant and equipment	387,200	70,700	457,900
Total impairment losses (trade receivables and inventory)	7,400	(500)	6,900

Notes to the consolidated financial statements (continued)

4 Other income and expenses

(a) Other income and expenses

	2022 $000	2021 $000
Net (loss)/gain on disposal of assets held for sale	–	(500)
Rent and other income	400	400
Other items	**400**	**(100)**

(b) Expenses

	2022 $000	2021 $000
Employee benefits expense		
Employee benefits expense	566,900	561,800
Defined super contributions	44,400	42,400
Share-based payment (benefit)/expense	–	2,900
Employee benefits expense	**611,300**	**607,100**
Impairment losses		
Trade receivables	(200)	400
Inventories	15,100	6,500
Reversal of impairment losses (non-current assets)	(3,100)	–
Impairment losses	**11,800**	**6,900**

Impairment losses on trade receivables, includes amounts written off and amounts provided for, both are recognised within administration and selling expenses. Impairment losses on inventories includes the amounts written off and amounts provided for, both are recognised within cost of sales. Impairment losses on property, plant and equipment includes previously recognised impairments reversed in the current period.

(c) Finance income and costs

	2022 $000	2021 $000
Lease financing interest expense	51,700	50,800
Interest and borrowing costs	13,300	14,600
Amortisation of borrowing costs	600	600
Interest income	(500)	(400)
Finance income and costs	**65,100**	**65,600**

Notes to the consolidated financial statements (continued)

5 Income tax expense

(a) Income tax expense/(benefit)

	2022 $000	2021 $000
Current tax	13,500	45,500
Deferred tax	(3,400)	(13,700)
Adjustments for current tax of prior periods	(10,500)	(2,100)
Income tax expense/(benefit)	**(400)**	**29,700**

As at 26 June 2021, included within the Group's current tax provision and adjustments for prior tax periods in note 5(a), is management's estimation of potential amounts to finalise an uncertain tax matter under IFRIC 23. The uncertain tax treatment relates to the interpretation of how applicable tax legislation and recent interpretations apply to the Group's past arrangements. The tax matter was resolved during FY22 with a settlement reached with the tax office on 10 Febraury 2022. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Also included is a R&D tax credit for $8.5M and a writeback of the uncertain tax matter provision for $2.2M relating to prior tax periods.

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

Profit from continuing operations before income tax expense	34,700	113,000
Tax at the Australian tax rate of 30% (2021 - 30%)	10,400	33,900
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	–	(700)
Prior period R&D tax offset	(8,500)	(700)
Prior period tax settlement	(2,200)	–
Revaluation of inventory tax base in associate	(100)	(100)
	(400)	**32,400**
Difference in overseas tax rates	(200)	(600)
Adjustments for current tax of prior periods	200	(2,100)
Income tax expense/(benefit)	**(400)**	**29,700**

(c) Deferred taxes

The movements in deferred tax balances for the Group are shown in the tables below:

	Opening balance $000	Charged to income $000	Charged to equity $000	Closing balance $000
2022				
Doubtful debts	600	–	–	600
Employee benefits	25,300	1,100	–	26,400
Inventories	(41,400)	1,000	–	(40,400)
Other accruals	6,200	(3,800)	–	2,400
Property, plant and equipment	(5,900)	(3,100)	(2,700)	(11,700)
AASB 16 - Leases	20,300	7,600	–	27,900
Provisions	1,600	300	–	1,900
Cash flow hedges	1,000	300	(4,500)	(3,200)
Net deferred tax (liabilities)/assets	**7,700**	**3,400**	**(7,200)**	**3,900**

Notes to the consolidated financial statements (continued)

5 Income tax expense (continued)

	Opening balance $000	Charged to income $000	Charged to equity $000	Closing balance $000
2021				
Doubtful debts	700	(100)	–	600
Employee benefits	23,100	2,200	–	25,300
Inventories	(42,500)	1,100	–	(41,400)
Other accruals	3,000	3,200	–	6,200
Property, plant and equipment	(5,700)	(200)	–	(5,900)
AASB 16 - Leases	10,000	10,300	–	20,300
Provisions	3,200	(1,600)	–	1,600
Cash flow hedges	2,300	300	(1,600)	1,000
IPO related expenditure	1,500	(1,500)	–	–
Net deferred tax (liabilities)/assets	**(4,400)**	**13,700**	**(1,600)**	**7,700**

6 Cash and cash equivalents

	2022 $000	2021 $000
Cash at bank and on hand	131,300	157,700
Short-term deposits	300	400
Cash and cash equivalents	**131,600**	**158,100**

Short-term deposits are presented as cash equivalents as they have a maturity of less than three months.

Notes to the consolidated financial statements (continued)

7 Trade and other receivables

	2022 $000	2021 $000
Trade receivables	214,100	215,100
Provision for doubtful debts	(1,900)	(2,000)
Net trade receivables	**212,200**	**213,100**
Other receivables	6,300	6,100
Prepayments	3,200	3,500
Trade and other receivables	**221,700**	**222,700**
Movement in the provision for doubtful debts:		
At start of period	(2,000)	(2,300)
Impairment reversal/(expense) recognised during the year	200	(400)
Receivables (written back)/written off during the year as uncollectable	(100)	700
Balance at end of period	**(1,900)**	**(2,000)**

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

The Group has considered the collectability and recoverability of trade receivables. A provision for doubtful debts is calculated using an expected credit losses provision matrix. The provision matrix is based on the Group's historical observed default rates, adjusted for forward looking estimates. The historical observed default rates are updated to reflect current and forecast credit conditions on each reporting date. Provisions for specific receivables are recognised in addition to the general provision originating from the expected credit losses matrix.

The current uncertainties surrounding the COVID-19 environment presents challenges forecasting expected future credit losses. Ingham's continues to execute a variety of different credit management strategies to mitigate credit risk and collect cash.

	2022 $000	2021 $000
Current	203,400	208,900
1 to 30	6,600	3,500
31 to 60	1,100	600
61 to 90	400	100
90+	700	–
Impaired (provision for doubtful debts)	1,900	2,000
Trade receivables	**214,100**	**215,100**

Notes to the consolidated financial statements (continued)

8 Biological assets

	2022 $000	2021 $000
Breeder	41,200	37,500
Broiler	81,100	71,700
Eggs	13,300	12,600
Biological assets	**135,600**	**121,800**

All movements in the value of biological asset classes are due to purchases and consumption in the ordinary course of business.

The Group is exposed to a number of risks relating to its biological assets:

(i) Regulatory and environmental risk

The Group is subject to laws and regulations in the countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

(ii) Climate and other risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections. The Group is also insured against natural disasters.

9 Inventories

	2022 $000	2021 $000
Processed Poultry	103,100	116,200
Feed	102,300	55,600
Other	42,900	34,900
Inventories (gross)	**248,300**	**206,700**
Inventory obsolescence provision	(9,600)	(10,600)
Inventories	**238,700**	**196,100**

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 medication, packaging and consumables.

10 Assets classified as held for sale

	2022 $000	2021 $000
Assets classified as held for sale	–	3,700

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

Notes to the consolidated financial statements (continued)

11 Property, plant and equipment

	Freehold land[1] $000	Freehold buildings[2] $000	Leasehold buildings $000	Plant and equipment $000	Capital work in progress $000	Total $000
2022						
Cost						
Opening balance	26,000	22,400	14,600	668,800	55,400	787,200
Additions	–	–	500	–	61,000	61,500
Transfers	800	59,200	–	8,600	(68,600)	–
Revaluations	11,900	(800)	–	–	–	11,100
Disposals/Impairment	(200)	–	–	(1,500)	–	(1,700)
Exchange differences	(100)	(500)	–	(1,600)	(300)	(2,500)
Closing balance	**38,400**	**80,300**	**15,100**	**674,300**	**47,500**	**855,600**
Accumulated Depreciation						
Opening balance	–	(2,500)	(5,600)	(321,200)	–	(329,300)
Depreciation charge	–	(2,200)	(1,000)	(52,700)	–	(55,900)
Transfers	–	(3,000)	–	3,000	–	–
Revaluations	–	4,300	–	–	–	4,300
Disposals	–	–	–	1,500	–	1,500
Exchange differences	–	400	–	700	–	1,100
Closing balance	**–**	**(3,000)**	**(6,600)**	**(368,700)**	**–**	**(378,300)**
Net book value	**38,400**	**77,300**	**8,500**	**305,600**	**47,500**	**477,300**
2021						
Cost						
Opening balance	27,300	24,600	12,100	590,100	64,900	719,000
Additions	–	–	2,500	–	66,300	68,800
Transfers	–	–	–	75,800	(75,800)	–
Assets held for sale	(1,300)	(2,200)	–	(300)	–	(3,800)
Disposals/Impairment	–	–	–	(1,400)	–	(1,400)
Exchange differences	–	–	–	4,600	–	4,600
Closing balance	**26,000**	**22,400**	**14,600**	**668,800**	**55,400**	**787,200**
Accumulated Depreciation						
Opening balance	–	(1,800)	(3,200)	(263,700)	–	(268,700)
Depreciation charge	–	(700)	(2,400)	(53,200)	–	(56,300)
Assets held for sale	–	100	–	–	–	100
Disposals	–	–	–	400	–	400
Exchange differences	–	(100)	–	(4,700)	–	(4,800)
Closing balance	**–**	**(2,500)**	**(5,600)**	**(321,200)**	**–**	**(329,300)**
Net book value	**26,000**	**19,900**	**9,000**	**347,600**	**55,400**	**457,900**

(1) Fair valued using level 2 fair value inputs
(2) Fair valued using level 3 fair value inputs

The net change to level 3 fair value inputs relate to the change in value of freehold building of $3.5M and the construction of the hatcheries in FY21 and FY22. There have been no transfers out of level 3 or transfers between level 1 and 2. For the fair value of freehold buildings, reasonable possible changes to the unobservable inputs, primarily 10% change in construction rates, holding other inputs constant would have a $8M change to the fair value of the asset and OCI.

An independent valuation was performed during the year and freehold land and building asset values were adjusted as at 25 June 2022.

Notes to the consolidated financial statements (continued)

12 Right-of-use assets

	Land and Building $000	Contract Growers $000	Equipment and Motor Vehicle $000	Total $000
2022				
Balance at 27 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 year 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 year 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
2021				
Balance at 28 June 2020	814,600	601,600	13,000	1,429,200
Additions	–	9,200	–	9,200
Re-measurements[1]	80,300	39,100	1,800	121,200
Modification[2]	25,000	–	–	25,000
Depreciation	(67,500)	(133,900)	(7,500)	(208,900)
Net foreign currency movement	(400)	(400)	–	(800)
Balance at 26 June 2021	**852,000**	**515,600**	**7,300**	**1,374,900**

(1) Re-measurements during the year 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 year are due to contract renewals, variations in price and extensions of contracts across Australia and New Zealand

	2022 $000	2021 $000
Variable lease payments not included in the measurement of lease liabilities	100,200	96,800
Expenses relating to low value leases	4,400	4,000
Total	**104,600**	**100,800**

The total cashflow payments related to leases in FY22 was $344,000,000 (FY21: $343,900,000).

Notes to the consolidated financial statements (continued)

13 Trade and other payables

	2022			2021		
	Current $000	Non-Current $000	Total $000	Current $000	Non-Current $000	Total $000
Trade payables	287,900	1,000	288,900	256,200	4,000	260,200
Inventory procurement trade payable	141,500	–	141,500	110,000	–	110,000
Other payables	23,200	1,900	25,100	30,400	–	30,400
Trade and other payables	**452,600**	**2,900**	**455,500**	**396,600**	**4,000**	**400,600**

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 June 2022 was $141.5M (26 June 2021: $110.0M).

14 Borrowings

(a) Interest bearing loans

	Carrying amount		Principal amount drawn		Interest rate	Maturity
	2022 $000	2021 $000	2022 $000	2021 $000		
Unsecured liabilities						
Tranche A	199,500	199,200	200,000	200,000	Floating rate [a]	November 2023
Tranche B	199,400	199,100	200,000	200,000	Floating rate [a]	November 2024
Borrowings	**398,900**	**398,300**	**400,000**	**400,000**		

(a) Floating rates are at Bank Bill Swap Rate plus a predetermined margin. The Group has entered into hedging of the floating interest rate, as further described in note 23. The Group has an additional undrawn facility under Tranche C of $138.0M (26 June 2021: $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 either close to current market rates or the borrowings are of a short-term nature. The Group has entered into interest rate swaps in relation to the interest payable.

Notes to the consolidated financial statements (continued)

15 Provisions

	2022			2021		
	Current $000	Non-Current $000	Total $000	Current $000	Non-Current $000	Total $000
Workers compensation	8,600	21,000	29,600	10,300	16,600	26,900
Employee benefits	81,300	6,700	88,000	77,500	6,600	84,100
Make good	1,400	2,000	3,400	1,000	3,000	4,000
Restructuring	3,400	–	3,400	–	–	–
Other provisions	2,300	–	2,300	4,100	–	4,100
Provisions	**97,000**	**29,700**	**126,700**	**92,900**	**26,200**	**119,100**

(a) Employee benefits

NZ Holidays Act

In FY21, Inghams' undertook a review of the application of employee entitlements NZ Holidays Act and are currently working through a remediation process to resolve any underpayments. The Group has assessed and estimated the financial impact and recognised a provision in the financial statements.

Ingham's is committed to ensuring its people are paid in accordance with their employment arrangements and the law and continues to monitor its practices, systems and processes.

(b) Workers compensation

Workers compensation provisions are determined by actuarial assessment by Mr William Szuch Bsc, BA, MBA, FIA, FIAA Principal of WSA Financial Consulting Pty Limited and Mr Bruce Harris, BEng(Hons) FIAA Consultant of AM actuaries, considering the liability for reported claims still outstanding, settled claims that may be reopened in the future, claims incurred but not reported as at balance date and a provision for future expenses, adjustments for claims cost escalation and investment earnings on the claims provision.

(c) Make good provision

The Group is required to restore certain leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove leasehold improvements.

(d) Restructuring provision

Provisions for restructuring are recognised when a detailed formal plan has been approved and either commenced or a valid expectation has been raised to those persons affected. The provision is based on expenditure to be incurred which is directly caused by the restructuring and does not include costs associated with ongoing activities. The adequacy of the provision is reviewed regularly and adjusted if required. Revisions in the estimated amount of a restructuring provision are reported in the period in which the revision in the estimate occurs.

Notes to the consolidated financial statements (continued)

15 Provisions (continued)

(e) Movements

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Workers Compensation $000	Make good $000	Restructuring $000	Other $000	Total $000
Balance at 27 June 2020	24,300	1,000	100	–	25,400
Charged to profit or loss	13,200	3,100	–	4,100	20,400
Amounts used during the period	(10,600)	(100)	(100)	–	(10,800)
Balance at 26 June 2021	**26,900**	**4,000**	**–**	**4,100**	**35,000**
Balance at 27 June 2021	**26,900**	**4,000**	**–**	**4,100**	**35,000**
Charged to profit or loss	13,100	(600)	3,400	2,300	18,200
Amounts used during the period	(10,400)	–	–	(4,100)	(14,500)
Balance at 25 June 2022	**29,600**	**3,400**	**3,400**	**2,300**	**38,700**

16 Derivative financial instruments

The Group has the following derivative financial instruments:

	2022			2021		
	Current $000	Non-Current $000	Total $000	Current $000	Non-Current $000	Total $000
Interest rate swap contracts						
- Cash flow hedges (asset)	3,200	5,400	8,600	–	–	–
- Cash flow hedges (liability)	–	–	–	(2,000)	(1,800)	(3,800)
Forward foreign exchange contracts						
- Cash flow hedges (asset)	2,400	–	2,400	500	–	500
Derivative financial instruments	**5,600**	**5,400**	**11,000**	**(1,500)**	**(1,800)**	**(3,300)**

Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for its cash flow hedges is set out in note 2(l). For hedged forecast transactions that result in the recognition of a non-financial asset, the Group has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

Notes to the consolidated financial statements (continued)

17 Equity

Contributed equity

(a) Share capital

	2022 Shares	2021 Shares	2022 $000	2021 $000
Ordinary shares issued	371,679,601	371,679,601	108,800	108,100

(b) Movements in ordinary shares

	Shares	$000
Balance at 27 June 2020	**371,679,601**	**109,200**
Amounts paid for shares under escrow	–	(1,100)
Balance at 26 June 2021	**371,679,601**	**108,100**
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**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and to share the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(d) Treasury shares

Treasury shares outstanding of 3,707 shares (FY21: 503,361) are shares in Inghams Group Limited that are held in trust by Ingham 2 Pty Limited, a subsidiary, and Pacific Life Custodians Pty Limited for the purpose of issuing shares under the employee share scheme. Information relating to the Ingham's Long Term Incentive Plan, including details of shares issued, exercised and lapsed during the financial period and outstanding at the end of the reporting period, is set out in note 20.

18 Dividends

(a) Ordinary shares

	2022 $000	2021 $000
Dividends paid	57,600	52,800

The directors propose that a final dividend of 0.5 cents per ordinary share be declared on 19 August 2022 and be paid on 5 October 2022. The proposed FY22 final dividend will be fully franked for Australian tax purposes. 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.

(b) Franking credits

	2022 $000	2021 $000
Amount of Australian franking credits available for subsequent periods to the shareholders of Inghams Group Limited	16,600	19,500

The ability to utilise the franking credits is dependent upon the ability to declare dividends in the future included in the above line. Franking credits of $16.4M (2021: $16.4M) are only available to be used under very limited and specific circumstances.

Notes to the consolidated financial statements (continued)

19 Reserves

(a) Other reserves

	2022 $000	2021 $000
Asset revaluation reserve	17,700	9,000
Foreign currency translation reserve	7,700	10,500
Cash flow hedge reserve	9,100	(1,500)
Share-based payments reserve	11,600	12,800
Other reserves	**46,100**	**30,800**
Movements:		
Asset revaluation reserve		
Balance at beginning of financial year	9,000	10,500
Revaluation of land and buildings	12,400	(2,200)
Deferred tax	(2,600)	700
Transfer to retained earnings	(1,100)	–
Balance at end of the financial year	**17,700**	**9,000**
Foreign currency translation reserve		
Balance at beginning of financial year	10,500	11,000
Currency translation differences arising during the year	(2,800)	(500)
Balance at end of the financial year	**7,700**	**10,500**
Cash flow hedge reserve		
Balance at beginning of financial year	(1,500)	(6,300)
Balance reclassified to profit and loss in year	2,300	3,300
Revaluation - gross	12,800	2,200
Deferred tax	(4,500)	(700)
Balance at end of the financial year	**9,100**	**(1,500)**
Share-based payments reserve		
Balance at beginning of financial year	12,800	10,500
Share based payment expense	–	2,900
Settlement of share plan	(1,200)	(600)
Balance at end of the financial year	**11,600**	**12,800**

(b) Nature and purpose of other reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 11. The balance of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law. Upon sale of the asset, the balance relating to that asset is transferred to retained earnings.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 2(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(iii) Cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 2(l). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

(iv) Share-based payments

The share-based payments reserve is used to recognise the grant date fair value of shares issued to employees but not vested.

Notes to the consolidated financial statements (continued)

20 Share-based payments

Ingham's Employees Share Plan

Executive KMP and senior executives are invited annually to participate in a three-year Long-Term Incentive Plan (LTIP), awarded in share rights with these share rights being performance based and only vest if minimum performance hurdles are met. The share rights do not attract voting rights or entitle the holder to receive dividends.

In addition, Executive KMP and certain senior executives have a portion of any actual Short-Term Incentive Plan award deferred into share rights, that are required to be held for a period of 12 months before vesting into shares. No performance conditions exist for these share rights to vest, they are time-based vesting on the completion of the service period.

A KMP of the Group was granted an interest-free loan in September 2018 to subscribe to shares of Inghams Group Limited. This loan is non-recourse other than to the shares held by that employee, and the proceeds of the loan must be used to buy shares. The arrangement was accounted for as share options. These options entitle the holder to receive dividends on ordinary shares of the Company, and these dividends are required to be used to repay the loans attached. Shares under this scheme are held in trust for employees by a subsidiary, Ingham 2 Pty Limited. This interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement has been fully repaid and the ordinary shares have been transferred to the holder as at 25 June 2022. There are no other loans to KMP, and no loan arrangements will be offered in the future. No options were issued during the year or were held by employees at the end of FY22.

Share rights outstanding at the end of the year have the following expiry dates:

		2022		2021	
Grant Date	Expiry Date	Exercise price	Number of rights	Exercise price	Number of rights/options
05 November 2021	1 July 2024	–	1,462,535	–	–
15 September 2021	15 September 2022	–	98,000	–	–
10 June 2021	1 July 2023	–	862,917	–	1,097,339
15 September 2020	1 July 2021	–	–	–	299,654
17 April 2020	25 June 2022	–	–	–	1,448,756
02 April 2020	31 December 2022 (1)	–	14,410	–	14,410
01 September 2020	31 July 2023 (1)	–	15,031	–	15,031
06 December 2018	30 June 2021	–	–	–	34,860
04 December 2018	30 June 2021	–	–	–	506,862
05 November 2018	30 June 2021	–	–	–	354,001
22 December 2015	21 December 2020	–	–	$1.40	200,000
			2,452,893		**3,970,913**

(1) Retention Share Rights awarded on service based vesting only to key senior managers. The number of rights was calculated by dividing the face value of their award by $3.326, being the volume weighted average share price (VWAP) of Ingham's shares traded on the ASX in the 10 days after 21 August 2020

STIP Offer

The STIP provides the Executive KMP and other senior members of the management team a cash or cash/equity incentive where specific outcomes have been achieved in the financial year. STIP payments are calculated as a percentage of total TFR, as per contractual arrangements and conditional on achieving performance objectives against key financial measures (underlying pre AASB 16 EBITDA and Core Poultry Sales Volume Growth) two non-financial measures (People Safety and Food Safety), and the individuals overall performance to the achievement of our group strategic objectives.

There were no STIP restricted shares granted for the FY22 performance year. For the FY21 performance year, STIP restricted shares were measured based on the Board approved fixed dollar outcome for the financial year. The final number of Rights awarded to each participant is calculated by dividing the face value of the deferred portion of their STIP award by the volume weighted average price (VWAP) of Ingham's shares traded on the ASX in the 10 days after the annual results announcement.

Notes to the consolidated financial statements (continued)

20 Share-based payments (continued)

Long Term Incentive Plans

FY22-FY24 LTIP Offer

The FY22-FY24 LTIP was approved at the 2021 AGM, with the below table clearly outlining the key terms of the Offer:

<table>
<tr><th>Term</th><th>Description</th></tr>
<tr><td>Eligibility to participate in LTIP Offer</td><td>Offers may be made at the Board’s discretion to employees of the Inghams Group or any other person the Board determines to be eligible to receive a grant under the Plan.

The FY22-FY24 LTIP Offer has been made to the following current KMP:
– Andrew Reeves (CEO/MD), (150% of TFR at Maximum)
– Jonathan Gray (CEO, NZ), (70% of TFR at Maximum)
– Gary Mallett (CFO), (70% of TFR at Maximum)</td></tr>
<tr><td>Offers under the Plan</td><td>The LTIP Offer is a grant of performance rights.</td></tr>
<tr><td>Grant of Rights</td><td>A Right entitles the participant to acquire a share for nil consideration at the end of the performance period, subject to meeting specific performance conditions. The Board retains the discretion to make a cash payment to participants on vesting of the Rights in lieu of an allocation of shares.</td></tr>
<tr><td>Quantum of Rights</td><td>The aggregate face value at maximum of the LTIP Offer to all participants (Executive KMP and Senior Management) is $6.7 million.

The final number of Rights awarded to each participant was calculated by dividing the face value of their LTIP award by $4.0408, being the volume weighted average price (VWAP) of Ingham’s shares traded on the ASX in the 10 days after 20 August 2021. (i.e. the announcement of Ingham’s FY21 annual results).</td></tr>
<tr><td>Performance Period</td><td>3 years, commencing on 27 June 2021 and ending on or about 1 July 2024.</td></tr>
<tr><td>Performance conditions</td><td>Relative TSR (50% of Award)

For this component, the Company’s relative TSR will be compared to a comparator group comprising the ASX Small Ordinaries and vest according to the following schedule:
<table>
<tr><th>Company’s relative TSR rank in the comparator group over performance period</th><th>% of Rights that Vest</th></tr>
<tr><td>Less than 50th percentile</td><td>Nil</td></tr>
<tr><td>At 50th percentile (threshold)</td><td>50%</td></tr>
<tr><td>Between 50th and 75th percentile</td><td>Straight line pro rata Vesting between 50% and 100%</td></tr>
<tr><td>At 75th percentile or above</td><td>100%</td></tr>
</table>
Return on invested capital (50% of award)

For this component, the Company’s Underlying Return on Invested Capital pre AASB 16 (“ROIC”) will be calculated as the equivalent of net operating profit after tax divided by average invested capital. The Company’s ROIC for each of the three years forming the performance period will be averaged to provide an</td></tr>
</table>

Notes to the consolidated financial statements (continued)

20 Share-based payments (continued)

<table>
<tr><td></td><td>overall outcome, with ROIC performance targets set out below (rather than retrospectively), following shareholder feedback.

The Board reserves discretion to make adjustments to ROIC in exceptional circumstances, such as to take account of corporate actions undertaken by the Company.

The level of vesting of this component will be determined according to the following schedule:

<table><tr><th>Company’s ROIC Outcome</th><th>% of Rights that Vest</th></tr><tr><td>Less than 20.8% p.a.</td><td>Nil</td></tr><tr><td>At 20.8% p.a.</td><td>50%</td></tr><tr><td>Between 20.8% p.a. and 24.1% p.a.</td><td>Straight line pro rata Vesting between 50% and 100%</td></tr><tr><td>At 24.1% p.a. or more</td><td>100%</td></tr></table></td></tr>
<tr><td>Voting and dividend entitlements</td><td>Performance rights granted under the LTIP do not carry dividend or voting rights prior to vesting. Shares allocated upon vesting of performance rights carry the same dividend and voting rights as other Ingham’s shares.</td></tr>
<tr><td>Re-testing</td><td>Performance will not be re-tested if the performance conditions are not satisfied at the end of the performance period. Any Rights that remain unvested at the end of the performance period will lapse immediately.</td></tr>
<tr><td>Restrictions on dealing</td><td>The Executive KMP must not sell, transfer, encumber, hedge or otherwise deal with performance rights. The Executive KMP will be free to deal with the shares allocated on vesting of the performance rights, subject to the requirements of Ingham’s Securities Dealing Policy at that time.</td></tr>
<tr><td>Change of control</td><td>Under the Plan rules and the terms of the LTIP awards, the Board may determine in its absolute discretion that some or all of the Executive KMP’s performance rights will vest on a likely change of control.

In the event of an actual change in the control of the company then, unless the Board determines otherwise, all unvested performance rights will immediately vest or cease to be subject to restrictions (as applicable) on a pro rata basis based on the portion of the vesting period that has elapsed.</td></tr>
<tr><td>Clawback</td><td>Under the Plan rules and the terms of the LTIP awards, the Board has claw back powers which it may exercise if, among other things:
the Executive KMP has acted fraudulently or dishonestly;
has engaged in gross misconduct, brought Ingham’s, the Inghams Group or any Ingham’s group company into disrepute or breached their obligations to the Inghams Group;
Ingham’s is required by or entitled under law or Ingham’s policy to reclaim remuneration from the Executive KMP;
there is a material misstatement or omission in the accounts of an Inghams Group company; or
the Executive KMP’s entitlements vest or may vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the performance rights would not have otherwise vested.</td></tr>
<tr><td>Cessation of employment</td><td>If the participant ceases employment for cause or due to their resignation, unless the Board determines otherwise, any unvested Rights will automatically lapse. The Board has the discretion to designate a "good leaver”, whereby Rights will not automatically lapse.</td></tr>
</table>

Notes to the consolidated financial statements (continued)

20 Share-based payments (continued)

	In all other circumstances, the Rights will be pro-rated (based on the proportion of the performance period that has elapsed) and remain on foot and subject to the original performance conditions, unless the Board exercises a discretion to treat them otherwise.
Fair Value	The fair value of the LTIP offer at grant date was determined using an adjusted form of Black Scholes model for the TSR component. The ROIC component is valued using a discounted cashflow technique. The weighted average grant date fair value of rights granted in the year was $2.58. The model inputs for performance rights granted during the year ended included: a) Exercise price $Nil (2021: $Nil, 2020: $Nil) b) Share price at grant date $3.60 (2021: $3.71, 2020: $3.39) c) Expected price volatility 33% (2021: 33%, 2020: 24-28%) d) Expected dividend yield 4.6% (2021: 4.3%, 2020: 4.8%) e) Risk-free interest rate 0.81% (2021: 0.014%, 2020: 0.23%)

Grant Date	Expiry Date	2022 Number of rights	2021 Number of rights
5 November 2021	1 July 2024	1,462,535	–
10 June 2021	1 July 2023	862,917	1,097,339
17 April 2020	25 June 2022	–	1,448,756
6 December 2018	30 June 2021	–	34,860
4 December 2018	30 June 2021	–	506,862
5 November 2018	30 June 2021	–	354,001

21 Cash flow information

	2022 $000	2021 $000
Reconciliation of profit after income tax		
Profit after tax for the period	35,100	83,300
Depreciation	270,600	265,300
Finance costs	65,600	66,000
Share Based Payment Expense	–	2,900
Share of Profit - Associate	(400)	(400)
Reversal of impairment of assets	(3,100)	–
Net loss or (gain) on sales of assets	–	500
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	1,000	(20,100)
(Increase)/decrease in biological assets	(13,800)	(1,100)
(Increase)/decrease in inventories	(42,600)	20,900
Increase/(decrease) in trade and other payables	54,300	(6,400)
Increase/(decrease) in provision for income taxes payable	(29,200)	31,500
Increase/(decrease) in deferred tax asset/liabilities	(3,300)	(13,800)
Increase/(decrease) in other provisions	7,400	11,300
Net cash provided by operating activities	**341,600**	**439,900**

Notes to the consolidated financial statements (continued)

22 Related party disclosures

Group Structure

(a) Parent entity

The ultimate parent entity of the group is Inghams Group Limited.

(b) Subsidiaries

The consolidated financial statements include the financial statements of Inghams Group Limited and its subsidiaries as follows:

Name of entity	Country of incorporation	Equity Holding 2022 %	Equity Holding 2021 %
Ingham Holdings II Pty Limited [(a), (c)]	Australia	100	100
Ingham Holdings III Pty Limited [(a), (c)]	Australia	100	100
Adams Bidco Pty Limited [(a), (c)]	Australia	100	100
Ingham Enterprises Pty Limited [(a), (c)]	Australia	100	100
Inghams Enterprises Pty Limited [(a), (c)]	Australia	100	100
The Free Ranger (formerly Ingham Finco Pty Limited) [(b)]	Australia	100	100
Ingham 2 Pty Limited [(b)]	Australia	100	100
Agnidla Pty Limited [(b), (c)]	Australia	100	100
Aleko Pty Limited [(b), (c)]	Australia	100	100
Inghams Enterprises (NZ) Pty Limited [(a), (c)]	Australia	100	100
Inghams Property Management Pty Limited [(b), (c)]	Australia	100	100
Ovoid Insurance Limited	Bermuda	100	100
Ovoid Insurance Pty Limited [(b)]	Australia	100	100
Inadam Pty Limited [(b), (c)]	Australia	100	100
Inghams (NZ) No 2 Limited	New Zealand	100	100

(a) These subsidiaries have been granted relief from the necessity to prepare financial reports under the option available to the Company under ASIC Corporations (Wholly Owned Companies) Instrument 2016/785
(b) These subsidiaries are not audited as they are small proprietary companies which are not required to prepare audited financial statements under ASIC Corporations (Audit Relief) Instrument 2016/784
(c) These subsidiaries, along with Inghams Group Limited, form the Deed of Cross Guarantee Group described further from Note 30

(c) Key management personnel compensation

	2022 $000	2021 $000
Short-term employee benefits	3,454	5,208
Post employment benefits	202	419
Share based payments	147	409
Termination payments	–	1,125
Key management personnel compensation	**3,803**	**7,161**

Information regarding individual directors’ and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors’ Report.

No director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors’ interests existing at year end.

(d) Transactions with other related parties

The following transactions occurred with related parties:

Jonathan Gray received an interest free non-recourse loan to purchase shares in Ingham’s under a legacy arrangement. This interest free non-recourse loan has been fully repaid and the ordinary shares have been transferred to the holder as at 25 June 2022.

There are no other loans to KMP and no loan arrangements will be offered in the future.

Notes to the consolidated financial statements (continued)

23 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by a central treasury department. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Treasury provides overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments in accordance with the Group’s facilities agreement and company policies.

The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

Fair value hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value inputs are summarised as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair value inputs are summarised as follows:

	Fair value hierarchy	Note	Valuation technique
Derivatives	Level 2	16	Calculated as the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major interest rates.
Freehold land	Level 2	11	Freehold land based on prices for similar transactions of similar assets that have occurred recently in the market. Prices are adjusted to reflect differing terms of the actual transactions as well as differences in legal, economic and physical characteristics.
Freehold buildings	Level 3	11	Buildings based on the amount required to replace the service capacity of the asset considering the physical deterioration, function or economic obsolescence.

Freehold land and buildings are valued using independent valuers who use recent land and property sales adjusted for characteristics of the asset(s) being valued such as location and use.

Fair value hierarchy is re-assessed annually for any change in circumstance that may suggest a revised level be assigned to a type of balance measured at fair value.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity’s functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has a policy requiring Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts. Additionally, the Group will look to manage the translation exposure to foreign denominated profits through the use of derivatives such as forward contracts.

Notes to the consolidated financial statements (continued)

23 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange sensitivity

The Group has some exposure to exchange rate risk as it purchases some of the supplies in foreign currencies and has a subsidiary with a New Zealand dollar (NZD) functional currency. The exposure to other currencies is collectively immaterial and as such the Group's foreign currency exposure is material in respect of NZD.

	Impact on post tax profits		Impact on other components of equity	
	2022 $000	2021 $000	2022 $000	2021 $000
+100 bp variability in exchange rate	100	100	1,000	1,400
-100 bp variability in exchange rate	(100)	(100)	(1,000)	(1,400)

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates, expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value. Group policy is to maintain at least 50% of its term borrowings at fixed rate using interest rate swaps to achieve this. During the year ended 25 June 2022, the Group's borrowings at variable rate were denominated in Australian Dollars.

The Group's borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in *AASB 7*.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

As at the end of the reporting period, the Group had the following interest rate swap contracts outstanding:

	Notional principal amount		Interest rate	
	2022 $000	2021 $000	2022 $000	2021 $000
Interest rate swap	200,000	200,000	nil-1.1%	0.1-0.2%

The contracts require settlement of net interest receivable or payable every month. The settlement dates align with the dates on which interest is payable on the underlying debt.

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of change in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings.

	Impact on post tax profits		Impact on other components of equity	
	2022 $000	2021 $000	2022 $000	2021 $000
+100 bp variability in interest rate	(2,400)	(2,100)	2,200	3,800
-100 bp variability in interest rate	2,400	2,100	(2,300)	(3,900)

(iv) Commodity Price

The Group's exposure to commodity price risk arises from the requirement to purchase grain commodities to support the operations of the business. To manage the commodity price risk, the Group enters into forward contracts to purchase grain to provide forward coverage on price and volume. This is performed through monitoring market movements in commodity prices. As these are forward contracts for items to be used in the ordinary course of business, no derivative asset or liability is recognised at year end.

Notes to the consolidated financial statements (continued)

23 Financial risk management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, in the money derivative financial instruments, deposits with banks and financial institutions and the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group has a credit policy which provides guidelines for the management of credit risk. The guideline provides for the manner in which the credit risk of customers is assessed and the use of credit ratings and other information in order to set appropriate account limits. Customers that do not meet minimum credit criteria are required to pay up front. Customers who fail to meet their account terms are reviewed for continuing credit worthiness.

The maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable. For some trade receivables the Group may obtain security in the form of credit insurance. Revenues from five key customers accounted for 55% to 65% of revenue for the year ended 25 June 2022 (2021: 55% to 65%) relating to both operating segments.

Individual receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The Group considers receivables to be in default when the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments.

Receivables for which an impairment provision was recognised are written off against the provision when there is no reasonable expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

Notes to the consolidated financial statements (continued)

23 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the Group's undrawn re-drawable term cash advance facility below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2022		2021	
	$000 Drawn	$000 Available	$000 Drawn	$000 Available
Floating rate				
Expiring beyond one year	400,000	138,000	400,000	138,000

The following liquidity risk disclosures reflect all contractually fixed repayments and interest resulting from recognised financial liabilities and derivatives as of 25 June 2022. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

	Carrying value $000	Contractual cash flows $000	Less than 1 year $000	1 year to 5 years $000	More than 5 years $000
2022					
Trade payables	288,900	288,900	287,900	1,000	–
Inventory procurement trade payables	141,500	141,500	141,500	–	–
Other payables	25,100	25,100	23,200	1,900	–
Interest bearing liabilities	398,900	400,000	–	400,000	–
Lease liabilities	1,403,600	1,804,400	235,200	750,100	819,100
	2,258,000	**2,659,900**	**687,800**	**1,153,000**	**819,100**
2021					
Trade payables	260,200	260,200	256,200	4,000	–
Inventory procurement trade payables	110,000	110,000	110,000	–	–
Other payables	30,400	30,400	30,400	–	–
Derivative financial liabilities	3,300	3,300	1,500	1,800	–
Interest bearing liabilities	398,300	400,000	–	400,000	–
Lease liabilities	1,432,300	1,839,500	234,000	756,200	849,300
	2,234,500	**2,643,400**	**632,100**	**1,162,000**	**849,300**

Notes to the consolidated financial statements (continued)

24 Interest in joint arrangements

A subsidiary has a 50% interest in the joint venture entity, AFB International Pty Limited, the principal activity of which is the supply of high quality and performance palatability products under Bioproducts BioFlavor brand name to the pet food industry in Australia, New Zealand and the Pacific Rim. Information relating to the joint venture entity, presented in accordance with the accounting policy described in note 2(b), is set out below.

	Ownership interest		Carrying value of investment	
	2022	2021	2022	2021
	%	%	$000	$000
AFB International Pty Limited				
Pet food manufacture	50	50	2,300	2,100
Movement in investment in joint arrangements:				
Opening balance			2,100	1,900
Add: share of net profit of joint venture			400	400
Less: dividend received from joint venture			(200)	(200)
Closing balance			**2,300**	**2,100**

During the year the Group sold goods and services to AFB International Pty Limited to the value of $6,219,036 (2021: $4,796,329). At balance date the amount owed from AFB International Pty Limited to the Group is $768,001 (2021: $323,459). Outstanding balances are unsecured and on normal commercial terms and conditions.

25 Contingent liabilities

Workers Compensation

State WorkCover authorities also 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 claim for damages was lodged against Inghams. Inghams has disclaimed liability and legal advice indicates that it is not probable that a material liability will arise.

26 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2022 $000	2021 $000
Property, plant and equipment	36,500	12,400

Notes to the consolidated financial statements (continued)

27 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.

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

	2022 $000	2021 $000
Earnings		
Profit attributable to ordinary equity holders for calculating basic and diluted EPS calculations	35,100	83,300

	Number of shares	
Number of ordinary shares	'000	'000
Weighted average number of ordinary shares used in the calculation of basic EPS	371,500	371,400
Dilutive effect of share options	1,500	1,300
Weighted average number of ordinary shares for diluted EPS	**373,000**	**372,700**
Basic EPS (cents per share)	9.45	22.43
Diluted EPS (cents per share)	9.41	22.35

28 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firm.

	2022 $000	2021 $000
Amounts received or due and receivable by KPMG for:		
Audit and review of financial statements	778	807
Other services*	–	35
Other assurance services	8	8
Total amount paid or payable to auditors	**786**	**850**

* Other services in FY21 includes benchmarking data for short term and long term incentive plans for executive remuneration

Notes to the consolidated financial statements (continued)

29 Parent entity financial information

Summary financial information

	2022 $000	2021 $000
Current assets	3,800	–
Non-current assets	462,700	472,200
Total assets	**466,500**	**472,200**
Current liabilities	1,300	25,400
Non-current liabilities	401,400	400,100
Total liabilities	**402,700**	**425,500**
Net assets/(liabilities)	**63,800**	**46,700**
Equity		
Contributed equity	107,200	108,100
Accumulated profit/(losses)		
Accumulated losses	(67,100)	(92,300)
Profit reserve	8,100	25,200
Cash flow hedge reserve	9,100	(1,800)
Share-based payments reserve	6,500	7,500
	63,800	**46,700**
Profit for the year	65,700	78,600
Total comprehensive income	65,700	78,600

The parent entity continues to be a going concern despite the net current liability, as the Group has a Deed of Cross Guarantee in place, along with undrawn funding lines.

The parent entity does not have any commitments or contingent liabilities as at 25 June 2022.

Notes to the consolidated financial statements (continued)

30 Deed of cross guarantee

Inghams Group Limited and all of the subsidiaries shown as (c) in note 22 are parties to a deed of cross guarantee dated 22 May 2017, 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 2016/285 issued by the Australian Securities and Investments Commission.

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

(a) Consolidated income statement, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The companies shown as (c) in note 22 represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Inghams Group Limited, they also represent the 'extended closed group'.

Set out below is a condensed consolidated income statement, consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the period ended 25 June 2022 of the closed group.

	2022 $000	2021 $000
Consolidated income statement		
Revenue from continuing operations		
Revenue	2,713,100	2,668,800
Other income/(loss)		
Other income/(loss)	400	(100)
Expenses		
Cost of sales	(2,311,300)	(2,182,000)
Distribution	(175,700)	(164,100)
Administration and selling	(130,800)	(144,400)
Net finance costs	(65,100)	(65,600)
Share of net profit of associate	400	400
Profit before income tax	**31,000**	**113,000**
Income tax benefit/(expense)	400	(29,700)
Profit for the year	**31,400**	**83,300**
Consolidated statement of comprehensive income		
Profit for the year	31,400	83,300
Other comprehensive income	17,600	2,800
Total comprehensive income for the year	**49,000**	**86,100**

Notes to the consolidated financial statements (continued)

30 Deed of cross guarantee (continued)

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet of the closed group.

	2022 $000	2021 $000
Cash and cash equivalents	126,500	153,300
Trade and other receivables	221,700	222,700
Biological assets	135,600	121,800
Inventories	238,700	196,100
Assets classified as held for sale	–	3,700
Derivative Financial Instruments	5,600	–
Current tax receivable	1,400	–
Total current assets	**729,500**	**697,600**
Property, plant and equipment	477,300	457,900
Equity accounted investments	2,300	2,100
Right-of-use assets	1,319,400	1,371,300
Deferred tax assets	3,900	7,700
Derivative Financial Instruments	5,400	–
Total non-current assets	**1,808,300**	**1,839,000**
Total assets	**2,537,800**	**2,536,600**
Trade and other payables	452,500	396,100
Provisions	97,000	92,900
Derivative financial instruments	–	1,500
Related party payables	10,100	10,100
Lease liabilities	186,700	183,900
Current tax payable	–	27,800
Total current liabilities	**746,300**	**712,300**
Borrowings	398,900	398,300
Provisions	29,600	26,200
Derivative financial instruments	–	1,800
Lease liabilities	1,216,900	1,244,800
Trade and other payables	1,900	–
Total non-current liabilities	**1,647,300**	**1,671,100**
Total liabilities	**2,393,600**	**2,383,400**
Net assets	**144,200**	**153,200**
Equity		
Contributed equity	104,200	103,400
Other reserves	46,200	30,300
(Accumulated losses)/Retained earnings	(6,200)	19,500
Total equity	**144,200**	**153,200**

31 Events after the reporting period

Subsequent to the year end a dividend of 0.5 cents per share has been declared on 19 August 2022 totaling $1.9M. 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.

Directors' declaration

1. In the opinion of the directors:
    (a) the consolidated financial statements and notes set out on pages 56 to 100 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 June 2022 and of its performance for the financial year ended on that date, and
        (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
    (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
    (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe the Company and the Group entities identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Corporations (Wholly Owned Companies) Instrument 2016/285.
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer, for the financial year ended 25 June 2022.
4. The directors draw attention to note 2(a) to consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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

Peter Bush	Michael Ihlein
Chair	Non-Executive Director

Sydney
19 August 2022

Independent Auditor's Report

To the shareholders of Inghams Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Inghams Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group 's financial position as at 25 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 25 June 2022
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.
The Year is the 52 week period ended on 25 June 2022.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Accounting for revenue
- Accounting for AASB 16 Leases

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These 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.

Accounting for revenue – (revenue $2,713.1 million)

Refer to Note 2(d) and 3 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's policy is to recognise revenue at the fair value of the consideration received or receivable and is net of returns, trade allowances, rebates and amounts collected on behalf of third parties, when goods have been dispatched to a customer pursuant to a sales order and control of the goods has passed to a carrier or customer. The accounting for revenue is a key audit matter due to the: • Significance of revenue, trade allowances and rebates to the financial report; • Number of categories of customers including retail, quick service restaurants and foodservice. This requires our evaluation to be performed across these categories, increasing our audit effort; • Variety of customer-specific contractual arrangements for trade allowances and rebates, increasing the audit effort to address these specific conditions; • Differing settlement terms for customers which leads to complexity in checking the trade allowance and rebate accruals at balance date across the categories; and • The significant audit effort to test the high volume of individual revenue transactions. In assessing this key audit matter, we involved senior team members who understand the Group's business, industry and economic environment it operates in.	Our procedures included: • Considering the appropriateness of the Group's accounting policies regarding revenue recognition, and the accounting for trade allowances and rebates against the requirements of the Australian Accounting Standards; • Obtaining an understanding of the revenue recognition process, including trade allowances and rebates. We tested key revenue process controls such as review and approval by management of the reconciliation of sales orders to invoice and cash received to trade receivables; • Selecting samples of revenue transactions during the year across each customer category. For each sample selected we: - Checked the amount of revenue recorded by the Group to the amount of the sales invoice and cash receipts from the customer obtained from the Group's bank statements; and - Checked the date the revenue was recognised by the Group to proof of delivery documentation and/or customer correspondence, assessing the date the customer obtained control, and products were delivered and accepted by the customer.

The key audit matter	How the matter was addressed in our audit
	● The Group has manual processes and controls which may increase the risk of potential bias in the recognition of product revenue, in particular in the last week of the reporting period. This increased our audit effort to test higher samples of revenue transactions in the last week of the reporting period. ● Selecting a sample of revenue transactions, across each customer category, for the period of one week before and one week after year end due to the increased risk of potential bias. For each sample selected we: - Checked the amount of revenue recorded by the Group to the amount of the sales invoice to the customer; and - Checked the date the revenue was recognised to proof of delivery documents and/or customer correspondence, assessing the date the customer obtained control, and products were delivered and accepted by customers. ● Comparing cash receipts from customers, obtained from the Group's bank statements, to revenue recognised by the Group net of returns, trade allowances and rebates; ● Checking a sample of rebates and trade allowances to signed customer contractual terms; ● Comparing the amount of the trade allowances and rebates by customer as a percentage of gross revenue to the prior year; ● Assessing the trade allowance and rebate accruals recognised at balance date for a sample of significant customers by customer category by: - Calculating an expected trade allowance and rebate accrual per customer based on specific customer trading and settlement terms and the gross revenue amount for the time period since the last payment date to balance date; and - Comparing this to the Group's recognised balance date accrual; and ● Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

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Accounting for AASB 16 Leases – (right of use assets and lease liabilities amounting to $1,319.4 million and $1,403.6 million respectively)	
Refer to Notes 2(n), 12 and 23 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

AASB 16 Leases ("AASB 16") is complex with specific lease-features driving different accounting outcomes, increasing the need for interpretation and judgement.
 	
AASB 16 Leases is a key audit matter due to the:
• Significance of the right of use assets and lease liabilities to the financial report; and
• Number of leases the Group has, including the individual nature of the lease agreements used to estimate the lease liability and right-of-use asset. A focus for us was the accuracy of multiple and varied inputs which may drive different accounting outcomes, including key dates, fixed and variable rent payments, renewal options and incentives.
 	
The most significant areas of judgement we focussed on were in assessing the Group's:
• Renewal options contained within leases. Assessing the Group's determination of whether it is reasonably certain renewal options will be exercised impacts the measurement of the lease, therefore is critical to the accuracy of the accounting;
• Grower contractual arrangements and the features of the underlying grower contracts against the definition of a lease under the accounting standards; and
• Incremental borrowing rates determined by the Group. These are meant to reflect the Group's entity specific credit risk and vary based on each lease term.
 	
We involved our senior audit team members in assessing these areas.
	Our procedures included:
	
	• Considering the appropriateness of the Group's accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice;
	• Obtaining an understanding of the Group's processes used to calculate the lease liability, right-of-use asset, depreciation, and interest expense;
	• Reading a sample of contracts, including the grower contracts. We compared the relevant features of the underlying contracts to the definition of a lease in the accounting standards to assess the accounting treatment recorded by the Group.
	• Comparing the Group's inputs in the AASB 16 lease calculation models, such as, key dates, fixed and variable rent payments, renewal options and incentives, for consistency to the relevant terms of a sample of underlying signed lease agreements.
	• Evaluating the Group's assessment of lease renewal options based on the Group's strategic direction and inquiries with operational management.
	• Challenging the Group's assumptions, such as the Group's assessment of each lease's incremental borrowing rate and contracted extension options by:
	  - Using our understanding of the Group's business
	  - Independently developing an expected lease liability range by considering the:
	    o Group's external credit rating;
	    o Each lease's remaining tenor;
	    o Corporate bond yield curves; and
	    o Group's strategic direction for each leased site;

The key audit matter	How the matter was addressed in our audit
	- Comparing the independently developed expected lease liability range to the lease liability value recorded by the Group. • Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Other Information

Other Information is financial and non-financial information in Inghams Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report.The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Inghams Group Limited for the year ended 25 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 27 to 48 of the Directors' report for the year ended 25 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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KPMG

Julie Cleary

Partner

Sydney

19 August 2022

Corporate Directory

Directors

Peter Bush
Rob Gordon
Michael Ihlein
Timothy Longstaff
Jackie McArthur
Helen Nash
Linda Bardo Nicholls AO
Andrew Reeves
Robyn Stubbs

Company Secretary

David Matthews

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