

22 September 2023



Salvador Caldwell  
Adviser, Listings Compliance  
ASX  
Level 14, Exchange Centre  
20 Bridge St  
Sydney NSW 2000

By email: [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

Dear Salvador

### **Inghams Group Limited ('ING'): General – Aware Query Response**

ING refers to your letter dated 5 September 2023 ('letter'), and subsequent email of 13 September 2023 requesting some clarifications, and responds as follows, using the definitions in your letter and the numbering in your letter under the heading 'Request for Information':

1. ING does not consider the Earnings Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.
2. For the reasons noted in paragraph 4 below, ING did not consider that the Earnings Information for the Relevant Reporting Period differed materially from the market's expectations of the relevant measure of ING's earnings for the Relevant Reporting Period.
3. ING first became aware of the Earnings Information in the course of preparing and subsequently finalising its audited FY23 full year financial results, which were approved for release on 17 August 2023 (before market open) and subsequently released via the ASX Market Announcements Platform before market open the same day.
4. ING did not publish earnings guidance for the Relevant Reporting Period. Consistent with ASX Guidance Note 8, ING considers sell-side analyst consensus earnings metrics to be a relevant and reliable base indicator of the market's expectation of ING's earnings for the Relevant Reporting Period and the Board actively monitors earnings against those expectations. Noting the guidance in ASX Guidance Note 8, based on the variance between the Earnings Information and an "adjusted consensus estimate" (see below), ING does not consider its Earnings Information as disclosed in the FY23 Results Announcements differed materially from the market's expectations of the Earnings Information.
5. In translating sell-side analysts forecast into ING's estimate of market expectations, ING uses an "adjusted consensus estimate" which takes into consideration clear outliers, the date of the last analyst report compared to the date of ING's last update to the market as well as how the analyst has considered the impacts of accounting standard AASB16 leases for the reporting period and how the analyst has considered R&D tax credits (having regard to ING's previous disclosures about the impacts of AASB16 and R&D tax credits) and any other manifest errors.

#### **Inghams Group Limited**

ACN 162 709 506 | Level 4, 1 Julius Avenue, North Ryde NSW 2113, Australia  
Locked Bag 2039, North Ryde NSW 1670, Australia

[www.ingham.com.au](http://www.ingham.com.au)

More specifically,

- ING calculates and prepares 'adjusted consensus estimates' based on broker reports and prepares its own analysis.
- In doing so, ING calculates and monitors such 'adjusted consensus estimates' for both the Pre and Post AASB16 Underlying EBITDA and Underlying NPAT.

With respect to the assessment for the Relevant Reporting Period:

- ING was covered by a total of 12 analysts. 11 are included in ING's analysis.
- However, not all 11 analysts have a number for all 4 of the earnings metrics that ING considers, being Pre AASB16 Underlying EBITDA, Post AASB16 Underlying EBITDA, Pre AASB16 Underlying NPAT and Post AASB16 Underlying NPAT. Therefore, the number of analysts included in each estimate ranged from 10 to 6.
- Only one analyst is completely excluded from the estimate calculation on the basis that the broker has never met with management and the numbers and analysis included in the report are not considered accurate nor do they reflect an understanding of ING's business. On that basis the consensus estimate is considered 'adjusted'.
- For each of the 4 key metrics for the Relevant Reporting Period (FY23) outlined above, being Pre AASB16 Underlying EBITDA, Post AASB16 Underlying EBITDA, Pre AASB16 Underlying NPAT and Post AASB16 Underlying NPAT, the 'adjusted consensus estimate' was not considered materially different to ING's actual FY23 result.
- ING considers the most relevant measure to be Pre AASB16 Underlying EBITDA as changes in this measure have a meaningful impact on earnings. Based on the 'adjusted consensus estimate' used by ING when considering market expectations for the Relevant Reporting Period, the adjusted consensus estimate mean was 4.5% or \$7.9M below the ING FY23 result of \$183.6M.

6. Not applicable

7. ING confirms that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

8. ING's response has been authorised and approved in accordance with its Continuous Disclosure Policy.

Yours Sincerely



Marta Kielich  
Company Secretary  
Inghams Group Limited



5 September 2023

Reference: 78215

Ms Marta Kielich  
Company Secretary  
Inghams Group Limited  
Level 4, 1 Julius Avenue  
North Ryde  
Sydney NSW 2113

By email

Dear Ms Kielich

**Inghams Group Limited ('ING'): General – Aware Query**

ASX refers to the following:

- A. The announcements released on the ASX Market Announcement Platform ('MAP') on 17 August 2023, all marked as "market sensitive" and entitled:
  - (a) "Appendix 4E and FY2023 Full Year Financial Report" released on MAP at 8:23 AM;
  - (b) "ING FY2023 Full Year Financial Results Announcement" released on MAP at 8:24 AM; and
  - (c) "ING FY2023 Full Year Results Presentation" released on MAP at 8:32 AM,  
(collectively, the 'FY 23 Results Announcements').
- B. The various disclosures in the FY23 Results Announcements that ING's:
  - (a) earnings before interest and tax for the financial year ended 24 June 2023 ('Relevant Reporting Period') was \$165.5 million;
  - (b) net profit after tax ('NPAT')(underlying) for FY 2023 was \$71.1 million; and
  - (c) NPAT (statutory) for FY 2023 was \$60.4 million,  
(collectively, the 'Earnings Information').
- C. The increase in the price of ING's shares by 14.75% on 17 August 2023, from a closing price of \$2.78 on 16 August 2023 to a closing price of \$3.19 on 17 August 2023.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"*
- F. Section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied:

*“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed.”*

H. ASX’s policy position on “market sensitive earnings surprises”, which is detailed in section 7.3 of Guidance Note 8. In particular, the Guidance Note (relevantly) states that:

*“An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity’s securities” . . .*

*“Where an entity does not have published earnings guidance on foot for the current reporting period and it is covered by sell-side analysts, ASX would recommend that the entity carefully consider notifying the market of a potential earnings surprise if and when it expects there to be a 15% or greater difference between its actual or projected earnings for the period and its best estimate of the market’s expectations for its earnings” . . .*

### **Request for information**

Having regard to the above, ASX asks ING to respond separately to each of the following questions and requests for information:

1. Does ING consider the Earnings Information (or any part of it) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please provide the basis for that view.
3. When did ING first become aware of the Earnings Information?
4. Does ING consider that the Earnings Information for the Relevant Reporting Period, as disclosed in the FY 23 Results Announcements, differed materially from market’s expectations of the relevant measure of ING’s earnings for the Relevant Reporting Period, having regard to the following three base indicators which may have informed such expectations (in decreasing order of relevance and reliability):
  - 4.1 If ING had published earnings guide for the Relevant Reporting Period, that guidance.
  - 4.2 If ING is covered by sell-side analysts, the earnings for the corresponding period, being the Relevant Reporting Period.
  - 4.3 If paragraphs 4.1 and 4.2 are not applicable, ING’s earnings for the prior corresponding period, being the financial year ended 25 June 2022.

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5. Please explain the basis for the view provided in response to question 4. In doing so, please specify how ING determined market expectations of each relevant measure of its earnings for the Relevant Report Period, including:
    - 5.1 If ING had published earnings guidance for the Relevant Reporting Period, details of that guidance and when it was released to the market.
    - 5.2 If ING used sell-side analysts forecasts to estimate the market's expectations of the relevant measure of its earnings for the Relevant Reporting Period, details of the method that ING used to translate sell-side analysts forecast into its estimate of such market expectations and, in particular, whether or not ING used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate.
  6. If the answer to question 4 is "yes", did ING make any announcement prior to 17 August 2023 which disclosed information in relation to the Earnings Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe ING was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps ING took to ensure that the information was released promptly and without delay.
  7. Please confirm that ING is complying with the Listing Rules and, in particular, Listing Rule 3.1.
  8. Please confirm that ING's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ING with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Friday, 8 September 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ING's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ING to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ING's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

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We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in ING's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to ING's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that ING's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

### **Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Salvador Caldwell**  
Adviser  
Listings Compliance