CW Group Holdings Ltd

ABN 83 635 851 839

Annual Report - 30 June 2022

CW Group Holdings Ltd
Directors' report
30 June 2022

The directors present their report on the consolidated entity consisting of CW Group Holdings Ltd ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2022. Throughout the report, the consolidated entity is referred to as the Group.

Significant changes in the state of affairs

Changes to existing business model
From 1 May 2021, the Group implemented several changes to its business model.

The Group has consulted with State and Territory pharmacy regulators about the changes to the business model. As at the date of this report, the Pharmacy Council of NSW (PCNSW) has not approved the changes for that jurisdiction. A process of engagement with the PCNSW is ongoing and Directors expect a successful outcome will be achieved. This is not expected to have any material financial impact on the Group.

No significant issues have been raised by other State and Territory pharmacy regulators relating to the changes in the business model.

International Expansion
During the year international expansion continued with new Chemist Warehouse stores opening in China, Ireland and New Zealand.

There were no other significant changes in the state of affairs of the Group during the financial year.

Directors

The following persons were directors of CW Group Holdings Limited during the financial year and up to the date of this report:

Mario Verrocchi
Jack Gance
Sam Gance
Damien Gance
Adrian Verrocchi
Marcello Verrocchi
Mario Tascone
Mark Finocchiaro (appointed on 27 September 2021)
Sunil Narula (appointed on 27 September 2021)

Principal activities

The principal activities of the Group consist of marketing, retailing, wholesaling and distributing pharmaceutical, healthcare and beauty products and the provision of support services to a network of franchised retail pharmacies.

Dividends

Dividends declared in each reporting period are summarised as follows:

	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Dividends provided for or paid	155,130,184	454,133,277

COVID-19

The Group has and will continue to be committed to supporting government and community efforts to limit the spread of the Covid-19 virus. The Group’s priority is the health and wellbeing of its staff, customers, business partners and community.

The Group’s operations were affected by Covid-19 and resulting government actions during the 30 June 2022 financial year. While the retail environment proved challenging, the Group was able to respond effectively to the difficulties presented by Covid-19 as consumers looked for cost-effective pharmaceutical, healthcare and beauty products. Pharmacies were classified as essential services and were able to remain open even during periods of Government imposed lockdowns impacting retail trade.

The most notable impacts of Covid-19 included softer retail conditions impacting Wholesale sales revenue growth. This was due to negative impact of Covid-19 on the retail pharmacy franchisee store sales, particularly in CBD and shopping centre stores. However, this has been offset to some extent by greater demand for pandemic related product lines and the continued acceleration of online sales due to a shift in consumer preference.

While the Group has proven highly resilient to the impact of Covid-19, ongoing uncertainty remains and the Directors continue to be vigilant to ensure steps are being taken or maintained to adequately mitigate future risks.

Review of operations

The profit for the Group after providing for income tax and non-controlling interests amounted to $385,932,000 (30 June 2021: loss of $175,977,000).

Events since the end of the financial year

On 29 September 2022, the Directors declared a dividend of $132,028,956.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Group's operations are not regulated by any significant environmental regulation.

Shares under performance rights

Unissued ordinary shares of CW Group Holdings Ltd under performance rights at the date of this report are as follows:

Grant date	Expiry date	Performance rights 30 June 2022	Performance rights 30 June 2021
28 January 2020	28 January 2022	-	1,465,000
27 May 2020	28 January 2022	-	515,000

Insurance of officers

The Company indemnifies the directors and executives for any loss arising from any claim by reason of any wrongful act committed by them in their capacity as a director or executive (subject to certain exclusions as required by law). During the financial year, the Company has paid premiums in respect of contracts insuring the directors and executives against any liability of this nature. In accordance with normal commercial practices, under the terms of the insurance contracts the nature of the liabilities insured against, and the amount of the premiums paid, are confidential.

Indemnity and insurance of auditor

CW Group Holdings Ltd has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from CW Group Holdings Ltd's breach of their agreement. The indemnity stipulates that CW Group Holdings Ltd will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors.

Mario Verrocchi
Director

Jack Gance
Director

18 October 2022
Melbourne

Auditor's Independence Declaration

As lead auditor for the audit of CW Group Holdings Ltd for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CW Group Holdings Ltd and the entities it controlled during the period.

Daniel Rosenberg
Partner
PricewaterhouseCoopers

Melbourne
18 October 2022

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Contents

These financial statements are consolidated financial statements for the Group consisting of CW Group Holdings Ltd and its subsidiaries. A list of subsidiaries is included in note 36.

CW Group Holdings Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

c/- Rispin & Mott
Level 5 / 484 St Kilda Rd
Melbourne VIC 3004

Principal place of business

6 Albert Street
Preston VIC 3072

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 October 2022. The directors have the power to amend and reissue the financial statements.

CW Group Holdings Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue			
Revenue	5	3,077,571	2,420,007
Cost of sales		(2,005,213)	(1,751,706)
Gross profit		1,072,358	668,301
Share of profits of associates accounted for using the equity method		8,184	1,653
Other income	6	3,178	8,141
Expenses			
Warehousing and distribution expenses		(161,483)	(122,664)
Marketing and sales expenses		(57,333)	(34,877)
Administration and general expenses		(278,999)	(580,290)
Net finance (costs) / income	8	(35,907)	(7,661)
Profit/(loss) before income tax expense		549,998	(67,397)
Income tax expense	9	(164,990)	(109,342)
Profit/(loss) after income tax expense for the year		385,008	(176,739)
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Gain / (loss) on the revaluation of financial assets at fair value through other comprehensive income, net of tax	13	27,651	(3,360)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	25	(504)	24
Other comprehensive income/(loss) for the year, net of tax		27,147	(3,336)
Total comprehensive income/(loss) for the year		412,155	(180,075)
Profit/(loss) for the year is attributable to:			
Non-controlling interests	27	(924)	(762)
Owners of CW Group Holdings Ltd	26	385,932	(175,977)
		385,008	(176,739)
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests		(924)	(762)
Owners of CW Group Holdings Ltd		413,079	(179,313)
		412,155	(180,075)
Basic earnings/(loss) per share		0.25	(0.16)
Diluted earnings/(loss) per share		0.25	(0.16)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CW Group Holdings Ltd
Consolidated balance sheet
As at 30 June 2022

	Note	2022 $'000	2021 $'000
Assets			
Current assets			
Cash and cash equivalents	10	107,979	220,207
Trade and other receivables	11	523,705	384,971
Inventories	12	492,793	409,572
Financial assets at amortised cost	14	4,813	901,984
Lease receivables	15	12,153	8,747
Other current assets	16	21,559	10,340
Current tax assets	9	-	18,296
Total current assets		1,163,002	1,954,117
Non-current assets			
Investments accounted for using the equity method	17	9,774	3,958
Financial assets at fair value through other comprehensive income	13	86,478	21,537
Financial assets at fair value through profit or loss		389	179
Property, plant and equipment	18	43,599	30,354
Right-of-use assets	19	738,339	704,874
Intangible assets		4,800	-
Deferred tax assets	9	33,670	33,093
Lease receivables	15	65,754	50,818
Total non-current assets		982,803	844,813
Total assets		2,145,805	2,798,930
Liabilities			
Current liabilities			
Trade and other payables	20	468,389	598,885
Contract liabilities	21	72,226	62,442
Financial liabilities at amortised cost	14	38,110	1,203,334
Lease liabilities	22	114,644	103,726
Current tax liabilities	9	64,424	39,581
Provisions	23	17,597	17,031
Total current liabilities		775,390	2,024,999
Non-current liabilities			
Contract liabilities	21	22,621	6,222
Financial liabilities at amortised cost	14	259,070	-
Lease liabilities	22	706,773	652,765
Provisions	23	34,742	25,853
Total non-current liabilities		1,023,206	684,840
Total liabilities		1,798,596	2,709,839
Net assets		347,209	89,091
Equity			
Issued capital	24	549,391	549,391
Reserves	25	(35,700)	(63,908)
Retained profits/(Accumulated losses)	26	(164,798)	(395,600)
Equity attributable to the owners of CW Group Holdings Ltd		348,893	89,883
Non-controlling interests	27	(1,684)	(792)
Total equity		347,209	89,091

The above consolidated balance sheet should be read in conjunction with the accompanying notes

CW Group Holdings Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Issued capital $'000	Reserves $'000	Retained profits / (Accumulated losses) $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020	100	(2,272)	234,510	327,891	560,229
Loss after income tax expense	-	-	(175,977)	(762)	(176,739)
Other comprehensive loss, net of tax	-	(3,336)	-	-	(3,336)
Total comprehensive loss	-	(3,336)	(175,977)	(762)	(180,075)
Common control transactions (note 25)	-	(58,720)	-	-	(58,720)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 24)	549,291	-	-	-	549,291
Transactions with non-controlling interests (note 27)	-	-	-	58	58
Deconsolidation of subsidiaries (note 27)	-	-	-	(327,979)	(327,979)
Employee share schemes – value of employee service (note 42)	-	420	-	-	420
Dividends provided for or paid (note 28)	-	-	(454,133)	-	(454,133)
Balance at 30 June 2021	549,391	(63,908)	(395,600)	(792)	89,091

	Issued capital $'000	Reserves $'000	Retained profits / (Accumulated losses) $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021	549,391	(63,908)	(395,600)	(792)	89,091
Profit after income tax expense	-	-	385,932	(924)	385,008
Other comprehensive income, net of tax	-	27,147	-	-	27,147
Total comprehensive income	-	27,147	385,932	(924)	412,155
Transactions with owners in their capacity as owners:					
Transactions with non-controlling interests (note 27)	-	-	-	148	148
Employee share schemes – value of employee service (note 42)	-	1,061	-	-	1,061
Dividends provided for or paid (note 28)	-	-	(155,130)	(116)	(155,246)
Balance at 30 June 2022	549,391	(35,700)	(164,798)	(1,684)	347,209

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

CW Group Holdings Ltd
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,196,177	2,657,755
Payments to suppliers and employees (inclusive of GST)		(2,743,320)	(2,201,203)
		452,857	456,552
Interest and other finance costs paid		(39,474)	(37,309)
Interest and other finance income received		3,567	29,649
Income taxes paid		(132,612)	(133,953)
Net cash from operating activities	40	284,338	314,939
Cash flows from investing activities			
Payments for property, plant and equipment		(13,055)	(9,961)
Acquisition of subsidiary, net of cash acquired		(4,846)	4,248
Net cash used in investing activities		(17,901)	(5,713)
Cash flows from financing activities			
Proceeds from issue of shares	24	-	51,719
Repayments of loans		(2,401,556)	(4,922,268)
Proceeds from loans		2,393,741	5,101,711
Principal elements of lease receipts		6,867	73,663
Principal elements of lease payments		(108,290)	(94,539)
Dividends paid to members of the company		(269,263)	(340,000)
Transactions with non-controlling interests		340	58
Net cash used in financing activities		(378,161)	(129,656)
Net (decrease) / increase in cash and cash equivalents		(111,724)	179,570
Cash and cash equivalents at the beginning of the financial year		220,207	40,613
Effects of exchange rate changes on cash and cash equivalents		(504)	24
Cash and cash equivalents at the end of the financial year	10	107,979	220,207

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

Note 1. Significant changes in the reporting period

Changes to existing business model
From 1 May 2021, the Group implemented several changes to its business model.

The Group has consulted with State and Territory pharmacy regulators about the changes to the business model. As at the date of this report, the Pharmacy Council of NSW (PCNSW) has not approved the changes for that jurisdiction. A process of engagement with the PCNSW is ongoing and Directors expect a successful outcome will be achieved. This is not expected to have any material financial impact on the Group.

No significant issues have been raised by other State and Territory pharmacy regulators relating to the changes in the business model.

International Expansion
During the year international expansion continued with new Chemist Warehouse stores opening in China, Ireland and New Zealand.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated. Comparatives have been adjusted where appropriate to enhance comparability.

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 ('AASB') and the *Corporations Act 2001.* CW Group Holdings Ltd is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS
The financial statements of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets at fair value through other comprehensive income.

New and amended standards adopted by the Group
The Group has applied relevant new accounting standards and interpretations the first time for the reporting period commencing 1 July 2021. These new standards and interpretations did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. The Group has assessed the impact of these new standards and interpretations and does not expect them to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Principles of consolidation and equity accounting
Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, balance sheet and statement of changes in equity respectively.

Note 2. Significant accounting policies (continued)

Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying value of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, until it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the Group.

Changes in ownership interests
The Group treats transaction with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interests results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of CW Group Holdings Ltd.

When the Group ceases to consolidate or equity account for an investment because of loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Common control entities
Common control transactions include the combining of entities which are ultimately controlled by the same party (or parties) both before and after the transaction. Assets and liabilities acquired as part of the common control transactions are recorded at book value and no fair value adjustments are made.

For transactions in which combining entities are controlled by the same party or parties before and after the transaction and where that control is not transitory are referred to as common control transactions. The Group’s accounting policy for the acquiring entity is to account for the transaction at book values on a prospective basis as reflected in the consolidated financial statements of the selling entity.

The excess of the cost of the transaction over the acquirer’s proportionate share of the net assets value acquired in common control transactions, will be allocated to the merger reserve in equity.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the Group in the financial statements are presented in Australian dollars, which is CW Group Holdings Ltd's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into 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 of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Group companies
The results and financial position of foreign operations (none of which has 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 each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of profit or loss and other comprehensive income.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Financial assets at fair value through profit or loss (FVPL)
Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs and income
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Interest cost/income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset/liability and allocating the interest income/cost over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the financial asset/liability to the net carrying amount of the financial asset/liability.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the balance sheet.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group’s accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales history, the ageing of inventories and other factors that affect inventory obsolescence.

Lease term
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).

The Group also considers factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Classification of Leases
The Group holds the head lease for the majority of franchise stores and sub-license these to franchisees.

Where the Group sub-licences the location to franchisees under the same terms and conditions as the head lease and the lease payments are considered fixed, the sublease arrangement is classified as a finance lease.

Where the Group sub-licenses the location to stores where the lease payments are variable these subleases are classified as operating leases.

Consolidation assessment of franchisees
In determining whether the franchisees require to be consolidated with the Group an assessment of Control was made. It was determined that the Group does not have power over the franchisees and therefore does not control them. Franchisees are therefore not consolidated with the Group.

Right-of-use asset impairment
The Group tests right of use assets for impairment to ensure they are not carried above their recoverable amounts where there is an indication that assets may be impaired (which is assessed at least at each reporting date). In the current financial year, forecast future cash flows used to support assets and cash generating units have been updated and this resulted in the recognition of an impairment loss.

Revenue – Variable consideration
Where contracts with customers includes variable consideration, the revenue's transaction price includes an estimate of the variable consideration based on the expected value (the sum of probability-weighted amounts) in a range of possible consideration amounts. The estimation of that variable consideration is based on available historical outcomes of the variability.

Note 4. Segment information

Description of segments
Management has determined the operating segments reviewed and used by the Group's chief operating decision makers (CODM) to make strategic and operating decisions. The CODM consists of the board of directors. The Group operates in one operating segment, being the Wholesale and Retail Services segment. Within this segment, the Group provides marketing, wholesale, distribution, retailing and franchise support services to retail pharmacies.

Geographical segments
The Group operates in Australia, New Zealand, China and Ireland.

Information on Major Customers
The Group does not rely on any one customer for a significant component of revenue.

Accounting policy for operating segments
Operating segments are reported in a manner consistent with the internal reporting to the CODM.

The board of CW Group Holdings Ltd assesses the financial performance and position of the Group and makes strategic decisions. The board has been identified as the CODM of the Group.

Identification of operating segments
The board, as CODM, monitors the operating results on a consolidated basis, and accordingly, the Group has concluded that it has one reportable segment.

Note 5. Revenue

	2022 $'000	2021 $'000
Sales revenue		
Sales revenue	2,195,993	1,787,898
Fees revenue	85,032	403
Services revenue		
Franchise and related fees	74,021	193,840
Marketing, advertising and other	722,525	437,866
	796,546	631,706
Total revenue	3,077,571	2,420,007

Included in Sales revenue is consideration for leases with customers of $132,277,000 (2021: $21,300,000).

Accounting policy - revenue from contracts with customers

Sales revenue

Wholesale sales delivered through distribution centres

Revenue associated with the sale of goods is recognised when the performance obligation of the sale has been fulfilled and control of the goods has transferred to the customer, which occurs when the goods are delivered. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts and rebates. In recognising revenue from the sales of goods, the Group considers its historical experience with sales returns to determine if it is "highly probable" that a significant reversal of revenue will arise in the future. No significant element of financing is deemed present.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A number of contracts include lease and revenue components. The transaction price for these components is allocated to each performance obligation based on the stand-alone selling prices.

Fees revenue

Wholesale sales delivered directly by suppliers are accounted for as the net amount of consideration that the Group retains after paying the external party for the goods, where applicable.

Fees revenue is recognised when the performance obligation is satisfied and it is highly probable that a significant reversal will not occur.

Retail sales

Revenue from the sale of goods are recognised when control of the goods has transferred to the customer. For goods purchased in-store, control of the goods transfers to the customer at the point of sale. For goods purchased online, control of the goods transfers to the customer upon delivery.

Refund liability

A refund liability and a right to the returned goods are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Note 5. Revenue (continued)

Services revenue
Services revenue consists of commissions, franchise and related fees, marketing services, promotional and advertising revenue. Revenue from providing services is recognised in the accounting period in which the services are rendered.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Disaggregation of revenue by geographic region

	2022 $'000	2021 $'000
Australia	2,891,958	2,224,290
International	185,613	195,717
	3,077,571	2,420,007

Revenue recognised in relation to contract liabilities
The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	2022 $'000	2021 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue	47,717	127,259
Marketing, advertising and other	13,748	6,923
	61,465	134,182

Note 6. Other income

	2022 $'000	2021 $'000
Rent concessions	79	1,289
Other items	3,099	6,852
Other income	3,178	8,141

The Group received rent relief concessions from external landlords of $0.1m (2021: $1.3m) due to the financial challenges presented by Covid-19. The Group has applied available practical expedient under AASB 16 *Leases* paragraph 46A for presentation of the rent concession.

Note 7. Expenses

	2022 $'000	**2021 $'000**
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation and amortisation		
Depreciation - property, plant and equipment	11,220	7,441
Depreciation - right-of-use assets	125,234	31,348
Total depreciation and amortisation	136,454	38,789
Impairment of assets		
Impairment - property, plant and equipment	-	7,188
Impairment/(reversal of impairment) - right-of-use assets	(5,000)	5,000
Impairment - intangible assets	5,222	-
Total impairment of assets	222	12,188
Leases		
Rental expenses on leases	13,217	2,663
Superannuation expense		
Defined contribution superannuation expense	9,867	6,815
Employee benefits expenses		
Employee benefits expenses	155,424	104,790
Share-based payments expense		
Share-based payments expense	1,061	420

Rental expenses on leases
The expenses incurred are for short-term leases and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

These leases are not included in right-of-use assets or corresponding lease liabilities in accordance with AASB 16 *Leases.*

The Group implemented a number of measures to protect the franchisees from the financial challenges presented by Covid-19 including providing rent relief to the stores of $0.1m in the year ended 30 June 2022 (2021: $1.3m).

Note 8. Finance income and expenses

	2022 $'000	**2021 $'000**
Finance income		
Interest and finance charges on lease receivables	3,851	29,648
Finance costs		
Interest and finance charges paid/payable for lease liabilities	(35,253)	(36,928)
Interest paid/payable for financial liabilities at amortised cost	(3,972)	-
Other finance costs	(533)	(381)
Net finance (costs)/income	(35,907)	(7,661)

Note 9. Income tax

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

	2022 $'000	2021 $'000
Income tax expense/(benefit)		
Current tax on profits for the year	173,037	133,124
Adjustment for current tax of prior periods	3,521	(116)
Total current tax expense	176,558	133,008
Decrease/(increase) in deferred tax assets	(8,306)	(20,797)
Adjustment for deferred tax of prior periods	(3,262)	(2,869)
Total deferred tax expense/(benefit)	(11,568)	(23,666)
Aggregate income tax expense	164,990	109,342
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax expense	549,998	(67,397)
Tax at the statutory tax rate of 30%	164,999	(20,219)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expense not deductible for the Group	-	133,588
Sundry items	(1,109)	(1,375)
Difference in overseas tax rate	841	331
Adjustments for current and deferred tax of prior periods	259	(2,985)
Income tax expense/(benefit)	164,990	109,342

Note 9. Income tax (continued)

	2022 $'000	2021 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Employee benefits	5,523	4,417
Inventories	6,391	7,027
Contract liabilities	18,260	14,315
Provision for Make good	10,545	8,783
Lease receivables	(22,087)	(16,941)
Lease liabilities	243,967	225,066
Right of use assets	(220,450)	(210,539)
Make good asset	(229)	(171)
Investments	(9,423)	2,427
Other	1,173	(1,291)
Deferred tax asset	33,670	33,093
Movements:		
Opening balance	33,093	4,399
Charged to profit or loss	11,568	23,666
Charged to equity	(11,850)	2,427
Common control transactions	-	2,601
Deferred tax assets on acquisition	859	-
Closing balance	33,670	33,093

	2022 $'000	2021 $'000
Current tax liabilities		
Income tax payable	64,424	39,581
Current tax assets		
Tax receivable	-	18,296

Accounting policy for income tax
The income tax expense or credit 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 and its subsidiaries and associates 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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 9. Income tax (continued)

CW Group Holdings Ltd (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head 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 each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Foreign entities are taxed individually within their respective tax jurisdictions.

Note 10. Cash and cash equivalents

	2022 $'000	2021 $'000
Current assets		
Cash at bank and on hand	107,979	220,207
	107,979	220,207

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the balance sheet.

Note 11. Trade and other receivables

	2022 $'000	2021 $'000
Current assets		
Trade receivables	418,721	274,657
Other receivables	39,931	53,124
Accrued revenue	65,053	57,190
	523,705	384,971

Fair values of trade receivables
Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value.

Note 11. Trade and other receivables (continued)

The following table summarises the ageing of trade receivable balances, based on individual customer trading terms.

	2022 $'000	2021 $'000
Current	353,448	219,085
0 - 30 days overdue	7,620	35,273
31 - 60 days overdue	17,294	12,908
61 - 90 days overdue	4,380	1,787
91 or more days overdue	35,979	5,604
	418,721	274,657

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12-24 months up to the reporting period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has historically incurred immaterial credit losses.

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Inventories

	2022 $'000	2021 $'000
Current assets		
Stock on hand	492,793	409,572

Accounting policy for inventories
Inventories are stated at the lower of cost and net realisable value. Cost are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Amounts recognised in profit or loss
Inventories recognised as an expense during the year ended 30 June 2022 amounts to $1,890,732,000 (2021: $1,672,968,000). These were included in cost of sales in the statement of profit or loss.

The Group reversed $3,158,000 (2021: write-down of $13,508,000) of previous inventory write-down during the year. The amount reversed has resulted in reduction to the cost of sales in the statement of profit or loss.

Note 13. Financial assets at fair value through other comprehensive income

	2022 $'000	2021 $'000
Non-current assets		
Investments held at fair value through OCI	86,478	21,537

Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

During the year ended 30 June 2022, the Group provided services to various listed entities in exchange for equity securities in the entities.

Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in profit or loss and other comprehensive income:

	2022 $000	2021 $000
Gains / (losses) on equity investments	27,651	(3,360)

Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 30.

All of the financial assets at FVOCI are denominated in Australian dollars. At the date of this report the value of this investment has decreased by $3.5 million since 30 June 2022.

Note 14. Financial assets and liabilities at amortised cost

	2022 $'000	2021 $'000
Current assets		
Loans receivable	4,813	903,156
Current liabilities		
Loans payable	38,110	1,203,334
Non-current liabilities		
Loans payable	259,070	-

For loans receivable and payable with related parties refer to note 35 for details.

Note 14. Financial assets at amortised cost (continued)

The Group's policy is to recognise an allowance for expected credit losses (ECLs) for financial assets at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures the loss allowance for loans receivable at an amount equal to 12-month ECL if the credit risk on the financial instrument has not increased significantly since initial recognition.

12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group has performed this assessment at the reporting dates and concluded no allowance is required based on expected payments.

Note 15. Lease receivables

	2022 $'000	2021 $'000
Current assets		
Lease receivables	12,153	8,747
Non-current assets		
Lease receivables	65,754	50,818

The Group holds the head lease for the majority of franchise and other stores. The Group sub-licences the location to the franchisee under the same terms and conditions as the head lease. The Group recognises a lease liability together with an offsetting finance lease receivable for leases associated with franchise and other stores under sub-licensing arrangements lease payments under these sub-leases are fixed.

For subleases, where the lease payments are fully variable the Group accounts for the sub-lease as operating leases. For operating leases, the variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

	2022 $'000	2021 $'000
Commitments in relation to receivables are as follows:		
Within one year	11,244	11,456
Later than one year but not later than five years	41,483	31,675
Later than five years	42,364	33,915
Minimum lease receivables	95,091	77,046
Unearned interest income	(17,184)	(17,481)
Total lease receivables	77,907	59,565

Note 16. Other current assets

	2022 $'000	2021 $'000
Current assets		
Prepayments	17,148	9,293
Other current assets	4,411	1,047
	21,559	10,340

Note 17. Investments accounted for using the equity method

	2022 $'000	2021 $'000
Non-current assets		
Investment in associates	9,774	3,958

Refer to note 37 for further information on interests in associates.

Note 18. Property, plant and equipment

	2022 $'000	2021 $'000
Non-current assets		
Fittings, furniture and equipment - at cost	41,300	38,525
Less: Accumulated depreciation and impairment	(14,148)	(15,357)
	27,152	23,168
Motor vehicles - at cost	795	790
Less: Accumulated depreciation and impairment	(557)	(404)
	238	386
Computer equipment - at cost	15,631	13,251
Less: Accumulated depreciation	(10,286)	(6,451)
	5,345	6,800
Leasehold improvements - at cost	11,907	-
Less: Accumulated depreciation	(1,043)	-
	10,864	-
	43,599	30,354

Note 18. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Fittings, furniture & equipment $'000	Computer equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Total $'000
Balance at 1 July 2020	26,891	3,446	411	-	30,748
Additions	8,617	5,517	101	-	14,235
Disposals	-	-	-	-	-
Impairment expense	(7,163)	-	(25)	-	(7,188)
Depreciation expense	(5,177)	(2,163)	(101)	-	(7,441)
Balance at 30 June 2021	23,168	6,800	386	-	30,354
Additions	9,508	2,396	31	11,907	23,842
Disposals	-	-	-	-	-
Depreciation expense	(5,524)	(3,851)	(179)	(1,043)	(10,597)
Balance at 30 June 2022	27,152	5,345	238	10,864	43,599

Accounting policy for property, plant and equipment
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.

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.

Depreciation is calculated on a diminishing value / straight line basis to allocate the cost of the assets over their expected useful lives, or in the case of leasehold improvements, the shorter lease term as follows:

Fixtures and fittings	5 - 10 years
Office and computer equipment	3 - 5 years
Motor vehicles	3 - 5 years
Leasehold improvements	5 - 10 years

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

An 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.

Note 19. Right-of-use assets

	2022 $'000	2021 $'000
Non-current assets		
Land and buildings	922,262	769,629
Less: Accumulated depreciation and impairment	(190,851)	(72,657)
	731,411	696,972
Plant and equipment	9,700	8,542
Less: Accumulated depreciation	(2,772)	(640)
	6,928	7,902
	738,339	704,874

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings $'000	Equipment $'000	Total $'000
Balance at 1 July 2020	50,467	2,732	53,199
Additions	56,213	8,231	64,444
Derecognition	-	(1,022)	(1,022)
Remeasurements	8,937	-	8,937
Reclassification from lease receivable to right-of-use asset	615,665	-	615,665
Impairment expense	(5,000)	-	(5,000)
Depreciation expense	(29,310)	(2,039)	(31,349)
Balance at 30 June 2021	696,972	7,902	704,874
Additions	123,143	1,268	124,411
Remeasurements	29,458	(110)	29,348
Reversal of impairment expense	5,000	-	5,000
Depreciation expense	(123,162)	(2,132)	(125,294)
Balance at 30 June 2022	731,411	6,928	738,339

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

The Group leases various offices, warehouses, retail stores and equipment. Rental contracts are made for fixed periods of twelve months to twelve years but may have extension option as described in Note 3.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at cost.

Note 19. Right-of-use assets (continued)

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment assessments
The Group tests right of use assets for impairment to ensure they are not carried above their recoverable amounts where there is an indication that assets may be impaired (which is assessed at least at each reporting date).

These tests are performed by assessing the recoverable amount of each individual asset or, if this is not possible, the recoverable amount of the cash generating unit (CGU) to which the asset belongs which is normally at a store level.

CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash inflows and outflows.

The carrying values of the right-of-use assets are reviewed for impairment annually. If an indication of impairment exists, and where the carrying value of the asset exceeds the estimated recoverable amount, the assets or cash-generating units (CGU) are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value-in-use. Value-in-use refers to an asset's value based on the expected future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the asset. The recoverable amount was estimated on an individual lease basis.

An impairment loss of $5,000,000 in relation to the Group's right-of-use assets from prior financial year was reversed and recognised in profit or loss during the current financial year.

Changes to leasing arrangements
During the previous financial year the Group made certain changes to the sub-licensing arrangements with the franchisees. The Group accounted this change as a lease modification under AASB 16 and reclassified majority of the lease receivable to right of use assets at the carrying amount of lease receivable on the date of modification.

Before modification, the lease payments under these sub-leases were fixed and the Group accounted for these leases as a finance lease. After modification, the lease payments are fully variable resulting in classification of these sub-leases as operating leases. These variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Note 20. Trade and other payables

	2022 $'000	2021 $'000
Current liabilities		
Trade payables	416,652	456,090
Accruals	43,739	25,193
Dividends payable	-	114,133
GST payable	7,998	3,469
	468,389	598,885

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be same as their fair values, due to their short-term nature.

Note 21. Contract liabilities

	2022 $'000	2021 $'000
Current liabilities		
Contract liabilities	72,226	62,442
Non-current liabilities		
Contract liabilities	22,621	6,222

Accounting policy for contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 22. Lease liabilities

	2022 $'000	2021 $'000
Current liabilities		
Lease liability	114,644	103,726
Non-current liabilities		
Lease liability	706,773	652,765

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

	2022 $'000	2021 $'000
Reconciliation of lease liabilities		
Lease liabilities at beginning of the year	756,491	662,069
Lease modifications agreed during the year	33,085	36,722
Additional leases entered into during the year	143,793	153,252
Interest expense	35,160	36,928
Lease payments	(147,112)	(131,467)
Derecognition of lease liabilities	-	(1,013)
Lease liabilities at end of the year	821,417	756,491

Note 23. Provisions

	2022 $'000	2021 $'000
Current liabilities		
Employee benefit obligations	16,304	12,888
Make good provision	1,104	4,120
Provisions for returns or refunds	189	23
	17,597	17,031
Non-current liabilities		
Employee benefit obligations	1,370	1,208
Make good provision	33,372	24,645
	34,742	25,853

Employee benefits
Employee benefit obligations cover Group's liabilities for long service leave and annual leave are classified as either long-term benefits or short-term benefits.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where the employees have completed the required period of service and also for those employees who are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Make good provision
The Group is required to restore some of the 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 any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

Movements in make good provision
Movements in the make good provision for each financial year are set out below:

	2022 $'000	2021 $'000
Carrying amount at the start of the year	28,765	15,815
Additional provisions recognised	7,452	13,430
Amounts used	(1,741)	(480)
Carrying amount at the end of the year	34,476	28,765

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2022 $'000	2021 $'000
Employee benefits obligation expected to be settled after 12 months	6,121	5,844

Note 23. Provisions (continued)

Accounting policy for provisions
Provisions for legal claims and 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 can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 the 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. The increase in the provision due to the passage of time is recognised as interest expense.

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 24. Issued capital

	2022 No. of shares (thousands)	2021 No. of shares (thousands)	2022 $'000	2021 $'000
Ordinary shares - fully paid	1,553,282	1,551,302	549,391	549,391

Note 24. Issued capital (continued)

Movements in ordinary share capital

	2022 No. of shares (thousands)	2022 $'000	2021 No. of shares (thousands)	2021 $'000
Details				
Opening balance at beginning of financial year	1,551,302	549,391	1,000,000	100
Share split	-	-	40,800	-
Common control acquisition - Game On Product Pty Ltd – exchange shares	-	-	11,792	11,792
Common control acquisition - ePharmacy Holdings Pty Ltd – exchange shares	-	-	18,074	18,074
Common control acquisition - Stratosphere Media Agency Pty Ltd – exchange shares	-	-	22,414	22,414
Issue of shares*	-	-	445,292	445,292
Issue of shares - other	-	-	12,930	51,719
Employee share scheme issued (note 42)	1,980	-	-	-
Balance at the end of the financial year	1,553,282	549,391	1,551,302	549,391

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share split
CW Group Holdings Ltd was registered and incorporated on 17 October 2019 with Jack Gance and Mario Verrocchi as shareholders holding 1 fully paid ordinary share each.

On 21 October 2019, the Group undertook a corporate restructure. Prior to this restructure, CW Retail Trust was the parent entity of the Group. The effect of the restructure was to interpose CW Group Holdings Ltd as the new legal parent of the Group. The unitholders of CW Retail Trust exchanged their 100,000 units in the Trust for 1,000,000,000 shares in CW Group Holdings Ltd. As a result, as at 21 October 2019, 1,000,000,002 shares were on issue.

On 23 June 2020, the Group undertook a selective buy-back of the two fully paid ordinary shares held by Jack Gance and Mario Verrocchi, respectively.

During the year ended 30 June 2021 the Group undertook share splits to convert 1,000,000,000 shares on issue into 1,040,800,000 shares. Following the share split, each shareholder retained the same proportionate ownership of the Group.

Common control acquisition - Game On Product Pty Ltd – Exchange Shares
In May 2021 the Group acquired Game On Product Pty Ltd in a common control transaction. The shareholders of Game On Product Pty Ltd were allotted and issued with 11,792,000 CW Group Holdings Ltd shares in exchange for CW Group Holdings Ltd receiving 100% of the shares in Game On Product Pty Ltd.

Common control acquisition - Stratosphere Media Agency Pty Ltd – Exchange Shares
In May 2021 the Group acquired Stratosphere Media Agency Pty Ltd in a common control transaction. The shareholders of Stratosphere Media Agency Pty Ltd were allotted and issued with 22,413,840 CW Group Holdings Ltd shares in exchange for CW Group Holdings Ltd receiving 93.5% of the shares in Stratosphere Media Agency Pty Ltd.

Note 24. Issued capital (continued)

Common control acquisition - ePharmacy Holdings Pty Ltd – Exchange Shares
In May 2021 the Group acquired ePharmacy Holdings Pty Ltd in a common control transaction. The shareholders of ePharmacy Holdings Pty Ltd were allotted and issued with 18,074,400 CW Group Holdings Ltd shares in exchange for CW Group Holdings Ltd receiving 100% of the shares in ePharmacy Holdings Pty Ltd.

**Issue of Shares*
During the previous financial year, new shareholders were allotted 445,292,000 ordinary shares at $1 per share.
The subscription for shares was pursuant to the terms of agreements negotiated at arm's length between the company and those shareholders. These shares carry the same dividend rights as other ordinary shares.

Note 25. Reserves

	2022 $'000	2021 $'000
Financial assets at fair value through other comprehensive income reserve	21,988	(5,663)
Foreign currency translation reserve	(549)	(45)
Share-based payments reserve	1,617	556
Merger reserve	(58,756)	(58,756)
	(35,700)	(63,908)

Financial assets at fair value through other comprehensive income reserve
The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the fair value through other comprehensive income reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Movements in reserves
Movements in each class of reserve during the current and previous financial years are set out below:

	Financial assets at FVOCI $'000	Foreign currency translation $'000	Share-based payments $'000	Merger $'000	Total $'000
Balance at 1 July 2020	(2,303)	(69)	136	(36)	(2,272)
Revaluations – gross, net of tax	(3,360)	-	-	-	(3,360)
Foreign currency translation	-	24	-	-	24
Share-based payments expenses	-	-	420	-	420
Common control transaction	-	-	-	(58,720)	(58,720)
Balance at 30 June 2021	(5,663)	(45)	556	(58,756)	(63,908)
Revaluations – gross, net of tax	27,651	-	-	-	27,651
Foreign currency translation	-	(504)	-	-	(504)
Share-based payments expenses	-	-	1,061	-	1,061
Common control transaction	-	-	-	-	-
Balance at 30 June 2022	21,988	(549)	1,617	(58,756)	(35,700)

Note 26. Retained profits/(accumulated losses)

	2022 $'000	2021 $'000
Retained earnings at the beginning of the financial year	(395,600)	234,510
Profit/(loss) after income tax expense for the year	385,932	(175,977)
Dividends provided for or paid (note 28)	(155,130)	(454,133)
Retained profits/(accumulated losses) at the end of the financial year	(164,798)	(395,600)

Note 27. Non-controlling interests

	2022 $'000	2021 $'000
Balance at beginning of the year	(792)	327,891
Share of profit for the year	(924)	(762)
Consideration paid / (return of capital)	32	58
Deconsolidation of subsidiaries	-	(327,979)
	(1,684)	(792)

Deconsolidation of subsidiaries
During the previous financial year the activities of Partnership of East Yarra Friendly Society Pty Ltd and Mario Verrocchi and Administration and Marketing Solutions Trust ceased being performed by those entities and this resulted in loss of control of those entities. The Group is now performing these activities itself. As a result, the entities were deconsolidated from the Group during the previous financial year resulting in a reduction in net assets and non-controlling interests.

Note 28. Dividends

Dividends
Dividends provided for or paid during the financial year were as follows:

	2022 $'000	2021 $'000
Dividends provided for or paid	155,130	454,133

Franking credits

	2022 $'000	2021 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2021: 30%)	186,438	123,649

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

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

Note 29. Financial risk management

Financial risk management objectives
This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

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

Exposure
The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	CNY $'000	USD $'000	NZD $'000	GBP $'000	EUR $'000
2022					
Trade and other payables	-	(174)	(1,024)	(203)	(4,420)
Trade and other receivables	4,655	66	-	241	-
2021					
Trade and other payables	(1,353)	-	(614)	(26)	(3,667)
Trade and other receivables	3,964	-	4	-	-

Credit risk
Credit risk arises from cash and cash equivalents as well as credit exposures to wholesale and retail customers, including outstanding receivables.

Risk management
Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's trade receivables are subject to the expected credit loss model. Refer to note 11 for the Group's assessment of expected losses. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents).

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 29. Financial risk management (continued)

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

	2022 $'000	2021 $'000
Unsecured bank loan facilities:		
Amount used	-	-
Amount unused	100,000	-
	100,000	-

The Group monitors compliance with its financial covenants on a monthly basis and reports compliance on a semi-annual basis to the banks. The Group has complied with all such requirements during the current year.

Maturities of financial liabilities
The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet.

2022	**1 year or less $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**	**Remaining contractual maturities $'000**
Non-derivatives				
Non-interest bearing				
Trade payables	416,652	-	-	416,652
Loans payable	38,110	-	259,070	297,180
Interest-bearing - fixed				
Lease liability	148,642	543,008	400,521	1,092,171
Total non-derivatives	603,404	543,008	659,591	1,806,003

2021	**1 year or less $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**	**Remaining contractual maturities $'000**
Non-derivatives				
Non-interest bearing				
Trade payables	456,090	-	-	456,090
Loans payable	1,203,334	-	-	1,203,334
Interest-bearing - fixed				
Lease liability	135,186	466,138	296,516	897,840
Total non-derivatives	1,794,610	466,138	296,516	2,557,264

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 30. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: The fair value of financial instruments traded in active markets (such as publicly equity securities) is based on quoted market prices at the end of the reporting period. The quoted market priced used for financial assets held by the Group is the current price. These instruments are included in level 1.
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 its 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. This is the case of unlisted equity securities.

2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Investments at fair value through other comprehensive income	16,721	-	69,757	86,478
Investments at fair value through profit or loss	210	-	179	389
Total assets	16,931	-	69,936	86,867

2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Investments at fair value through other comprehensive income	15,670	-	5,867	21,537
Investments at fair value through profit or loss	-	-	179	179
Total assets	15,670	-	6,046	21,716

There were no transfers between levels during the financial year.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Group and by non-related audit firms:

	2022 $	2021 $
Services provided by PricewaterhouseCoopers		
Audit services	766,000	776,100
Other assurance services	9,000	9,000
Other advisory services	-	1,014,204
Total services provided by PricewaterhouseCoopers	775,000	1,799,304
Services provided by other accounting firms		
Audit services	78,312	41,139

Note 32. Capital Management

Capital of the Group is managed in order to safeguard the ability of the Group to continue as a going concern, to provide returns to shareholders, to provide benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

There are no externally imposed capital requirements.

For information on dividends refer to note 28.

Note 33. Commitments

The Group has the following contractual purchase commitments with its suppliers:

	2022 $'000	2021 $'000
Within one year	815,850	770,000
One to five years	856,643	1,672,493
More than five years	-	-
	1,672,493	2,442,493

Guarantees
The Group, together with a related party, has guaranteed the payment obligation to an external supplier of amounts owed by the store network to the supplier. The Group had 524 stores within the network that owed an amount to the supplier as at 30 June 2022 (2021: 513 stores) of which the average outstanding payments to the external supplier was $646,043 (2021: $512,400). The Group does not expect the guarantee to be utilised in future periods.

The Group, together with some related parties, has guaranteed certain payment obligations to landlords of leased premises. As at 30 June 2022 the Group has a bank guarantee facility of $35,000,000 (2021: $35,000,000), of which $31,335,000 (2021: $26,820,000) is utilised.

Note 34. Key management personnel disclosures

Directors
The following persons were directors of CW Group Holdings Ltd during the financial year:

Mario Verrocchi
Jack Gance
Sam Gance
Damien Gance
Adrian Verrocchi
Marcello Verrocchi
Mario Tascone
Mark Finocchiaro (appointed on 27 September 2021)
Sunil Narula (appointed on 27 September 2021)

The directors have worked in an executive capacity during the year and have drawn no remuneration.

Note 35. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 36.

Key management personnel
Disclosures relating to key management personnel are set out in note 34.

Entities exercising control over the Group
The ultimate parent entity that exercised control over the Group at year-end was CW Group Holdings Ltd, which is incorporated in Australia.

Entities subject to significant influence by the Group
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

Interest in associates are set out in note 37.

The Group also transacts with the entities in the capacity of an Agent where costs incurred by the Group are reimbursed by the entities. These reimbursements carry no margin and are recorded on a net basis.

Transactions with related parties disclosed below are based on terms and conditions agreed between the parties.

	2022 $'000	2021 $'000
Transactions with associates		
Sale of goods and rendering of services to entities	55,113	46,656
Purchases from entities	(434)	(892)
Leases income received from entities	7,401	4,169
Outstanding balances with associates		
Trade receivables from entities	12,310	10,425
Lease receivables	64,033	46,121
Trade payables to entities	(932)	(373)
Loans payable to entities	(5,658)	(535)

Note 35. Related party transactions (continued)

Entities over which the Key Management Personnel have control, joint control or significant influence
Entities which the Key Management Personnel have control, joint control or significant influence over include:

- **East Yarra Friendly Society Pty Ltd ("EYFS"):** During the year the Group settled a number of related party loans. At 30 June 2022 the Group has an outstanding loan of $259 million owing to EYFS. This loan accrues interest, is unsecured, and EYFS may demand payment by providing at least 15 months' notice, otherwise the loan matures in November 2031.
- **Franchise stores:** There are franchise stores which are operated and owned by Key Management Personnel of the Group (including any stores owned by EYFS) either wholly or in partnership with independent parties. The terms of the franchise agreements with related party stores are on agreed terms and conditions.
- **Properties:** Properties owned by the Key Management Personnel and leased to the Group.
- **Other related parties:** Entities outside the Group over which Key Management Personnel have control, joint control or significant influence over.

The Group also transacts with the entities in the capacity of an Agent where costs incurred by the Group are reimbursed by the entities. These reimbursements carry no margin and are recorded on a net basis.

Transactions with related parties disclosed below are based on terms and conditions agreed between the parties.

	2022 $'000	2021 $'000
Transactions with entities which Key Management Personnel have control, joint control or significant influence over		
Sales of goods and rendering of services to the entities	1,944,689	1,389,070
Fees revenue	19,586	13,073
Lease income received from entities	58,144	51,611
Lease payments	(36,059)	(30,303)
Purchases from entities	(188,670)	(17,660)

	2022 $'000	2021 $'000
Outstanding balances with entities which Key Management Personnel have control, joint control or significant influence over		
Trade receivables from entities	135,306	74,299
Trade payables from entities	(12,707)	(28,728)
Lease receivable	933	1,816
Lease liability	(148,545)	(152,258)
Make good provision	(2,500)	(1,875)
Dividends payable to entities	-	(454,133)
Movement of loans to related parties		
Carrying amount at the start of the year	(308,164)	197,879
Loan repayments to related parties	2,347,941	4,914,183
Loan proceeds from related parties	(2,330,450)	(5,101,711)
Additions on acquisition of common controlled entities	-	(17,260)
Derecognition on deconsolidation of subsidiaries	-	(301,255)
Carrying amount at the end of the year	(290,673)	(308,164)
Loans payable	(290,673)	(1,202,465)
Loans receivable	-	894,301
	(290,673)	(308,164)

Note 35. Related party transactions (continued)

Close family members
Close family members of the Key Management Personnel are related parties to the Group. Close family members include the Key Management Personnel's children, spouse and/or domestic partner.

Transactions with Close family members includes transactions with entities over which the Close family members have control or significant influence over.

The Group also transacts with the entities in the capacity of an Agent where costs incurred by the Group are reimbursed by the entities. These reimbursements carry no margin and are recorded on a net basis.

Transactions with related parties disclosed below are based on terms and conditions agreed between the parties.

	2022 $'000	**2021 $'000**
Transactions with close family members		
Sales of goods to the entities	332,854	225,511
Fees revenue	5,188	1,968
Lease income	9,264	8,352
Lease payments	(453)	(186)
Purchases from entities	-	(2)
Employee benefits	(418)	(362)
Outstanding balances with close family members		
Trade receivables from entities	26,796	14,695
Trade payables from entities	(874)	(602)
Lease receivable	68	668

Guarantees with related parties
For details on guarantees see note 33.

Note 36. Interests in subsidiaries

The Group's principal subsidiaries at 30 June 2022 are set out below. Unless otherwise stated, they have share capital / trust units consisting solely of ordinary shares / units that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
CW Retail Trust	Australia	100.0%	100.0%
CW Retail Pty Ltd	Australia	100.0%	100.0%
CW Retail Holdings Trust	Australia	100.0%	100.0%
CW Retail Holdings Pty Ltd	Australia	100.0%	100.0%
BSAP Solutions Pty Ltd	Australia	100.0%	100.0%
CW Retail Asia Pty Ltd	Australia	100.0%	100.0%
CW Management Trust	Australia	100.0%	100.0%
CW Management Pty Ltd	Australia	100.0%	100.0%
CW Media Trust	Australia	100.0%	100.0%
CW Media Pty Ltd	Australia	100.0%	100.0%
CW Leasing Services Trust	Australia	100.0%	100.0%
CW Leasing Services Pty Ltd	Australia	100.0%	100.0%
CW China Trust	Australia	100.0%	100.0%
CW China Pty Ltd	Australia	100.0%	100.0%
CW Retail Services Trust	Australia	100.0%	100.0%
CW Retail Services Pty Ltd	Australia	100.0%	100.0%
CW Retail Services (NZ) Ltd	New Zealand	100.0%	100.0%
CW NZ Pharmacy Pty Ltd	Australia	100.0%	100.0%
CW Leasing NZ Unit Trust	Australia	100.0%	100.0%
CW Leasing NZ Pty Ltd	Australia	100.0%	100.0%
CW Treasury Services Pty Ltd	Australia	100.0%	100.0%
ePharmacy Holdings Pty Ltd	Australia	100.0%	100.0%
ePharmacy Group Pty Ltd	Australia	100.0%	100.0%
ePharmacy Unit Trust	Australia	100.0%	100.0%
Market Reach Pty Ltd	Australia	100.0%	100.0%
Game-On Product Group Pty Ltd	Australia	100.0%	100.0%
Chemist Warehouse Ireland Ltd	Ireland	100.0%	100.0%
Chemist Warehouse Ltd	New Zealand	100.0%	100.0%
Stratosphere Media Agency Pty Ltd	Australia	93.5%	93.5%
CWIRE Retail Holdings Limited	Ireland	70.0%	70.0%
CWIRE Retail 1 Ltd	Ireland	70.0%	70.0%
CWIRE Retail 2 Ltd	Ireland	70.0%	70.0%
CWIRE Retail 3 Ltd*	Ireland	70.0%	-
CWIRE Retail 4 Ltd*	Ireland	70.0%	-
CWIRE Retail 5 Ltd*	Ireland	70.0%	-
CWIRE Retail 6 Ltd*	Ireland	70.0%	-
CWIRE Retail 7 Ltd*	Ireland	70.0%	-
CWIRE Retail 8 Ltd*	Ireland	70.0%	-
CW IP Pty Ltd*	Australia	100.0%	-
CW IP Trust*	Australia	100.0%	-
Optometrist Warehouse Pty Ltd*	Australia	70.0%	-
Instant Consult Pty Ltd**	Australia	60.0%	25.0%

** Entities acquired or incorporated during the year*
*** Entities previously classified as associate*

Note 37. Interests in associates

The Group's operating associates are set out below. Unless stated otherwise they have share capital consisting solely of ordinary shares that are held directly by the Group. The country of incorporation is also their principal place of business.

Name	Principal place of business / Country of incorporation	2022 %	2021 %
Sklarexen Pty Ltd	Australia	50%	50%
Pharmacy Investments 1 Ltd	New Zealand	*	*
Pharmacy Investments 2 Ltd	New Zealand	*	*
Pharmacy Investments 3 Ltd	New Zealand	*	*
Pharmacy Investments 4 Ltd	New Zealand	*	*
Pharmacy Investments 5 Ltd	New Zealand	*	*
Pharmacy Investments 6 Ltd	New Zealand	*	*
Pharmacy Investments 7 Ltd	New Zealand	*	*
Pharmacy Investments 8 Ltd	New Zealand	*	*
Pharmacy Investments 9 Ltd	New Zealand	*	*
Pharmacy Investments 10 Ltd	New Zealand	*	*
Pharmacy Investments 11 Ltd	New Zealand	*	*
Pharmacy Investments 12 Ltd	New Zealand	*	*
Pharmacy Investments 13 Ltd	New Zealand	*	*
Pharmacy Investments 14 Ltd	New Zealand	*	*
Pharmacy Investments 15 Ltd	New Zealand	*	*
Pharmacy Investments 16 Ltd	New Zealand	*	*
Pharmacy Investments 17 Ltd	New Zealand	*	*
Pharmacy Investments 18 Ltd	New Zealand	*	*
Pharmacy Investments 19 Ltd	New Zealand	*	*
Pharmacy Investments 20 Ltd	New Zealand	*	*
Pharmacy Investments 21 Ltd	New Zealand	*	*
Pharmacy Investments 22 Ltd	New Zealand	*	*
Pharmacy Investments 23 Ltd	New Zealand	*	*
Pharmacy Investments 24 Ltd	New Zealand	*	*
Pharmacy Investments 25 Ltd	New Zealand	*	*
Pharmacy Investments 26 Ltd	New Zealand	*	*
Pharmacy Investments 27 Ltd	New Zealand	*	*
Pharmacy Investments 28 Ltd	New Zealand	*	*
Pharmacy Investments 29 Ltd	New Zealand	*	-
Pharmacy Investments 30 Ltd	New Zealand	*	-
Pharmacy Investments 31 Ltd	New Zealand	*	-
Pharmacy Investments 32 Ltd	New Zealand	*	-
Pharmacy Investments 33 Ltd	New Zealand	*	-
Pharmacy Investments 34 Ltd	New Zealand	*	-
Pharmacy Investments 35 Ltd	New Zealand	*	-
Pharmacy Investments 36 Ltd	New Zealand	*	-
Pharmacy Investments 37 Ltd	New Zealand	*	-
Pharmacy Investments 38 Ltd	New Zealand	*	-
Pharmacy Investments 39 Ltd	New Zealand	*	-
Pharmacy Investments 40 Ltd	New Zealand	*	-
Pharmacy Investments 41 Ltd	New Zealand	*	-
Pharmacy Investments 42 Ltd	New Zealand	*	-
Pharmacy Investments 43 Ltd	New Zealand	*	-
Pharmacy Investments 44 Ltd	New Zealand	*	-
Pharmacy Investments 45 Ltd	New Zealand	*	-
Pharmacy Investments 46 Ltd	New Zealand	*	-

Note 37. Interests in associates (continued)

Name	Principal place of business / Country of incorporation	2022 %	2021 %
Pharmacy Investments 47 Ltd	New Zealand	*	-
Pharmacy Investments 48 Ltd	New Zealand	*	-
Pharmacy Investments 49 Ltd	New Zealand	*	-
Pharmacy Investments 50 Ltd	New Zealand	*	-

*For associates incorporated in New Zealand, the Group holds 43.3% of Class A shares and 60% of Class B shares. Class A shares are voting shares with no profit rights. Class B shares are income shares with no voting rights.

Note 38. Deed of cross guarantee

CW Group Holdings Limited, CW Retail Pty Ltd, ePharmacy Holdings Pty Ltd and ePharmacy Group Pty Limited entered into a deed of cross guarantee during year ended 30 June 2021.

By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare the financial report and directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.* The effect of the deed is that each party guarantees the debts of the others.

(a) Consolidated statement of profit or loss

The above companies 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 CW Group Holdings Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss for the year ended 30 June 2022 of the closed group consisting of CW Group Holdings Limited, CW Retail Pty Ltd, ePharmacy Holdings Pty Ltd and ePharmacy Group Pty Limited.

Statement of profit or loss and other comprehensive income	2022 $'000	2021 $'000
Dividend income	166,683	449,465
Administration and general expenses	(3,561)	(1,527)
Profit before income tax (expense)/benefit	163,122	447,938
Income tax (expense)/benefit	(2,128)	3,103
Profit after income tax (expense)/benefit	160,994	451,041
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	160,994	451,041

(b) Consolidated balance sheet and summary of movements in consolidated retained earnings

Set out below is a consolidated balance sheet and a summary of movements in consolidated retained earnings for the year ended 30 June 2022 of the closed group consisting of CW Group Holdings Limited, CW Retail Pty Ltd, ePharmacy Holdings Pty Ltd and ePharmacy Group Pty Limited.

Note 38. Deed of cross guarantee (continued)

Balance sheet	2022 $'000	2021 $'000
Current assets		
Trade and other receivables	121,063	505,468
Financial assets at amortised cost	678	37,518
	121,741	542,986
Non-current assets		
Investments in subsidiaries	504,164	504,163
	504,164	504,163
Total assets	625,905	1,047,149
Current liabilities		
Trade and other payables	-	463,331
Financial liabilities at amortised cost	-	717
Current tax liabilities	62,977	27,098
	62,977	491,146
Total liabilities	62,977	491,146
Net assets	562,928	556,003
Equity		
Issued capital	549,403	549,403
Reserves	1,617	556
Retained earnings	11,908	6,044
Total equity	562,928	556,003

Summary of movements in equity	Issued Capital $'000	Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2020	112	136	9,136	9,384
Profit after tax	-	-	451,041	451,041
Issuance of new shares	549,291	-	-	549,291
Dividends	-	-	(454,133)	(454,133)
Share based payments	-	420	-	420
Balance at 30 June 2021	549,403	556	6,044	556,003
Profit after tax	-	-	160,994	160,994
Issuance of new shares	-	-	(155,130)	(155,130)
Dividends	-	-	-	-
Share based payments	-	1,061	-	1,061
Balance at 30 June 2022	549,403	1,617	11,908	562,928

Note 39. Events after the reporting period

On 29 September 2022, the Directors declared a dividend of $132,028,956.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

Note 40. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	2022 $'000	2021 $'000
Profit/(loss) after income tax expense for the year	385,008	(176,739)
Adjustments for:		
Depreciation and amortisation	136,454	38,789
Share of profit - associates	(8,184)	(1,653)
Share-based payments	1,061	420
Provision of service for acquisition of shares	(28,077)	(15,895)
Business model change related expenses	-	445,293
Transaction costs for acquisition of new entities	1,568	-
Impairment expense	222	12,187
Change in operating assets and liabilities:		
Increase in trade and other receivables	(138,227)	53,181
Decrease/(increase) in inventories	(83,222)	71,465
Increase in deferred tax assets	(9,132)	(23,666)
Increase in current tax assets	16,664	(18,296)
Decrease/(increase) in other operating assets	(7,232)	(7,599)
Increase/(decrease) in trade and other payables	(38,210)	(4,011)
Increase /(decrease) in contract liabilities	26,183	(77,929)
Increase in provision for income tax	24,844	17,352
Increase in other provisions	3,618	2,040
Net cash from operating activities	284,338	314,939

Note 41. Non-cash investing and financing activities

	2022 $'000	2021 $'000
Additions to the right-of-use assets	122,053	680,109
Investments received in exchange for services provided	28,077	15,895
	150,130	696,004

Note 42. Share-based payments

Performance rights
Performance rights have been granted to certain key executives in 2020 to provide incentives to deliver long terms shareholder returns.

The rights vest upon certain milestone events being met.

Rights are granted under the plan for no consideration and carry no dividend or voting rights.

Note 42. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

	Number of options 2022	2021
Outstanding at the beginning of the financial year	1,980,000	1,980,000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	(1,980,000)	-
Outstanding at the end of the financial year	-	1,980,000
Vest and exercisable at the end of the financial year	-	-

No options expired during the periods covered by the above tables.

Grant date	Expiry date	Performance rights 30 June 2022	Performance rights 30 June 2021
28 January 2020	28 January 2022	-	1,465,000
27 May 2020	28 January 2022	-	515,000
		-	1,980,000

The fair value of the performance rights was determined using the Black-Scholes model.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2022 $	2021 $
Performance rights expense	1,061,288	419,652

Accounting policy for share-based payments
Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 43. Parent entity financial information

Summary financial information
The individual financial statements for the parent entity, CW Group Holdings Ltd, show the following aggregate amounts:

Note 43. Parent entity financial information (continued)

	2022 $'000	2021 $'000
Balance sheet		
Current assets	118,899	540,144
Total assets	621,280	1,042,524
Current liabilities	62,977	491,146
Total liabilities	62,977	491,146

	2022 $'000	2021 $'000
Shareholders equity		
Issued capital	549,391	549,391
Reserves	1,617	556
Retained earnings	7,295	1,431
Total equity	558,303	551,378
Profit for the period	160,994	451,041
Total comprehensive income	160,994	451,041

Contingent liabilities
The parent entity did not have any contingent liabilities as at 30 June 2022 (2021: nil)

Determining the parent entity financial information
The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries and associates
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

Note 44. Earnings per share

Basic/diluted earnings per share

	2022 cents	2021 cents
Total basic/diluted earnings per share attributable to the ordinary equity holders of the Company	0.25	(0.16)

Note 44. Earnings per share (continued)

Earnings used in calculating earnings per share

	2022 $'000	2021 $'000
Basic and diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	385,932	(175,977)

	2022 No. (thousands)	2021 No. (thousands)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,551,307	1,125,080
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,553,276	1,126,902

Information concerning the classification of securities
Performance Rights granted to employees under the share plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the relevant performance hurdles have been met based on the Company's performance up to the conversion date, and to the extent to which they are dilutive.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of CW Group Holdings Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

CW Group Holdings Ltd
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 38 to the financial statements.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Mario Verrocchi
Director

Jack Gance
Director

18 October 2022
Melbourne

Independent auditor's report

To the members of CW Group Holdings Ltd

Our opinion

In our opinion:

The accompanying financial report of CW Group Holdings Ltd (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

Independence

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 & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Daniel Rosenberg
Partner

Melbourne
18 October 2022