CW Group Holdings Ltd

ABN 83 635 851 839

Annual Report - 30 June 2021

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 2021. Throughout the report, the consolidated entity is referred to as the Group.

Significant changes in the state of affairs

Deconsolidation of entities
During the 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 year resulting in a reduction in net assets and non-controlling interests. For more details refer to note 37.

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

(a) The Group agreed to a new wholesale supply agreement with franchisees which will result in an increase in franchisee purchases from the Group; and
(b) changes to leasing and other fee arrangements with franchisees. Refer to note 16 and 20 for further details in respect of leases.

As part of the change in business model, certain franchisees received compensation which was recorded as an expense in the consolidated statement of comprehensive income.

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.

Acquisition of common controlled entities
During the financial year the Group acquired Game On Product Pty Ltd, ePharmacy Holdings Pty Ltd and Stratosphere Media Agency Pty Ltd in common control transactions.

International Expansion
On 1 December 2020, the Group acquired an equity interest in the net assets and businesses of 5 existing New Zealand Chemist Warehouse stores.

During the year the Group opened its first 2 stores in the European Union. The stores are located in Ireland.

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 whole of 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 and Sunil Narula were appointed as directors 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 2021 $	Year ended 30 June 2020 $
Dividends provided for or paid	454,133,277	350,000,000

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 2021 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
- **Online sales accelerated**: Online sales increased during Covid-19 period due to a shift in consumer preference in favour of online shopping.
- **Sale of Personal Protective Equipment (PPE) to Government entities**: Sales to Government and other statutory authorities increased due to high demand for Personal Protective Equipment.

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 loss for the Group after providing for income tax and non-controlling interests amounted to $175,977,000 (30 June 2020: profit of $228,974,000).

Events since the end of the financial year
No matter or circumstance has arisen since 30 June 2021 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 2021	Performance rights 30 June 2020
28 January 2020	28 January 2022	1,465,000	1,465,000
27 May 2020	28 January 2022	515,000	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	Jack Gance
Director	Director

7 October 2021
Melbourne

Auditor's Independence Declaration

As lead auditor for the audit of CW Group Holdings Ltd for the year ended 30 June 2021, 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
7 October 2021

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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 37.

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	**Principal place of business**
c/- Rispin & Mott	44 Raglan Street
Level 5 / 484 St Kilda Rd	Preston VIC 3072
Melbourne VIC 3004	

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 7 October 2021. 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 2021

	Note	2021 $'000	2020 $'000
Revenue			
Revenue	5	2,456,860	2,507,117
Cost of sales		(1,788,559)	(1,899,008)
Gross profit		668,301	608,109
Share of profits of associates accounted for using the equity method		1,653	135
Other income	6	8,141	3,704
Expenses			
Warehousing and distribution expenses		(122,664)	(120,798)
Marketing and sales expenses		(34,877)	(33,025)
Administration and general expenses		(580,290)	(125,756)
Net finance (costs) / income	8	(7,661)	(1,854)
Profit/(loss) before income tax expense		(67,397)	330,515
Income tax expense	9	(109,342)	(103,317)
Profit/(loss) after income tax expense for the year		(176,739)	227,198
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Loss on the revaluation of financial assets at fair value through other comprehensive income, net of tax	14	(3,360)	(2,303)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	26	24	(69)
Other comprehensive loss for the year, net of tax		(3,336)	(2,372)
Total comprehensive income/(loss) for the year		(180,075)	224,826
Profit/(loss) for the year is attributable to:			
Non-controlling interests	28	(762)	(1,776)
Owners of CW Group Holdings Ltd	27	(175,977)	228,974
		(176,739)	227,198
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests		(762)	(1,776)
Owners of CW Group Holdings Ltd		(179,313)	226,602
		(180,075)	224,826
Basic earnings/(loss) per share		(0.16)	0.22
Diluted earnings/(loss) per share		(0.16)	0.22

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 2021

	Note	2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	10	220,207	40,613
Trade and other receivables	11	326,609	305,121
Contract assets	12	57,190	125,602
Inventories	13	409,572	453,196
Financial assets at amortised cost	15	903,156	1,153,619
Lease receivables	16	8,747	82,577
Other current assets	17	10,340	14,922
Current tax assets	9	18,296	-
Total current assets		1,954,117	2,175,650
Non-current assets			
Investments accounted for using the equity method	18	3,958	2,305
Financial assets at fair value through other comprehensive income	14	21,537	11,430
Financial assets at fair value through profit or loss		179	179
Property, plant and equipment	19	30,354	30,748
Right-of-use assets	20	704,874	53,199
Deferred tax assets	9	33,093	4,399
Lease receivables	16	50,818	532,401
Total non-current assets		844,813	634,661
Total assets		2,798,930	2,810,311
Liabilities			
Current liabilities			
Trade and other payables	21	598,885	423,774
Contract liabilities	22	62,442	134,182
Financial liabilities at amortised cost	15	1,203,334	955,852
Lease liabilities	23	103,726	91,743
Current tax liabilities	9	39,581	39,997
Provisions	24	17,031	9,221
Total current liabilities		2,024,999	1,654,769
Non-current liabilities			
Contract liabilities	22	6,222	8,300
Lease liabilities	23	652,765	570,326
Provisions	24	25,853	16,687
Total non-current liabilities		684,840	595,313
Total liabilities		2,709,839	2,250,082
Net assets		89,091	560,229
Equity			
Issued capital	25	549,391	100
Reserves	26	(63,908)	(2,272)
Retained profits/(accumulated losses)	27	(395,600)	234,510
Equity attributable to the owners of CW Group Holdings Ltd		89,883	232,338
Non-controlling interests	28	(792)	327,891
Total equity		89,091	560,229

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 2021

	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2019	100	-	355,536	329,797	685,433
Profit/(loss) after income tax expense for the year	-	-	228,974	(1,776)	227,198
Other comprehensive loss for the year, net of tax	-	(2,372)	-	-	(2,372)
Total comprehensive income/(loss) for the year	-	(2,372)	228,974	(1,776)	224,826
Movement in merger reserve	-	(36)	-	-	(36)
Transactions with owners in their capacity as owners:					
Employee share schemes – value of employee services (note 43)	-	136	-	-	136
Transactions with non-controlling interests (note 28)	-	-	-	(130)	(130)
Dividends provided for or paid (note 29)	-	-	(350,000)	-	(350,000)
Balance at 30 June 2020	100	(2,272)	234,510	327,891	560,229

	Issued capital $'000	Reserves $'000	Retained profits $'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 for the year	-	-	(175,977)	(762)	(176,739)
Other comprehensive loss for the year, net of tax	-	(3,336)	-	-	(3,336)
Total comprehensive loss for the year	-	(3,336)	(175,977)	(762)	(180,075)
Common control transactions (note 26)	-	(58,720)	-	-	(58,720)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 25)	549,291	-	-	-	549,291
Transactions with non-controlling interests (note 28)	-	-	-	58	58
Deconsolidation of subsidiaries (note 28)	-	-	-	(327,979)	(327,979)
Employee share schemes – value of employee service (note 43)	-	420	-	-	420
Dividends provided for or paid (note 29)	-	-	(454,133)	-	(454,133)
Balance at 30 June 2021	549,391	(63,908)	(395,600)	(792)	89,091

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 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,657,755	2,790,817
Payments to suppliers and employees (inclusive of GST)		(2,201,203)	(2,433,468)
		456,552	357,349
Interest and other finance costs paid	8	(37,309)	(29,704)
Interest and other finance income received	8	29,649	27,850
Income taxes paid		(133,953)	(96,452)
Net cash from operating activities	41	314,939	259,043
Cash flows from investing activities			
Payments for property, plant and equipment		(9,961)	(6,739)
Proceeds from disposal of property, plant and equipment		-	913
Acquisition of new entities (cash acquired)		4,248	-
Net cash used in investing activities		(5,713)	(5,826)
Cash flows from financing activities			
Proceeds from issue of shares	25	51,719	-
Repayments of loans		(4,922,268)	(4,529,628)
Proceeds from loans		5,101,711	4,647,902
Principal elements of lease receipts		73,663	72,446
Principal elements of lease payments		(94,539)	(84,155)
Dividends paid to members of the company		(340,000)	(350,000)
Transactions with non-controlling interests	28	58	(130)
Net cash used in financing activities		(129,656)	(243,565)
Net increase in cash and cash equivalents		179,570	9,652
Cash and cash equivalents at the beginning of the financial year		40,613	31,030
Effects of exchange rate changes on cash and cash equivalents		24	(69)
Cash and cash equivalents at the end of the financial year	10	220,207	40,613

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

Note 1. Significant changes in the reporting period

Deconsolidation of entities
During the 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 year resulting in a reduction in net assets and non-controlling interests. For more details refer to note 37.

Changes to existing business model
From 1 May 2021, the Group implemented several changes to its business mode. Key changes included the following:

(a) The Group agreed to a new wholesale supply agreement with franchisees which will result in an increase in franchisee purchases from the Group; and
(b) changes to leasing and other fee arrangements with franchisees. Refer to note 16 and 20 for further details in respect of leases.

As part of the change in business model, certain franchisees received compensation which was recorded as an expense in the consolidated statement of comprehensive income.

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.

Acquisition of common controlled entities
During the financial year the Group acquired Game On Product Pty Ltd, ePharmacy Holdings Pty Ltd and Stratosphere Media Agency Pty Ltd in common control transactions.

International Expansion
On 1 December 2020, the Group acquired an equity interest in the net assets and businesses of 5 existing New Zealand Chemist Warehouse stores.

During the year the Group opened its first 2 stores in the European Union. The stores are located in Ireland.

Corporate restructure
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.

While CW Group Holdings Ltd became the legal parent of the Group, this did not result in a business combination for accounting purposes. When preparing the financial information for the Group, the restructure has been accounted for as a capital reorganisation by the Group. The financial statements of CW Group Holdings Ltd represent a continuation of the operations of the existing Group. Assets and liabilities are recorded at their existing values in the statement of financial position for the Group. The statement of profit or loss for CW Group Holdings Ltd is a continuation of the existing statement of profit or loss.

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.

Note 2. Significant accounting policies (continued)

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 2020. 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 2021 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.

Deficiency of net current assets
At 30 June 2021, the Group has a net current deficiency of $70,882,000. The deficiency includes lease liabilities of $103,726,000 classified as current (refer note 23 for more details).

The Group manages its liquidity position through cash flows from future operating activities.

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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

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

	2021 $'000	**2020 $'000**
Sales revenue		
Sales revenue	1,787,898	1,889,226
Fees revenue	403	-
Services revenue		
Franchise and related fees	193,840	192,747
Marketing, advertising and other	474,719	425,144
	668,559	617,891
Total revenue	2,456,860	2,507,117

Included in Sales revenue is consideration for leases with customers of $21,300,000.

Note 5. Revenue (continued)

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.

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.

Note 5. Revenue (continued)

Disaggregation of revenue by geographic region

	2021 $'000	2020 $'000
Australia	2,261,143	2,318,886
International	195,717	188,231
	2,456,860	2,507,117

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:

	2021 $'000	2020 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue	127,259	5,705
Marketing, advertising and other	6,923	5,522
	134,182	11,227

Note 6. Other income

	2021 $'000	2020 $'000
Rent concessions	1,289	2,464
Other items	6,852	1,240
Other income	8,141	3,704

The Group received rent relief concessions from external landlords of $1.3m (2020: $2.5m) 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

	2021 $'000	2020 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation and amortisation		
Depreciation - property, plant and equipment	7,441	9,093
Depreciation - right-of-use assets	31,348	14,416
Total depreciation and amortisation	38,789	23,509
Impairment of assets		
Impairment - property, plant and equipment	7,188	-
Impairment - right-of-use assets	5,000	-
Total impairment of assets	12,188	-
Leases		
Rental expenses on leases	2,663	17,720
Superannuation expense		
Defined contribution superannuation expense	6,815	5,493
Employee benefits expenses		
Employee benefits expenses	104,790	95,426
Share-based payments expense		
Share-based payments expense	420	136

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

(a) The Group agreed to a new wholesale supply agreement with franchisees which will result in an increase in franchisee purchases from the Group; and
(b) changes to leasing and other fee arrangements with franchisees. Refer to note 16 and 20 for further details in respect of leases.

As part of the change in business model, an expense of $445,292,000 was incurred which was recorded in the consolidated statement of comprehensive income.

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 $1.3m in the year ended 30 June 2021 (2020: $17.3m).

Note 8. Finance income and expenses

	2021 $'000	2020 $'000
Finance income		
Interest and finance charges on lease receivables	29,648	27,850
Finance costs		
Interest and finance charges paid/payable for lease liabilities	(36,928)	(29,704)
Other finance costs	(381)	-
Net finance (costs)/income	(7,661)	(1,854)

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.

	2021 $'000	2020 $'000
Income tax expense/(benefit)		
Current tax on profits for the year	132,758	104,102
Adjustment for current tax of prior periods	(116)	-
Total current tax expense	132,642	104,102
Decrease/(increase) in deferred tax assets	(20,431)	(785)
Adjustment for deferred tax of prior periods	(2,869)	-
Total deferred tax expense/(benefit)	(23,300)	(785)
Aggregate income tax expense	109,342	103,317
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax expense	(67,397)	330,515
Tax at the statutory tax rate of 30%	(20,219)	99,155
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expense not deductible for the Group	133,588	668
Sundry items	(1,042)	3,494
Adjustments for current and deferred tax of prior periods	(2,985)	-
Income tax expense/(benefit)	109,342	103,317

Note 9. Income tax (continued)

	2021 $'000	2020 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Employee benefits	4,417	2,557
Inventories	7,027	1,274
Contract liabilities	14,315	-
Provision for Make good	8,783	3,463
Lease receivables	(16,941)	(175,772)
Lease liabilities	225,066	176,338
Right of use assets	(210,539)	(644)
Make good asset	(171)	(3,413)
Other	1,136	596
Deferred tax asset	33,093	4,399
Movements:		
Opening balance	4,399	3,614
Charged to profit or loss	23,300	785
Charged to equity	2,427	-
Common control transactions	2,601	-
Tax losses converted to deferred tax assets	366	-
Closing balance	33,093	4,399

	2021 $'000	2020 $'000
Current tax liabilities		
Income tax payable	39,581	39,997
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

	2021 $'000	2020 $'000
Current assets		
Cash at bank and on hand	220,207	10,579
Deposits at call	-	30,034
	220,207	40,613

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.

Restricted cash – Deposits at call
Cash includes deposits of Nil (2020: 30,034,000) which are subject to contractual restrictions from a bank under a guarantee facility and are therefore not available for general use by the Group. These would be utilised if the Group defaults on its obligation under this facility.

Note 11. Trade and other receivables

	2021 $'000	2020 $'000
Current assets		
Trade receivables	274,657	284,262
Other receivables	51,952	20,859
	326,609	305,121

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.

	2021 $'000	2020 $'000
Current	219,085	242,133
0 - 30 days overdue	35,273	22,052
31 - 60 days overdue	12,908	9,818
61 - 90 days overdue	1,787	2,739
91 or more days overdue	5,604	7,520
	274,657	284,262

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. Contract assets

	2021 $'000	2020 $'000
Current assets		
Contract assets	57,190	125,602

Accounting policy for contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 13. Inventories

	2021 $'000	2020 $'000
Current assets		
Stock on hand	409,572	453,196

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.

Note 13. Inventories (continued)

Amounts recognised in profit or loss
Inventories recognised as an expense during the year ended 30 June 2021 amounts to $1,672,968,000 (2020:1,757,539,000). These were included in cost of sales in the statement of profit or loss.

Write-down of inventories amounted to $13,508,000 (2020: $5,373,000). These were recognised as an expense during the year and included in cost of sales in the statement of profit or loss.

Note 14. Financial assets at fair value through other comprehensive income

	2021 $'000	2020 $'000
Non-current assets		
Investments held at fair value through OCI	21,537	11,430

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 2021, 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:

	2021 $000	2020 $000
Gains / (losses) on equity investments	(3,360)	(2,303)

Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 31.

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 $2.7 million since 30 June 2021.

Note 15. Financial assets and liabilities at amortised cost

	2021 $'000	2020 $'000
Current assets		
Loans receivable	903,156	1,153,619
Current liabilities		
Loans payable	1,203,334	955,852

For loans receivable and payable with related parties refer to note 36 for details.

Note 15. 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 16. Lease receivables

	2021 $'000	2020 $'000
Current assets		
Lease receivables	8,747	82,577
Non-current assets		
Lease receivables	50,818	532,401

The Group holds the head lease for the majority of franchise 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 lease receivable for leases associated with franchise stores under sub-licensing arrangements.

Changes to leasing arrangements

The Group holds the head lease for the majority of franchise 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 lease receivable for leases associated with franchise stores under sub-licensing arrangements.

During the 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.

Refer note 20 for accounting policy on Right of use assets

Note 16. Lease receivables (continued)

	2021 $'000	2020 $'000
Commitments in relation to receivables are as follows:		
Within one year	11,456	108,362
Later than one year but not later than five years	31,675	377,596
Later than five years	33,915	243,764
Minimum lease receivables	77,046	729,722
Unearned interest income	(17,481)	(114,744)
Total lease receivables	59,565	614,978

Note 17. Other current assets

	2021 $'000	2020 $'000
Current assets		
Prepayments	9,293	3,075
GST receivable	-	5,104
Other current assets	1,047	6,743
	10,340	14,922

Note 18. Investments accounted for using the equity method

	2021 $'000	2020 $'000
Non-current assets		
Investment in associates	3,958	2,305

Refer to note 38 for further information on interests in associates.

Note 19. Property, plant and equipment

	2021 $'000	2020 $'000
Non-current assets		
Fittings, furniture and equipment - at cost	38,525	56,097
Less: Accumulated depreciation and impairment	(15,357)	(29,206)
	23,168	26,891
Motor vehicles - at cost	790	1,877
Less: Accumulated depreciation and impairment	(404)	(1,466)
	386	411
Computer equipment - at cost	13,251	26,425
Less: Accumulated depreciation	(6,451)	(22,979)
	6,800	3,446
	30,354	30,748

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	Total $'000
Balance at 1 July 2019	30,939	4,868	490	36,297
Additions	5,428	1,300	11	6,739
Disposals	(2,910)	(285)	-	(3,195)
Depreciation expense	(6,566)	(2,437)	(90)	(9,093)
Balance at 30 June 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

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

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 20. Right-of-use assets

	2021 $'000	2020 $'000
Non-current assets		
Land and buildings	769,629	89,060
Less: Accumulated depreciation and impairment	(72,657)	(38,593)
	696,972	50,467
Plant and equipment	8,542	8,347
Less: Accumulated depreciation	(640)	(5,615)
	7,902	2,732
	704,874	53,199

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 2019	63,042	2,744	65,786
Additions	2,197	1,898	4,095
Derecognition	(4,409)	-	(4,409)
Remeasurements	2,143	-	2,143
Depreciation expense	(12,506)	(1,910)	(14,416)
Balance at 30 June 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

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.

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 20. 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 (2020: nil) was recognised in relation to the Group’s right-of-use assets during the current financial year.

Changes to leasing arrangements
During the 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 21. Trade and other payables

	2021 $'000	2020 $'000
Current liabilities		
Trade payables	456,090	404,235
Accruals	25,193	19,539
Dividends payable	114,133	-
GST payable	3,469	-
	598,885	423,774

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 22. Contract liabilities

	2021 $'000	2020 $'000
Current liabilities		
Contract liabilities	62,442	134,182
Non-current liabilities		
Contract liabilities	6,222	8,300

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 23. Lease liabilities

	2021 $'000	2020 $'000
Current liabilities		
Lease liability	103,726	91,743
Non-current liabilities		
Lease liability	652,765	570,326

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.

	2021 $'000	2020 $'000
Reconciliation of lease liabilities		
Lease liabilities at beginning of the year	662,069	444,617
Lease modifications agreed during the year	36,722	96,576
Additional leases entered into during the year	153,252	209,275
Interest expense	36,928	29,704
Lease payments	(131,467)	(113,859)
Derecognition of lease liabilities	(1,013)	(4,244)
Lease liabilities at end of the year	756,491	662,069

Note 24. Provisions

	2021 $'000	2020 $'000
Current liabilities		
Employee benefit obligations	12,888	9,047
Make good provision	4,120	40
Provisions for returns or refunds	23	134
	17,031	9,221
Non-current liabilities		
Employee benefit obligations	1,208	912
Make good provision	24,645	15,775
	25,853	16,687

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

	2021 $'000	2020 $'000
Carrying amount at the start of the year	15,815	16,103
Additional provisions recognised	13,430	133
Amounts used	(480)	(421)
Carrying amount at the end of the year	28,765	15,815

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:

	2021 $'000	2020 $'000
Employee benefits obligation expected to be settled after 12 months	5,844	5,338

Note 24. 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 25. Issued capital

	2021 No. of shares (thousands)	2020 No. of shares (thousands)	2021 $'000	2020 $'000
Ordinary shares - fully paid	1,551,302	1,000,000	549,391	100

Note 25. Issued capital (continued)

Movements in ordinary share capital

	2021 No. of shares (thousands)	2021 $'000	2020 No. of shares (thousands)	2020 $'000
Details				
Opening balance at beginning of financial year	1,000,000	100	100	100
Corporate restructure	-	-	999,900	-
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	-	-
Balance at the end of the financial year	1,551,302	549,391	1,000,000	100

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.

Note 25. Issued capital (continued)

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 - 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.

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.

**Issue of Shares*
During the 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 26. Reserves

	2021 $'000	2020 $'000
Financial assets at fair value through other comprehensive income reserve	(5,663)	(2,303)
Foreign currency translation reserve	(45)	(69)
Share-based payments reserve	556	136
Merger reserve	(58,756)	(36)
	(63,908)	(2,272)

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.

Note 26. Reserves (continued)

Merger reserve
Reserve created as a result of a common control transaction at book value for accounting purposes with no fair value adjustments. In the financial year the Group acquired Game On Product Pty Ltd, ePharmacy Holdings Pty Ltd and Stratosphere Media Agency Pty Ltd in common control transactions which resulted in a $58,720,000 increase in the Merger Reserve.

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 2019	-	-	-	-	-
Revaluations – gross, net of tax	(2,303)	-	-	-	(2,303)
Foreign currency translation	-	(69)	-	-	(69)
Share-based payments expenses	-	-	136	-	136
Common control transaction	-	-	-	(36)	(36)
Balance at 30 June 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)

Note 27. Retained profits/(accumulated losses)

	2021 $'000	2020 $'000
Retained earnings at the beginning of the financial year	234,510	355,536
Profit/(loss) after income tax expense for the year	(175,977)	228,974
Dividends provided for or paid (note 29)	(454,133)	(350,000)
Retained profits/(accumulated losses) at the end of the financial year	(395,600)	234,510

Note 28. Non-controlling interests

	2021 $'000	2020 $'000
Balance at beginning of the year	327,891	329,797
Share of profit for the year	(762)	(1,776)
Consideration paid / (return of capital)	58	(130)
Deconsolidation of subsidiaries	(327,979)	-
	(792)	327,891

Deconsolidation of subsidiaries
During the 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 year resulting in a reduction in net assets and non-controlling interests. For more details refer to note 37.

Note 29. Dividends

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

	2021 $'000	2020 $'000
Dividends provided for or paid	454,133	350,000

Franking credits

	2021 $'000	2020 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	66,652	104,088

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. The balance at 30 June 2021 is an estimate as under income tax law the final franking credits relating to the dividends paid must be declared before 31 October 2021.

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 30. 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.

Note 30. Financial risk management (continued)

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
2021					
Trade and other payables	(1,353)	-	(614)	(26)	(3,667)
Trade and other receivables	1,359	-	4	-	-
2020					
Trade and other payables	(42)	-	(66)	-	-
Trade and other receivables	6,641	784	-	-	-

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.

Financing arrangements
The Group has not required access to borrowing facilities at the end of the reporting period as it has relied on its strong cash generating activities to fund its liquidity requirements.

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

Note 30. Financial risk management (continued)

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.

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

2020	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	404,235	-	-	404,235
Loans payable	955,852	-	-	955,852
Interest-bearing - fixed				
Lease liability	119,638	403,337	263,064	786,039
Total non-derivatives	1,479,725	403,337	263,064	2,146,126

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

Note 31. 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.

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

Note 31. Fair value measurement (continued)

2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Investments at fair value through other comprehensive income	11,430	-	-	11,430
Investments at fair value through profit or loss	-	-	179	179
Total assets	11,430	-	179	11,609

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 32. 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:

	2021 $	**2020 $**
Services provided by PricewaterhouseCoopers		
Audit services	776,100	589,050
Other assurance services	9,000	9,180
Other advisory services	1,014,204	-
Total services provided by PricewaterhouseCoopers	1,799,304	598,230
Services provided by other accounting firms		
Audit services	41,139	-

Note 33. 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 29.

Note 34. Commitments

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

	2021 $'000	2020 $'000
Within one year	770,000	740,000
One to five years	1,672,493	1,592,850
More than five years	-	856,643
	2,442,493	3,189,493

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 513 stores within the network that owed an amount to the supplier as at 30 June 2021 (2020: 489 stores) of which the average outstanding payments to the external supplier was $512,400 (2020: $398,500). 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.

Note 35. 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

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

Note 36. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 37.

Key management personnel
Disclosures relating to key management personnel are set out in note 35.

Note 36. Related party transactions (continued)

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.

On 21 October 2019, the Group undertook a corporate restructure. Prior to this restructure CW Retail Trust was the ultimate 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.

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 38.

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.

	2021 $'000	2020 $'000
Transactions with associates		
Sale of goods and rendering of services to entities	61,280	15,229
Purchases from entities	(892)	(2,426)
Leases income received from entities	4,169	1,378
Dividends received from entities	-	61
Outstanding balances with associates		
Trade receivables from entities	10,805	3,228
Lease receivables	46,121	16,642
Trade payables to entities	(373)	-
Loans payable to entities	(535)	-

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:

- **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.
- **East Yarra Friendly Society Pty Ltd ("EYFS"): During the financial year** EYFS accepted monies on deposit from Group entities. EYFS also lent monies as working capital loans to Group Entities as required. These deposit and loans are governed by the same facility agreement. The loan arrangements do not accrue interest, are payable on demand and certain balances are secured. Subsequent to year end, the Group is in the process of settling outstanding balances with EYFS.
- **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.

Note 36. Related party transactions (continued)

	2021 $'000	2020 $'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	1,408,398	889,579
Fees revenue	13,073	-
Lease income received from entities	51,611	39,165
Lease payments	(30,303)	(25,621)
Purchases from entities	(17,660)	(19,856)

	2021 $'000	2020 $'000
Outstanding balances with entities which Key Management Personnel have control, joint control or significant influence over		
Trade receivables from entities	74,299	90,441
Trade payables from entities	(28,728)	(60,505)
Lease receivable	1,816	230,427
Lease liability	(152,258)	(160,646)
Make good provision	(1,875)	(142)
Dividends paid or payable to entities	(454,133)	(350,000)
Movement of loans to related parties		
Carrying amount at the start of the year	197,879	316,153
Loan repayments to related parties	4,914,183	4,529,628
Loan proceeds from related parties	(5,101,711)	(4,647,902)
Additions on acquisition of common controlled entities	(17,260)	-
Derecognition on deconsolidation of subsidiaries	(301,255)	-
Carrying amount at the end of the year	(308,164)	197,879
Loans payable	(1,202,465)	(955,740)
Loans receivable	894,301	1,153,619
	(308,164)	197,879

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.

	2021 $'000	2020 $'000
Transactions with close family members		
Sales of goods to the entities	228,319	127,614
Fees revenue	1,968	-
Lease income	8,352	6,497
Lease payments	(186)	-
Purchases from entities	(2)	(18)
Employee benefits	(362)	(404)

Note 36. Related party transactions (continued)

Outstanding balances with close family members		
Trade receivables from entities	14,695	11,716
Trade payables from entities	(602)	(5,782)
Lease receivable	668	33,445

Guarantees with related parties
For details on guarantees see note 34.

Note 37. Interests in subsidiaries

The Group's principal subsidiaries at 30 June 2021 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 2021 %	Ownership interest 2020 %
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%	-
ePharmacy Holdings Pty Ltd*	Australia	100.0%	-
ePharmacy Group Pty Ltd*	Australia	100.0%	-
ePharmacy Unit Trust*	Australia	100.0%	-
Market Reach Pty Ltd*	Australia	100.0%	-
Game-On Product Group Pty Ltd*	Australia	100.0%	-
Stratosphere Media Agency Pty Ltd*	Australia	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%	-
Administration and Marketing Solutions Trust **	Australia	-	-
Partnership of East Yarra Friendly Society Pty Ltd and Mario Verrocchi **	Australia	-	-

* *Entities acquired or incorporated during the year*

** *Entities deconsolidated during the year due to loss of control by the Group*

Note 37. Interests in subsidiaries (continued)

Significant judgement: consolidation of entities with less than 50% ownership
Subsidiaries are entities over which the Group has control.

Up to the year ended 30 June 2020, the Group controlled both *Partnership of East Yarra Friendly Society Pty Ltd and Mario Verrocchi* and *Administration and Marketing Solutions Trust*. The Group was the only major customer of these entities which exposed the Group to variable returns from its involvement with the entities. The Group also had the ability to affect those returns through its power to direct all the major activities of the entities even though the Group held no direct or indirect equity interest in these entities.

During the 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 year resulting in a reduction in net assets and non-controlling interests.

Non-controlling Interests (NCI)
Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

There are no balances disclosed for the year ended 30 June 2021 as the Group lost control during the financial year.

	Partnership of East Yarra Friendly Society Pty Ltd and Mario Verrocchi	
	2021 $'000	**2020 $'000**
Summarised balance sheet		
Current assets	-	314,085
Non-current assets	-	77,643
Total assets	-	391,728
Current liabilities	-	15,978
Non-current liabilities	-	52,686
Total liabilities	-	68,664
Net assets	-	323,064
Summarised statement of profit or loss and other comprehensive income		
Revenue	-	105,099
Expenses	-	(106,722)
Loss before income tax expense	-	(1,623)
Income tax expense	-	-
Loss after income tax expense	-	(1,623)
Other comprehensive income	-	-
Total comprehensive loss	-	(1,623)

Note 37. Interests in subsidiaries (continued)

Statement of cash flows		
Net cash from operating activities	-	15,958
Net cash used in investing activities	-	(4,042)
Net cash used in financing activities	-	(11,881)
Net increase in cash and cash equivalents	-	35
Other financial information		
Loss attributable to non-controlling interests	-	(1,623)
Accumulated non-controlling interests at the end of reporting period	-	323,064

Note 38. 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**	**2021 %**	**2020 %**
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	*	-
Instant Consult Pty Ltd	Australia	25%	25%

*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 39. Deed of cross guarantee

CW Group Holdings Limited, CW Retail Pty Ltd, ePharmacy Holdings Pty Ltd and ePharmacy Group Pty Limited have entered into a deed of cross guarantee during the year.

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 2021 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	**2021 $'000**
Dividend income	449,465
Administration and general expenses	(1,527)
Profit before income tax benefit	447,938
Income tax benefit	3,103
Profit after income tax benefit	451,041
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	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 2021 of the closed group consisting of CW Group Holdings Limited, CW Retail Pty Ltd, ePharmacy Holdings Pty Ltd and ePharmacy Group Pty Limited.

Note 39. Deed of cross guarantee (continued)

Balance sheet	2021 $'000
Current assets	
Trade and other receivables	505,468
Financial assets at amortised cost	37,518
	542,986
Non-current assets	
Investments in subsidiaries	504,163
	504,163
Total assets	1,047,149
Current liabilities	
Trade and other payables	463,331
Financial liabilities at amortised cost	717
Current tax liabilities	27,098
	491,146
Total liabilities	491,146
Net assets	556,003
Equity	
Issued capital	549,403
Reserves	556
Retained earnings	6,044
Total equity	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
	549,403	556	6,044	556,003

Note 40. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 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 41. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	2021 $'000	2020 $'000
Profit/(loss) after income tax expense for the year	(176,739)	227,198
Adjustments for:		
Depreciation and amortisation	38,789	23,509
Share of profit - associates	(1,653)	(135)
Share-based payments	420	136
Provision of service for acquisition of shares	(15,895)	(16,020)
Business model change related expenses	445,293	-
Impairment expense	12,187	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(15,440)	(71,110)
Decrease/(increase) in contract assets	68,621	(37,793)
Decrease/(increase) in inventories	71,465	(92,304)
Increase in deferred tax assets	(23,666)	(785)
Increase in current tax assets	(18,296)	-
Decrease/(increase) in other operating assets	(7,599)	3,945
Increase/(decrease) in trade and other payables	(4,011)	76,929
Increase /(decrease) in contract liabilities	(77,929)	137,208
Increase in provision for income tax	17,352	7,650
Increase in other provisions	2,040	615
Net cash from operating activities	314,939	259,043

Note 42. Non-cash investing and financing activities

	2021 $'000	2020 $'000
Additions to the right-of-use assets	680,109	4,095
Investments received in exchange for services provided	15,895	16,020
	696,004	20,115

Note 43. 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.

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

	Number of options	
	2021	**2020**
Outstanding at the beginning of the financial year	1,980,000	-
Granted during the year	-	1,980,000
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at the end of the financial year	1,980,000	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 2021**	**Performance rights 30 June 2020**
28 January 2020	28 January 2022	1,465,000	1,465,000
27 May 2020	28 January 2022	515,000	515,000
		1,980,000	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:

	2021	**2020**
Performance rights expense	419,652	136,035

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 44. Parent entity financial information

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

	2021 $'000	2020 $'000
Balance sheet		
Current assets	540,144	399,616
Total assets	1,042,524	399,616
Current liabilities	491,146	394,856
Total liabilities	491,146	394,856
Shareholders equity		
Issued capital	549,391	100
Reserves	556	136
Retained earnings	1,431	4,524
Total equity	551,378	4,760
Profit for the period	451,041	354,524
Total comprehensive income	451,041	354,524

Contingent liabilities
The parent entity did not have any contingent liabilities as at 30 June 2021 (2020: 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 45. Earnings per share

Basic/diluted earnings per share

	2021 cents	2020 cents
Total basic/diluted earnings per share attributable to the ordinary equity holders of the Company	(0.16)	0.22

Earnings used in calculating earnings per share

	2021 $'000	2020 $'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	(175,977)	228,974

Note 45. Earnings per share (continued)

	2021 No. (thousands)	2020 No. (thousands)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,125,080	1,040,800
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,126,902	1,041,259

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 reporting 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.

During the year, there was a share split which increased the number of ordinary shares in the Group without a corresponding change in the entity’s resources. As such, the calculation of basic earnings per share for all periods presented is adjusted retrospectively.

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.

During the year, there was a share split which increased the number of ordinary shares in the Group without a corresponding change in the entity’s resources. As such, the calculation of diluted earnings per share for all periods presented is adjusted retrospectively.

CW Group Holdings Ltd
Directors' declaration
30 June 2021

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 2021 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 39 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

7 October 2021
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 2021 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 2021
- 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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, www.pwc.com.au

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 2021, 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	Melbourne
Partner	8 October 2021