

Inghams Group Limited

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

Appendix 4D for the half year; 26 weeks ended 23 December 2023 (1HFY24)

Results for announcement to the market

	1HFY24 \$'000	1HFY23 \$'000	Variance \$'000	Variance %
Revenue from ordinary activities	1,642,200	1,511,200	131,000	8.7%
Profit for the period after tax from ordinary activities attributable to members	63,400	17,200	46,200	268.6%
Net profit for the period attributable to members	63,400	17,200	46,200	268.6%

Dividends

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 12.0 cents per share totalling \$44.6M will be paid on 5 April 2024. The dividend was not declared at 23 December 2023 and as such no provision has been recognised. The record date for this interim dividend will be 15 March 2024.

A fully franked final dividend in respect of FY23 of 10.0 cents per share was declared and paid in the period. Inghams Group Limited does not have a dividend reinvestment plan in operation.

Net tangible assets backing

At 23 December 2023, the net tangible asset backing per ordinary share was \$0.60 per share (24 December 2022: \$0.46 per share).

Entities where control has been gained or lost

Inghams Property Hold Co Pty Ltd and Inghams Property Co Pty Ltd, wholly owned subsidiaries of Inghams Group Limited, were incorporated during the period to acquire the interest in Inghams Burton Property Trust (formerly "The Soilbuild Australia Sub-Trust No. 2") which owns the Land and Buildings at Inghams' primary processing plant at Bolivar, South Australia.

Associates

The Group has a 50% (1HFY23: 50%) investment in AFB International Pty Limited. The Group's share of the results of this entity is not material to the Group's results for the period or for the previous corresponding period.

This Appendix 4D should be read in conjunction with the Inghams Group Limited Interim Financial Report for the half year ended 23 December 2023.



Inghams Group Limited

ACN 162 709 506

Interim Financial Report
For the half year ended 23 December 2023

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Directors' report

The directors of Inghams Group Limited ('Inghams' or 'the Company') and its controlled entities ('the Group'), present their report together with the consolidated interim financial report for the half year ended 23 December 2023 (1HFY24).

Directors

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

Name	Role	Date of appointment	Date of resignation
Helen Nash	Chair	22 August 2022 ¹	
Rob Gordon	Non-Executive Director	11 April 2019 ²	
Margaret Haseltine	Non-Executive Director	1 September 2023	
Michael Ihlein	Non-Executive Director	16 April 2020	
Timothy Longstaff	Non-Executive Director	20 January 2022	
Jackie McArthur	Non-Executive Director	18 September 2017	7 November 2023
Linda Bardo Nicholls AO	Non-Executive Director	7 October 2016	
Andrew Reeves	CEO & Managing Director	29 March 2021 ³	

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

(2) Rob Gordon is on a leave of absence from his current role as a Non-Executive Director from 24 January 2024

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

Operating and financial review

Group Net Revenue grew 8.7% or \$131.0M compared to 1HFY23 –

- In Australia, the growth in total revenue was 7.2% due to a 9.5% increase in core poultry revenue driven by 8.4% growth in net selling prices as price increases were passed on progressively throughout the half, as well as an increase in core poultry volumes up 1.0% on prior comparative period (PCP). External feed revenue decreased -\$17.4M, or -20.3%, due to volumes declining -21.2% after the closure of Wanneroo Feed mill in Western Australia.
- In New Zealand, the growth in total revenue was 17.5% due to a 19.7% increase in core poultry revenue driven by 9.4% growth in net selling prices, as well as a 9.5% increase in core poultry volumes due to processing constraints returning to normal, improved production and strong demand. External feed revenue grew \$0.7M, or 2.2%, due to volume increase of 6.1% primarily due to strong demand offset by -3.7% decrease in net selling price.

Group Expenses, including Cost of Sales, Distribution, Administration & Selling, increased \$60.4M, or 4.2% compared to 1HFY23 –

- Cost of Sales increased \$50.7M (4.0%), compared to the prior comparative period, the cost increases included: feed cost increase of \$10.8M, due to inflated commodity prices; Repairs & Maintenance increase of \$10.7M, Packaging & Ingredients increase of \$12.3M and utilities increase of \$12.7M as suppliers passed through higher input costs.
- Distribution costs decreased \$1.2M. This was primarily driven by a reduction in the fuel levy price in AU which decreased by \$0.9M (or -\$17c/L) compared to 1HFY23. The prior period also had higher transportation costs of \$1.1M specifically due to the railway closure in WA caused by floods that had to be supplemented by road freight.
- Administration & Selling costs increased \$10.9M due to investment in Cyber security, Bromley Park Hatcheries integration costs, short-term incentive plan (STIP) and long-term incentive plan (LTIP) expenses based on stronger company financial results and general inflation.

In October 2023, the Group completed the business acquisition of Bromley Park Hatcheries in New Zealand for \$6.6M. In December 2023, the leased primary processing plant at Bolivar in South Australia was acquired for \$75.6M plus acquisition costs.

Principal activities

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

Significant changes in the state of affairs

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

Directors' report (continued)

Dividends

Subsequent to the half year end, a fully franked interim dividend of 12.0 cents per share has been declared totalling \$44.6M to be paid on 5 April 2024. The financial effect of this dividend has not been brought to account in these consolidated financial statements and will be recognised in the subsequent financial report.

A fully franked final dividend in respect of FY23 of 10.0 cents per share totalling \$37.2M was declared and paid during the period.

Significant events after the balance date

The directors of the Company are not aware of any matter or circumstance not otherwise dealt with in the interim financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the half year ended 23 December 2023.

Lead auditor's independence declaration

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

Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest hundred thousand dollars.

Signed in accordance with a resolution of the directors made pursuant to s306 of the *Corporations Act 2001*.



Helen Nash
Chair



Michael Ihlein
Non-Executive Director

Sydney
16 February 2024



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

To the Directors of Inghams Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Inghams Group Limited for the half-year ended 23 December 2023 there have been:

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

KPMG

Trent Duvall

Partner

Sydney

16 February 2024

Financial Statements

Consolidated income statement

For the half year ended 23 December 2023

	<i>Notes</i>	23 December 2023	24 December 2022
		\$000	\$000
Revenue	2	1,642,200	1,511,200
Other income		200	100
Expenses			
Cost of sales		(1,314,500)	(1,263,800)
Distribution		(103,600)	(104,800)
Administration and selling		(92,600)	(81,700)
Operating profit		131,700	61,000
Finance income and costs			
Finance income		1,100	800
Finance costs		(42,900)	(38,200)
Net finance costs		(41,800)	(37,400)
Share of net profit of associate		400	400
Profit before income tax		90,300	24,000
Income tax expense		(26,900)	(6,800)
Profit for the period attributable to: Owners of Inghams Group Limited		63,400	17,200
Basic EPS (cents per share)	10	17.1	4.6
Diluted EPS (cents per share)	10	17.0	4.6

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

Financial Statements

Consolidated statement of comprehensive income

For the half year ended 23 December 2023

	23 December 2023 \$000	24 December 2022 \$000
Profit for the period	63,400	17,200
Other comprehensive income		
<i>Items that have been reclassified to profit or loss</i>		
Changes in the fair value of cash flow hedges	(8,900)	(12,800)
Tax on changes in fair value of cash flow hedges*	–	800
Total items that have subsequently been reclassified to profit or loss	(8,900)	(12,000)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	1,100	3,600
Changes in the fair value of cash flow hedges	2,700	9,600
Tax on changes in fair value of cash flow hedges*	–	200
Total items that may subsequently be reclassified to profit or loss	3,800	13,400
Total comprehensive income is attributable to:		
Owners of Inghams Group Limited	58,300	18,600

* For the period ended 24 December 2022, the 'Tax on changes in fair value of cash flow hedges in Items that have been reclassified to profit or loss' has been restated from \$3,900,000 to \$800,000 and the 'Tax on changes in fair value of cash flow hedges in Items that may be reclassified to profit or loss' has been restated from (\$2,900,000) to \$200,000. There is no impact on the profit for the period or the balance sheet.

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 23 December 2023

	Notes	23 December 2023 \$000	24 June 2023 \$000
ASSETS			
Current assets			
Cash and cash equivalents		87,400	136,300
Trade and other receivables		284,400	268,100
Biological assets		159,600	159,800
Inventories	3	250,100	220,700
Derivative financial instruments		1,000	2,200
Total current assets		782,500	787,100
Non-current assets			
Property, plant and equipment		586,400	493,800
Investments accounted for using the equity method		2,400	2,300
Right-of-use assets	4	1,206,500	1,275,600
Derivative financial instruments		100	1,200
Deferred tax asset		20,300	14,300
Total non-current assets		1,815,700	1,787,200
Total assets		2,598,200	2,574,300
LIABILITIES			
Current liabilities			
Trade and other payables	5	471,000	462,100
Current tax liability		15,600	3,000
Provisions		97,200	98,300
Derivative financial instruments		1,400	–
Lease liabilities		162,900	154,600
Total current liabilities		748,100	718,000
Non-current liabilities			
Trade and other payables	5	3,300	4,300
Borrowings	6	433,300	398,800
Provisions		41,100	37,500
Lease liabilities		1,147,000	1,213,900
Total non-current liabilities		1,624,700	1,654,500
Total liabilities		2,372,800	2,372,500
Net assets		225,400	201,800
Equity			
Contributed equity	7	109,300	109,300
Reserves		44,800	47,400
Retained earnings		71,300	45,100
Total equity		225,400	201,800

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

Financial Statements

Consolidated statement of changes in equity

For the half year ended 23 December 2023

	Attributable to owners of Inghams Group Limited				
	Contributed Equity \$000	Retained Earnings \$000	Asset revaluation reserve \$000	Other reserves \$000	Total Equity \$000
Balance at 24 June 2023	109,300	45,100	17,700	29,700	201,800
Profit for the period	–	63,400	–	–	63,400
Other comprehensive income	–	–	–	(5,100)	(5,100)
Total comprehensive income	–	63,400	–	(5,100)	58,300
Transactions with owners of the Company					
Dividends provided for or paid	–	(37,200)	–	–	(37,200)
Share based payment expense	–	–	–	2,500	2,500
Balance at 23 December 2023	109,300	71,300	17,700	27,100	225,400
Balance at 25 June 2022	108,800	3,300	17,700	28,400	158,200
Profit for the period	–	17,200	–	–	17,200
Other comprehensive income	–	–	–	1,400	1,400
Total comprehensive income	–	17,200	–	1,400	18,600
Transactions with owners of the Company					
Dividends provided for or paid	–	(1,900)	–	–	(1,900)
Share based payment expense	–	–	–	(200)	(200)
Settlement of share plan	(200)	–	–	–	(200)
Transfer of shares for settlement of share plan	700	–	–	(700)	–
	500	(1,900)	–	(900)	(2,300)
Balance at 24 December 2022	109,300	18,600	17,700	28,900	174,500

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

Financial Statements

Consolidated statement of cash flows

For the half year ended 23 December 2023

	<i>Notes</i>	23 December 2023 \$000	24 December 2022 \$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,685,400	1,529,000
Payments to suppliers and employees (inclusive of GST)		(1,463,800)	(1,389,100)
		221,600	139,900
Interest received		1,100	800
Income taxes paid		(20,000)	(9,800)
Net cash provided by operating activities		202,700	130,900
Cash flows from investing activities			
Capital expenditure		(38,700)	(23,500)
Acquisition of Land and Buildings		(75,600)	–
Acquisition of a business	11	(6,600)	–
Dividends received from investments		300	400
Net cash used in investing activities		(120,600)	(23,100)
Cash flows from financing activities			
Proceeds from borrowings		34,100	–
Dividends paid		(37,200)	(1,900)
Lease payments - principal		(82,000)	(101,900)
Lease payments - interest		(28,400)	(27,900)
Interest and finance charges paid		(17,500)	(10,900)
Proceeds from settlement of derivatives		–	7,500
Settlement of share plan		(100)	(500)
Net cash used in financing activities		(131,100)	(135,600)
Net decrease in cash and cash equivalents		(49,000)	(27,800)
Cash and cash equivalents at the beginning of the financial year		136,300	131,600
Effects of exchange rate changes on cash and cash equivalents		100	300
Cash and cash equivalents at the end of the period		87,400	104,100

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

Notes to the interim financial report

1 General

a. Basis of preparation and statement of compliance

This is the interim financial report for Inghams Group Limited ('Inghams' or 'the Company') and its controlled entities ('the Group') and the Group's interest in equity accounted investments, for the 26 week period ended 23 December 2023 (the half year).

This interim financial report is:

- to be read in conjunction with the annual report of the Group for the year ended 24 June 2023 and any public announcements made by the Company during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*, and the Australian Securities Exchange listing rules;
- a general purpose financial report;
- prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*;
- prepared under the historical cost convention except for the Financial assets and liabilities (including derivative instruments) and certain classes of property, plant and equipment measured at fair value; and
- presented in Australian dollars, which is the functional currency of Inghams, with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with *ASIC Corporations Instrument 2016/191* dated 1 April 2016.

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

b. Impact of accounting standards issued but not yet applied

At 23 December 2023, certain accounting standards and interpretations have been published or amended which will become mandatory in future reporting periods. These new or amended accounting standards and interpretations are either not material or not applicable to Inghams.

c. Material accounting policy information

The Group adopted *Disclosure of Accounting Policies (Amendments to AASB 101 and IFRS Practice Statement 2)* from 25 June 2023. The amendments did not result in any changes to the accounting policies and accounting policy information disclosed in the financial statements.

The Group has also adopted *Deferred Tax related to Asset and Liabilities arising from a Single Transaction – Amendments to AASB 112* from 25 June 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leased and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

These changes in accounting policies will also be reflected in the Group's consolidated financial statements as at and for the year ended 29 June 2024.

Notes to the interim financial report (continued)

2 Segment information

Description of segments

Inghams' 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 collectively (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 each business unit 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.

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

	Australia 23 Dec 2023 \$000	New Zealand 23 Dec 2023 \$000	Consolidated 23 Dec 2023 \$000
Poultry	1,320,900	221,900	1,542,800
Feed	68,300	31,100	99,400
Total revenue from contracts with customers	1,389,200	253,000	1,642,200
Other income	–	200	200
Inter segment revenue/(expense)	6,800	(6,800)	–
Revenue and other income	1,396,000	246,400	1,642,400
Adjusted operating expenses*	(1,191,000)	(198,100)	(1,389,100)
Share of net profit of associate	400	–	400
EBITDA	205,400	48,300	253,700
Depreciation and amortisation			(121,600)
EBIT			132,100
Net finance costs			(41,800)
Profit before tax			90,300

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

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

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

Notes to the interim financial report (continued)

3 Inventories

	23 Dec 2023 \$000	24 Jun 2023 \$000
Processed Poultry	140,600	112,300
Feed	66,700	68,900
Other	52,300	47,200
Inventories (gross)	259,600	228,400
Inventory obsolescence provision	(9,500)	(7,700)
Inventories	250,100	220,700

Inventory is assessed for excess or slow moving stock, stock sold below cost and other indicators of obsolescence in calculating the inventory obsolescence provision. Other inventories include medication, packaging and consumables.

4 Right-of-use assets

	Land and Buildings \$000	Contract Growers \$000	Equipment and Motor Vehicles \$000	Total \$000
Balance at 24 June 2023	811,500	446,000	18,100	1,275,600
Additions	35,900	30,800	2,000	68,700
Disposals	(37,900)	(7,100)	–	(45,000)
Depreciation	(31,900)	(60,300)	(3,000)	(95,200)
Net foreign currency movement	1,000	1,400	–	2,400
Balance at 23 December 2023	778,600	410,800	17,100	1,206,500

	Land and Buildings \$000	Contract Growers \$000	Equipment and Motor Vehicles \$000	Total \$000
Balance at 25 June 2022	835,500	461,900	22,000	1,319,400
Additions	47,400	134,300	2,000	183,700
Disposals	(900)	(13,700)	(100)	(14,700)
Depreciation	(71,100)	(137,100)	(5,800)	(214,000)
Net foreign currency movement	600	600	–	1,200
Balance at 24 June 2023	811,500	446,000	18,100	1,275,600

Notes to the interim financial report (continued)

5 Trade and other payables

	23 Dec 2023			24 Jun 2023		
	Current \$000	Non-Current \$000	Total \$000	Current \$000	Non-Current \$000	Total \$000
Trade payables	304,600	–	304,600	296,300	1,000	297,300
Inventory procurement trade payable	132,800	–	132,800	132,200	–	132,200
Other payables	33,600	3,300	36,900	33,600	3,300	36,900
Trade and other payables	471,000	3,300	474,300	462,100	4,300	466,400

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 23 December 2023 was \$132.8M (24 June 2023: \$132.2M).

6 Borrowings

(a) Interest bearing loans

	Carrying amount		Principal amount drawn		Interest rate	Maturity
	23 Dec 2023 \$000	24 Jun 2023 \$000	23 Dec 2023 \$000	24 Jun 2023 \$000		
Unsecured liabilities						
Tranche A	198,900	199,200	200,000	200,000	Floating rate*	November 2025
Tranche B	199,400	199,600	200,000	200,000	Floating rate*	November 2027
Tranche C	35,000	–	35,000	–	Floating rate*	November 2025
Borrowings	433,300	398,800	435,000	400,000		

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

(b) Fair value

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

7 Equity

(a) Share capital

	23 Dec 2023 Shares	24 Jun 2023 Shares	23 Dec 2023 \$000	24 Jun 2023 \$000
Ordinary shares issued	371,679,601	371,679,601	109,300	109,300

(a) Movements in ordinary shares

	Shares	\$000
Balance at 26 June 2022	371,679,601	108,800
Amounts paid for treasury shares	–	(200)
Settlement of share plan	–	700
Balance at 24 June 2023	371,679,601	109,300
Balance at 25 June 2023	371,679,601	109,300
Balance at 23 December 2023	371,679,601	109,300

Notes to the interim financial report (continued)

8 Dividends

(a) Ordinary shares

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 12.0 cents per share totalling \$44.6M will be paid on 5 April 2024. The dividend was not declared at 23 December 2023 and as such no provision has been recognised. The record date for this interim dividend will be 15 March 2024.

A fully franked final dividend in respect of FY23 of 10.0 cents per share was declared and paid in the period.

(b) Franking credits

	23 Dec 2023 \$000	24 Dec 2022 \$000
Amount of Australian franking credits available for subsequent periods to the shareholders of Inghams Group Limited	3,400	7,800

The utilisation of franking credits is dependent upon the ability to declare dividends in the future included in the above line. In addition, there are exempting franking credits of \$16.4M (December 2022: \$16.4M) that are only available to be used under very limited and specific circumstances. These credits relate to the period when the former shareholder TPG was treated as an exempting entity with greater than 95% foreign ownership and can only be used by TPG and members holding eligible employee shares.

9 Contingent liabilities

Workers' Compensation

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

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

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

Claims

Inghams is subject to some lawsuits, claims and audits or reviews by regulatory bodies. As at reporting date, it is not possible to reasonably estimate the outcome of these matters or the outflow of resources (if any) that will be required to close these matters. Where outcomes can be reasonably predicted, provisions are recorded.

10 Earnings per share

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

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the half year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the interim financial report (continued)

10 Earnings per share (continued)

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

	23 Dec 2023 \$000	24 Dec 2022 \$000
Earnings		
Profit attributable to ordinary equity holders for calculating basic and diluted EPS calculations	63,400	17,200
Number of ordinary shares		
	Number of shares '000	'000
Weighted average number of ordinary shares used in the calculation of basic EPS	371,700	371,700
Dilutive effect of share options	1,500	1,800
Weighted average number of ordinary shares for diluted EPS	373,200	373,500
Basic EPS (cents per share)	17.1	4.6
Diluted EPS (cents per share)	17.0	4.6

11 Acquisition of a business

On 20 October 2023, Inghams Enterprises (NZ) Pty Limited, a wholly owned subsidiary, acquired the Bromley Park Hatcheries (BPH) business in New Zealand.

This was a strategic acquisition which will enable the Group to secure a continued supply of breeder egg volumes in New Zealand.

The identifiable assets and liabilities acquired as a part of the BPH acquisition included biological assets, inventory and property, plant and equipment (inputs), production processes and an organised workforce, all of which contribute to the ability to generate revenue. On this basis the acquisition meets the definition of a Business acquisition in accordance with AASB 3, and has been accounted for as such.

(a) Identifiable assets acquired and liabilities assumed

	\$000
Biological assets (birds and eggs)	3,300
Inventories	200
Property Plant & Equipment*	4,300
Employee provisions	(500)
Deferred tax liability	(700)
Total identifiable net assets acquired	6,600

* The above assets have been assigned a provisional fair value as at 23 December 2023, and a formal valuation is underway and will be finalised post half year, but within 12 months of acquisition date.

The cash consideration transferred for this acquisition is equal to the fair value of the above identifiable net assets acquired, resulting in no goodwill or gain on bargain purchase being recognised in the financial statements.

On settlement date, \$1.3M of the purchase price was held in escrow and will not be released until November 2024 as a contingency in the event of any contamination of livestock. To date, there have been no issues noted and Inghams does not expect to make any claims.

(b) Acquisition-related costs

The Group incurred acquisition-related costs of \$0.5M on legal fees and due diligence costs in H1. These costs have been included in 'Administration and selling'.

BPH's overall revenue and profit contribution are immaterial to the Group as Inghams was formerly the largest customer. This acquisition would not have contributed significantly to the Group's performance had the Group acquired BPH at the beginning of the half year.

Notes to the interim financial report (continued)

12 Events after the reporting period

Subsequent to the half year end a fully franked interim dividend of 12.0 cents per share totalling \$44.6M has been declared and will be paid on 5 April 2024. 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.

The directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the half year ended 23 December 2023.

Directors' declaration

1. In the opinion of the directors of Inghams Group Limited (the Company):
 - (a) The consolidated financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 23 December 2023 and of its performance for the financial half year ended on that date, and
 - (ii) complying with Australian Accounting Standard *AASB134 Interim Financial reporting* and the *Corporations Regulations 2001*.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Helen Nash
Chair



Michael Ihlein
Non-Executive Director

Sydney
16 February 2024



Independent Auditor's Review Report

To the shareholders of Inghams Group Limited

Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 23 December 2023 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 23 December 2023;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 12 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

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

The **Interim Period** is the 6 months ended on 23 December 2023.

Basis for Conclusion

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

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 23 December 2023 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Trent Duvall

Partner

Sydney

16 February 2024