



SUPPLY NETWORK LIMITED
ABN 12 003 135 680
1 Turnbull Close Pemulwuy NSW 2145
PO Box 3405 Wetherill Park NSW 2164
Telephone: 61 2 8624 8077

ASX Release

26 August 2024

Preliminary Final Report Appendix 4E and Annual Accounts

The Directors are pleased to announce the audited results of Supply Network Limited for the year ended 30 June 2024, the details of which are included in the attached Appendix 4E - Preliminary Final Report.

The audited results are in line with the Company's announcement 26 July 2024.

Authorised by the Board of Supply Network Limited

Robert Coleman
Chief Financial Officer/Secretary
Telephone: + 61 2 8624 8077

Appendix 4E

Preliminary Final Report

Year ending 30 June 2024

Name of entity	Supply Network Limited
ABN	12 003 135 680

1. Details of reporting period

Financial year ended	30 June 2024
Previous corresponding period	30 June 2023

2. Results for announcement to the market

				\$'000
Revenue from ordinary activities	up	20.0%	to	302,860
Profit from ordinary activities after income tax	up	20.5%	to	33,025
Net profit for the period attributable to members	up	20.5%	to	33,025
Dividends		Amount per Security	Franked amount per security	
Final dividend (to be paid 3 October 2024)		33.00¢	33.00¢	
Record date for determining entitlements to final dividend		19 September 2024		
Interim dividend (paid 4 April 2024)		23.00¢	23.00¢	
Brief explanation of any of the figures reported above				
Refer to attached Chairman's and Managing Director's Report and financial statements and notes				

3. Statement of Comprehensive Income

Refer to attached financial statements and notes
--

4. Statement of Financial Position

Refer to attached financial statements and notes
--

5. Statement of Cash Flows

Refer to attached financial statements and notes
--

6. Statement of Changes in Equity

Refer to attached financial statements and notes
--

7. Details of Dividends

Refer to attached financial statements and notes

8. Dividend Reinvestment Plans

Supply Network Limited Dividend Reinvestment Plan (DRP) operated during the period and will operate in respect of the final dividend payable 3 October 2024. The last date for receipt of an election notice to participate in the DRP with respect to the final dividend is 24 September 2024.

9. Net tangible asset backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	242.9¢	187.2¢

10. Details of entities over which control has been gained or lost during period

Nil

11. Details of associate and joint venture entities

Nil

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Refer to attached Chairman's and Managing Director's report and financial statements and notes

13. Foreign entities

Not applicable

14. Commentary on results for period

Refer to attached Chairman's and Managing Director's Report and financial statements and notes

15. Statement in relation to accounts this report is based on

This report is based on accounts that have been audited and are not subject to qualification

Signature



Date 26 August 2024
Name Robert Coleman
Position Chief Financial Officer/Secretary

SUPPLY NETWORK LIMITED
ABN 12 003 135 680

ANNUAL ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2024

The financial statements were authorised for issue by the directors on 26 August 2024.
The directors have the power to amend and reissue the financial statements.

SUPPLY NETWORK LIMITED

ABN 12 003 135 680

ANNUAL ACCOUNTS

30 JUNE 2024

Contents

Corporate Information.....	1
Chairman's and Managing Director's Report	2
Directors' Report.....	6
Auditor's Independence Declaration	14
Statement of Profit or Loss and Other Comprehensive Income.....	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Notes to the Financial Statements	19
Consolidated Entity Disclosure Statement	46
Directors' Declaration	47
Independent Auditor's Report.....	48

SUPPLY NETWORK LIMITED
CORPORATE INFORMATION

Directors

G J Forsyth (Chairman)
G D H Stewart (Managing Director)
P W McKenzie
P W Gill
R D Fraser (appointed 12 April 2024)

Company Secretary

R A Coleman

Registered Office

1 Turnbull Close
Pemulwuy NSW 2145

Telephone 02 8624 8077
E-mail admin@supplynetwork.com.au

Corporate Governance Statement

The Corporate Governance Statement can be found at
www.supplynetwork.com.au/governance.htm

Internet Address

www.supplynetwork.com.au

Auditors

HLB Mann Judd (NSW Partnership)

Bankers

ANZ Banking Group Limited

Solicitors

Bartier Perry

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Enquiries (within Australia) 1300 850 505
Enquiries (outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2500

Stock Exchange Listing

Supply Network Limited (ASX code SNL) shares are
quoted on the Australian Securities Exchange.

SUPPLY NETWORK LIMITED
CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2024

FY2024 was another year of steady improvement across the business. Revenue increased by around 20% to \$303m, without any material change in business mix or gross margin. Total operating expenses also increased by around 20% due to higher sales volumes, inflation and continued investment both in customer service and to prepare operating capacity for future growth.

Profit after tax (PAT) was \$33.1m with PAT margin steady at 10.9%.

We again congratulate staff for the skill and diligence they have shown adapting work practices to higher transaction volumes while at the same time improving our already high customer service standards. We are fortunate to have such a capable and committed team.

Review of Operations

In Australia, year-on-year growth in revenue was around 21%, which was stronger than we had anticipated at the start of the year. In New Zealand, year-on-year revenue growth was around 15%, which was in line with the overall growth we had anticipated for the Group. Australia was coming off an extraordinary year of approximately 30% revenue growth in FY2023, during a time when inflation was at its peak and some of our largest competitors were more affected than we were by global supply challenges.

As peak inflation moderates and supply disruptions dissipate, we expect our rate of growth to continue settling back towards a long-term average of 14% p.a. This growth rate is underpinned by increasing road freight volumes and vehicle complexity, and market share gains.

As stated last year, our focus for FY2024 was on “systems improvement, targeting transaction efficiency and the speed and accuracy of customer service, including initiatives to standardise our internal catalogue, simplify interpretation and sales of related parts, and rolling out new scanning technologies to improve pick and pack accuracy.” These focus areas have delivered improvements in FY2024 and will continue for another two years to build on the work we started in FY2024.

After observing the growth of global automotive buyer groups, at the end of FY2023 we decided to join TEMOT International, a group that has become a market leader in the Commercial Vehicle segment. We have since attended three TEMOT events. Through these events and various other networking opportunities, we have had another busy year expanding and improving our supply chain and parts catalogue.

Over the past 12 months we have continued efforts to improve supplier reliability, product quality and competitiveness, and to add new product lines to our range. Much of our supply base has remained stable for many years but the past year has seen many positive developments for supply across our European, Japanese and American product categories. In FY2025 our Product Teams will be working to convert these developments into positive outcomes for customers.

We experienced ongoing disruption to Red Sea shipping during FY2024, which had a direct impact on shipping costs and transit times from Europe. Notwithstanding these difficulties, disruptions in the Red Sea have not had and are not expected to have any material impact on our customer service levels, gross margins or revenue.

Our Network

We expect the expansion of our Truganina DC in Melbourne to be completed and operational around the end of this financial year. This additional capacity will allow a rebalancing of distribution and further upgrades to our main DC at Pemulwuy in Sydney, following which the combined distribution capacity at Pemulwuy, Truganina and Hamilton (NZ) will support Group revenue of at least \$400m p.a.

The Yatala branch in Queensland commenced trading on 1st August 2023 and was our only planned network expansion in FY2024. We are constantly exploring and evaluating network expansion opportunities, weighing up the needs of our network and customers against commercial considerations, including the availability and efficient use of resources. This process continues to underpin the steady expansion of our network.

SUPPLY NETWORK LIMITED
CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

For FY2025 we have committed to one new purpose-built site in the fast-growing industrial precinct of outer-north Perth, which is expected to commence trading around 1st March 2025. Network expansion in Perth became a priority after years of solid growth and this new Wangara branch will improve local customer service levels. The new branch will also provide additional network capacity and associated network benefits for our two established Perth branches in Kewdale and Kwinana.

As noted above, we will continue to investigate branch network expansion opportunities in FY2025 and have prioritised two long-term opportunities which are likely to progress in FY2026.

Network expansion takes considerable time, care and resource, so we also work hard on network intensification to improve the capacity, efficiency and effectiveness of the existing network. Getting the right balance between expansion and intensification has always been an area of management focus and we continue to invest in product storage density, customer delivery frequency and bespoke customer service solutions to maximise the productivity of our network.

Safety

We are pleased to report that in FY2024 we recorded our lowest Lost Time Injury Frequency Rate (number of injuries for every one million employee-hours worked) since we commenced formal statistical analysis seven years ago. We also understand that any injury is one injury too many, and we continue working hard to identify new hazards and eliminate or minimise risks of harm in the workplace.

This year, we have a focus on advancing the systems, tools and capabilities of our workforce to help them ensure their own safety and contribute to the overall safety of their working environment.

Our Group Safety Committee continued to meet and progress safety initiatives across the business in FY2024. Safety management remains a key priority of the Board which receives monthly safety performance results and twice-yearly briefings from the Group HR and Safety Manager on workplace safety, including compliance matters, safety metrics and progress of safety initiatives.

Capital Management

Consistently strong shareholder support for our Dividend Reinvestment Plan has allowed us to maintain low net debt while returning over 70% of PAT to shareholders in fully franked dividends throughout a period of elevated growth. We believe maintaining a low debt structure is appropriate while growth remains a major commercial driver in our business. Financial flexibility allows management to adjust quickly to changing market conditions, and this has been a factor in our ability to win market share.

In early July 2024, we sold our owner-occupied branch site in Christchurch NZ. The sale booked a small profit that will be realised in our FY2025 accounts. The sale was by public auction with the transaction subject to a sale and lease-back arrangement with a stapled 10-year Lease Agreement and Options for us to extend this lease. The Christchurch site was originally a tactical investment to gain market location, and the Board does not intend holding long-term investments in property.

SUPPLY NETWORK LIMITED
CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

The Future

In FY2025 we again expect our rate of revenue growth to be around our long-term average of 14% p.a. Given the lag between new vehicle model release and peak demand for replacement parts, we have a reliable window into future demand. We anticipate the addressable market will continue growing at 5% - 10% p.a. for at least a decade and market dynamics to continue providing opportunities for market share gains.

The network intensification investments we have outlined are helping minimise network complexity and will contribute to network profitability over the long term.

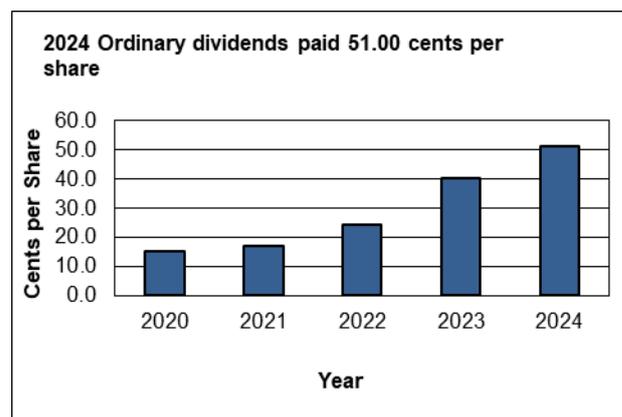
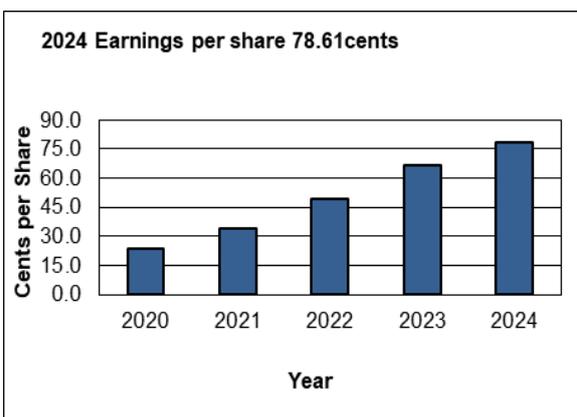
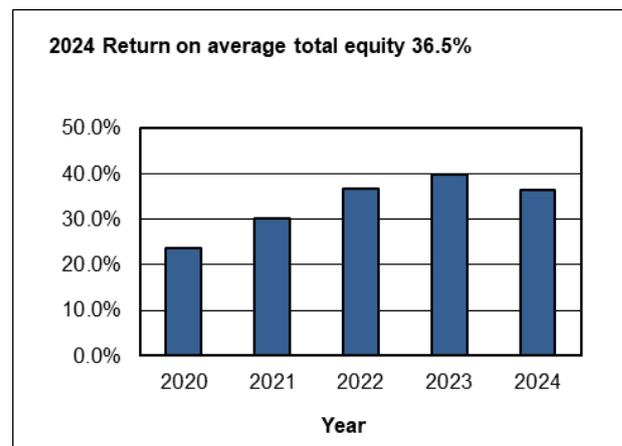
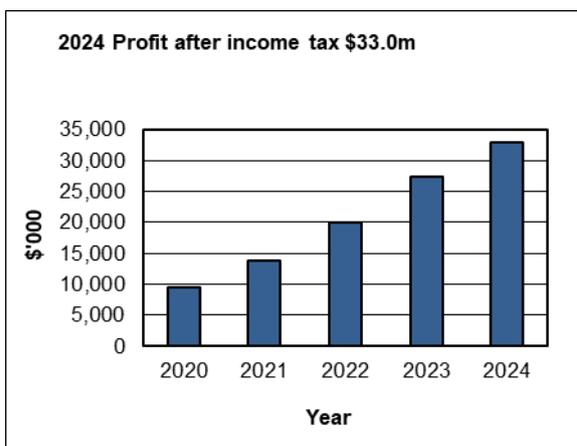
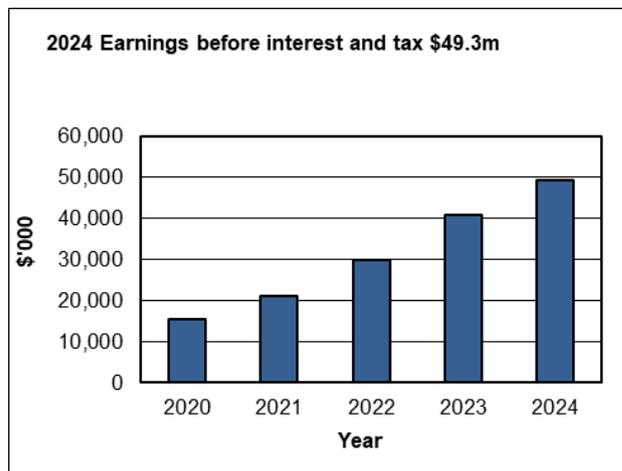
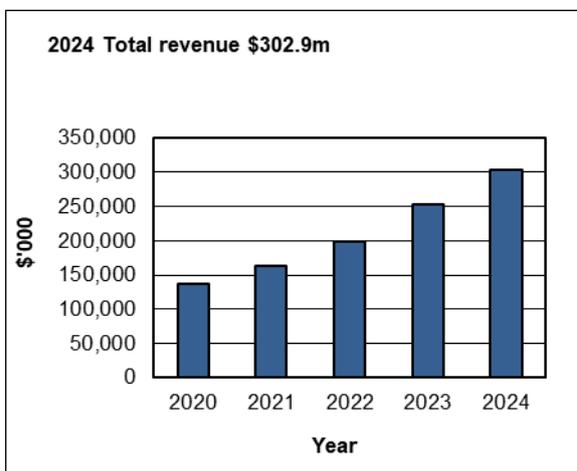
In our last report we commented on specific investments to upgrade our Enterprise Resource Planning system and its associated sales interface, server environment and business intelligence capability. This work is progressing well but with care and is now planned to conclude in the first half of FY2026. We have a rolling test process in place with our primary software provider, and the engagement and feedback sessions have been effective.

Directors are conscious of the need for the Board to retain an appropriate level of Director independence and to continue evolving in areas of corporate governance and accountability, particularly considering the significant increase in our market capitalisation. With this in mind, we were pleased to appoint Robert Fraser as an independent Director. Robert has brought to the Board considerable experience with larger listed companies. We have also announced that Robert will become Chairman of the Board effective from the close of business at the 2024 Annual General Meeting. We look forward to shareholder support when he stands for election.

At the conclusion of another busy year, we thank management for their commitment and effort, and look forward to supporting them as they build on the organic growth strategies that have delivered so much in recent years.

SUPPLY NETWORK LIMITED
CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2024
 (continued)

Performance Highlights



SUPPLY NETWORK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024

The Directors of Supply Network Limited (“the company”) submit their report on the consolidated entity (“the Group”) consisting of Supply Network Limited and the entities it controlled at the end of, or during, the year ended 30 June 2024 (“FY2024”).

Directors

The names of the company’s directors in office during the financial year and until the date of this report are as follows.

G J Forsyth (Chairman)
G D H Stewart (Managing Director)
P W McKenzie
P W Gill
R D Fraser (appointed 12 April 2024)

Principal Activities

The principal activity of the Group during the financial year was the provision of aftermarket parts to the commercial vehicle industry.

Results

The net profit of the Group after providing for income tax for the financial year was \$33.0m (2023: \$27.4m).

Earnings per Share

Basic earnings per share for the financial year were 78.61 cents (2023: 66.51 cents) and diluted earnings per share were 78.29 cents (2023: 66.38 cents).

Dividends

Dividends paid or declared for payment were as follows:	\$000
Final dividend for 2023 of 28.00 cents per share paid 3 October 2023	11,636
Interim dividend for 2024 of 23.00 cents per share paid 4 April 2024	9,658
Final dividend for 2024 of 33.00 cents per share declared 26 July 2024 and payable 3 October 2024	14,027

Review of Operations

Group sales revenue for the year was \$302.6m, which is an increase of 20.0% when compared with the prior year.

Sales revenue in the Australian operation increased by 20.8% and in the New Zealand operation increased by 15.1% in NZ\$ terms.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) was \$58.4m, an increase of 21.0% on last year.

Earnings before interest and tax (“EBIT”) was \$49.3m, an increase of 21.0% on last year.

Profit after tax was \$33.0m, giving a profit after tax margin of 10.9%, which is in line with FY2023.

Earnings per share (“EPS”) for the year was 78.61 cents, which is an increase of 12.1 cents on FY2023 EPS of 66.51 cents.

SUPPLY NETWORK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

Review of Operations (continued)

It has been another year of capacity upgrades with a doubling of capacity completed at Darra (Brisbane) and Adelaide, and smaller capacity upgrades completed in New Zealand at Auckland, Christchurch and Dunedin and in Australia at Pemulwuy (Sydney), Milperra (Sydney) and Smeaton Grange (Sydney). To improve accuracy and efficiencies, the company has also rolled out new scanning technologies for pick, pack and warehouse maintenance to all sites in Australia and New Zealand.

The financial position of the Group remains strong. Group cash flow from operating activities was \$16.5m compared with \$19.0m for the prior year.

Gearing (excluding lease liabilities) at 30 June 2024 was 9.3%, which is a slight decrease on June 2023 gearing of 12.8%.

As at 30 June 2024, net assets of the Group were \$103.2m (as at 30 June 2023: \$77.8m) and net tangible asset backing was 242.9 cents per share (as at 30 June 2023: 187.2 cents per share).

The Directors have declared a fully franked final dividend of 33.0 cents per share payable on 3 October 2024 to shareholders registered on 19 September 2024.

The Dividend Reinvestment Plan will operate in respect of the final dividend for June 2024.

Dividends paid and or payable in respect of FY2024 total 56.0 cents per share, which is an increase of 8.0 cents on the prior year (refer Note 19). The dividend payout ratio for the year is 71.2%.

A more detailed Review of Operations is included in the Chairman's and Managing Director's Report.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year not otherwise disclosed in this report or the consolidated financial statements.

Significant Events after Balance Date

No other matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the consolidated financial statements that has significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial years.

Likely Developments and Expected Results

Directors expect sales growth in FY2025 to be around or a little above the Group's long-term average of 14% p.a. Management plans for the year continue to focus on organic growth opportunities in existing business units. Continued expansion of the product range and service network and further development of transaction systems are primary considerations in our three-year outlook.

SUPPLY NETWORK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

Information on Directors

Gregory James Forsyth - Chairman

Appointed Chairman of the Board on 17 March 2010. Non-executive Director since 25 January 2006. Member of the Audit and Risk Committee and a member of the Remuneration Committee. He has over 35 years' experience in financial markets specialising in Australian listed equities.

Peter William McKenzie

Appointed to the Board on 1 July 2006 as Non-executive Director. Chairman of the Remuneration Committee and a member of the Audit and Risk Committee. He holds a Masters Degree in Business Administration and has over 25 years' experience in the transport industry. Mr McKenzie operates a consultancy practice providing advice to public authorities and private clients in the transport industry.

Geoffrey David Huston Stewart - Managing Director

Appointed Chief Executive Officer in November 1999 and Managing Director in November 2000. He has a Bachelor of Engineering, (Mechanical) from the University of Sydney, an MBA from Macquarie University and over 35 years experience in the road transport industry.

Peter William Gill

Appointed to the Board in May 2008 as Finance Director and after his retirement remained on the Board as a Non-executive Director. Chairman of the Audit and Risk Committee and a member of the Remuneration Committee. He is a Chartered Accountant with a Bachelor of Business degree and has over 40 years' experience in accounting and finance in both commercial and professional fields. Mr Gill is a Chartered Secretary and a Fellow of the Governance Institute of Australia.

Robert Darius Fraser

Appointed to the Board on 12 April 2024 as a Non-executive Director. Member of the Remuneration Committee and Audit and Risk Committee. He is an experienced corporate adviser and company director and has over 35 years of investment banking experience. He has a Bachelor of Economics and a Bachelor of Laws (Hons) from the University of Sydney. Mr Fraser is Non-executive Chairman of ARB Corporation Limited (Non-executive Director since 2004 and Chairman since 2022) and Non-executive Director of FFI Holdings Limited (since 2011) and MFF Capital Investments Limited (since 2019). Mr Fraser was previously Deputy Chairman of Magellan Financial Group Limited (until 2023).

Directors' Meetings

The number of meetings of the Board of Directors and of Board Committees held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings		Audit and Risk Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
G J Forsyth	12	12	2	2	7	7
P W McKenzie	12	12	2	2	7	7
G D H Stewart	12	12	-	-	-	-
P W Gill	12	12	2	2	7	6
R D Fraser (appointed 12 April 2024)	3	3	-	-	1	1

Directors' Interests

At the date of this report, the interests of each Director in the shares of the company are:

- (a) G J Forsyth holds 41,200 ordinary shares of the company and is deemed to have a relevant interest in shares held by Odalisque Pty Ltd (661,449 shares) and in shares held by Hergfor Enterprises Pty Ltd (10,723,844 shares).

SUPPLY NETWORK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

- (b) P W McKenzie is deemed to have a relevant interest in shares held by BNP Paribas Nominees Pty Ltd, a substantial shareholder (4,612,159 shares).
- (c) G D H Stewart holds 73,594 ordinary shares of the company and is deemed to have a relevant interest in shares held by Boboco Pty Limited (632,486 shares).
- (d) P W Gill holds 178,460 ordinary shares of the company and is deemed to have a relevant interest in shares held by Viewbar Pty Limited (192,939 shares).
- (e) R D Fraser holds 80,809 ordinary shares of the company and is deemed to have a relevant interest in shares held by Fraser Family Super Fund (38,080 shares) and in shares held by Tracy Fraser Testamentary Trust (80,809 shares).

Indemnification of Directors

During the financial year the company paid an insurance premium insuring the Directors and officers of the company and any related body corporate against a liability incurred as such a director or officer, to the extent permitted by the Corporations Act 2001. The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer of the company or any related body corporate against a liability incurred as such an officer. The contract of insurance prohibits the disclosure of the amount of the premium.

Company Secretary

R A Coleman - Certified Practising Accountant.

Environmental Regulation and Performance

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Remuneration Report

The report outlines the remuneration arrangements in place for Directors and senior executives of the Supply Network Limited Group ("SNL").

The information provided in this Remuneration Report has been audited as required by section 308 (3C) of the Corporations Act 2001.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Directors and senior executives of SNL.

The broad remuneration policy is to ensure that the remuneration package of Directors and senior executives properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people.

The Remuneration Committee assesses the appropriateness of the amount of remuneration of Directors and senior executives on an annual basis by reference to relevant employment market data.

Non-executive Director Compensation

The Board seeks to set Non-executive Director compensation at a level which enables the company to attract and retain suitably qualified directors at a cost which is acceptable to shareholders.

Non-executive Directors receive an annual fee for being a Director of the company with no provision for retirement benefits. These fees are determined by reference to industry standards taking into account the company's relative size. No additional payments are made for serving on Board Committees and no performance related compensation or equity incentives are offered.

The present maximum aggregate sum for Non-executive Directors is \$400,000. This amount was approved by shareholders at the 2017 Annual General Meeting.

The compensation of Non-executive Directors for the period ended 30 June 2024 is detailed in Table 1 on page 12.

SUPPLY NETWORK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

Executive Director and Senior Executives Compensation (executives)

The company aims to reward its executives with a level of compensation commensurate with the position and responsibilities within the Group, to link reward with performance of the Group and to ensure that total compensation is competitive by market standards.

Compensation consists of the following three elements:

- fixed compensation
- variable compensation – short-term incentive and
- equity-based compensation – long-term incentive.

Fixed Compensation

The level of fixed compensation is set to provide compensation that is both appropriate to the position and competitive in the market place. Executives' fixed compensation is reviewed annually by the Remuneration Committee using relevant employment market data as a guide.

Executives are given the scope to tailor their fixed compensation package in a variety of forms including salary, non-monetary benefits and superannuation.

Variable Compensation – Short-term Incentive

The objective of the short-term incentive is to link the Group's performance and operational targets with the compensation of the executives. The short-term incentive is cash based and provides executives with the opportunity to earn incentives based on a percentage of fixed annual compensation.

The short-term incentive payable to executives is determined by the Board having regard to the performance of the Group and the executive for the relevant year based on qualitative and/or quantitative factors including total shareholder return, return on average equity, return on investment and other business objectives. These factors were chosen as they focused on business performance, shareholder wealth and sustainable growth.

The cost of these incentives is deducted from the financial results before determining the performance rewards.

On an annual basis after completion of the audit of the Group's financial statements, the short-term incentives payable are approved by the Board.

Equity-based Compensation - Long term Incentive

Employee incentive plan shares have been issued under the Supply Network Limited Employee Incentive Plan ("EIP") which was re-approved by shareholders at the 2023 AGM.

A plan share is a right to receive one ordinary share in the company at a point in the future subject to meeting specified service and performance and/or other conditions (collectively called 'vesting conditions'). If the applicable conditions are met, the plan shares will vest and may be exercised by the holder of the plan share in return for an ordinary share in the company. Plan shares do not vest unless the vesting conditions are met.

The Remuneration Committee has set service and performance vesting conditions as part of the remuneration packages in accordance with the Group's long-term incentive scheme. The conditions have been set in advance, taking into account expected profit growth.

Plan Shares

Executive plan shares, approved by shareholders and issued to executives and other senior managers, are valued using the volume weighted average market price of the ordinary shares of the company on the ASX for the five-trading day period ending at market close at grant date.

SUPPLY NETWORK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

Executive Director and Senior Executives Compensation (continued)

Plan Shares (continued)

At the date of this report, the unissued ordinary shares of Supply Network Limited under plan shares are as follows:

For the year ended 30 June 2024	Balance as at 30/6/2023	Granted	Exercised	Expired/ forfeited/other	Balance as at 30/06/2024
	No.	No.	No.	No.	No.
G D H Stewart – Managing Director*	27,319	62,000	(27,443)	124	62,000
Other senior managers	55,000	59,000	-	-	114,000
Total	82,319	121,000	(27,443)	124	176,000

* The increase of 124 shares during the year relates to some future performance conditions now realised.

Share-based Payment Expenses for the Financial Years	2024	2023	Fair Value
	\$	\$	
45,000 plan shares issued at fair value of \$6.329 to senior managers, 26/03/2021 vested 01/09/2022	-	33,507	284,812
27,319 plan shares issued at fair value of \$6.329 to G D H Stewart, 26/03/2021 vested 01/09/2023	11,979	71,548	172,908
55,000 plan shares issued at fair value of \$8.332 to senior managers, 22/10/2021 vesting 01/09/2024	161,743	161,743	458,271
62,000 plan shares issued at fair value of \$15.559 to G D H Stewart, 29/11/2023 vesting 01/09/2026	204,631	-	964,687
59,000 plan shares issued at fair value of \$15.559 to senior managers, 29/11/2023 vesting 01/09/2026	194,729	-	918,009
Total expense arising from EIP share-based payments	573,082	266,798	

No other EIP shares have been granted or vested or have expired in the previous financial year. There have been no EIP shares issued since the reporting date. The EIP shares will be granted for nil cash consideration, accordingly no funds will be raised on issue. In the case of an executive Director, no EIP shares may be issued to the Director without express shareholder approval of the number and terms of the EIP shares. Any EIP shares which do not vest by 1 September 2026 will lapse. Other senior managers' EIP shares which do not vest by 1 September 2024 and 1 September 2026 will lapse. For further information on share-based payments refer to Note 18 to the financial statements.

Relationship Between Remuneration Policies and SNL Performance

The tables below set out summary information about SNL earnings and movements in shareholder wealth for the five years to 30 June 2024. The Board is of the opinion that these results can be attributed, in part, to the remuneration policies and is satisfied with the overall trend in shareholder wealth over the past five years.

	2024	2023	2022	2021	2020
Total revenue \$	302.9m	252.3m	198.5m	162.6m	136.8m
Net profit after tax \$	33.0m	27.4m	20m	13.8m	9.5m
Share price year-end	\$22.40	\$15.25	\$9.45	\$7.62	\$4.18
Dividends paid cents per share	51.0	40.0	24.0	17.0	15.0

Employment contracts

All SNL executives are employed under contracts with the following common terms and conditions:

- No fixed terms.
- Either party may terminate the contract by giving 6 months' notice in writing.
- The company may terminate the contract at any time without notice for causes as defined.
- Termination benefits of 6 months' remuneration are payable, in addition to 6 months' notice, where the company terminates the contract for other than causes as defined.

Individual contracts for key management personnel include:

- G D H Stewart – fixed compensation package of \$502,900 from 1 July 2023 plus a short-term incentive of up to 40% of the package and EIP shares as noted above.

SUPPLY NETWORK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

Executive Director and Senior Executives Compensation (continued)

Key Management Personnel

Details of key management personnel are as follows:

Directors

G J Forsyth Chairman (non-executive)
P W McKenzie Director (non-executive)
G D H Stewart Managing Director (executive)
P W Gill Director (non-executive)
R D Fraser Director (non-executive appointed 12 April 2024)

Senior Executives

R A Coleman Chief Financial Officer and Company Secretary

Table 1: Compensation of Key Management Personnel for the year ended 30 June 2024

	Short Term			Long Term Benefits	Post-Employment		Equity	Total	Total Performance Related
	Salary, Fees & Leave	Bonus Payable	Non Monetary	Other	Super-annuation	Retirement Benefits	Options & Share Rights	\$	%
	\$	\$	\$	\$	\$	\$	\$	\$	%
Directors									
G J Forsyth	112,027	-	-	-	12,323	-	-	124,350	-
P W McKenzie	73,063	-	-	-	8,037	-	-	81,100	-
G D H Stewart	457,762	296,950	-	17,872	27,500	-	216,610	1,016,694	50.5
P W Gill	73,063	-	-	-	8,037	-	-	81,100	-
R D Fraser	12,177	-	-	-	1,340	-	-	13,517	-
Snr Executives									
R A Coleman	264,216	157,440	-	6,662	27,500	-	59,112	514,930	42.1
Total	992,308	454,390	-	24,534	84,737	-	275,722	1,831,691	39.9
Total		1,446,698		24,534	84,737		275,722	1,831,691	39.9

Table 2: Compensation of Key Management Personnel for the year ended 30 June 2023

	Short Term			Long Term Benefits	Post-Employment		Equity	Total	Total Performance Related
	Salary, Fees & Leave	Bonus Payable	Non Monetary	Other	Super-annuation	Retirement Benefits	Options & Share Rights	\$	%
	\$	\$	\$	\$	\$	\$	\$	\$	%
Directors									
G J Forsyth	107,172	-	-	-	11,253	-	-	118,425	-
P W McKenzie	69,891	-	-	-	7,339	-	-	77,230	-
G D H Stewart	429,601	191,580	-	13,278	27,500	-	71,548	733,507	35.9
P W Gill	78,232	-	-	-	8,214	-	-	86,446	-
Snr Executives									
R A Coleman	255,261	49,800	-	11,182	27,430	-	36,854	380,527	22.8
Total	940,157	241,380	-	24,460	81,736	-	108,402	1,396,135	25.1
Total		1,181,537		24,460	81,736		108,402	1,396,135	25.1

Rounding

The amounts contained in the Directors' Report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the Instrument applies.

Auditor's Independence Declaration

A copy of the Auditor's Independence declaration for the year ended 30 June 2024 is set out on page 14.

SUPPLY NETWORK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

Non-Audit Services

There were no non-audit services provided during the year to the Group by HLB Mann Judd or any related practices or related audit firms.

Signed in accordance with a resolution of directors.



G J Forsyth
Chairman

Sydney, NSW
26 August 2024

Auditor's Independence Declaration to the Directors of Supply Network Limited

To the Directors of Supply Network Limited:

As lead auditor for the audit of the consolidated financial report of Supply Network Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Supply Network Limited and the entities it controlled during the year.

Sydney, NSW
26 August 2024



S Grivas
Partner

hl**b.com.au**

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 5, 10 Shelley Street Sydney NSW 2000 Australia

T: +61 (0)2 9020 4000 **E:** mailbox@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (NSW Partnership) is a member of HLB International, the global advisory and accounting network.

SUPPLY NETWORK LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Consolidated	
		2024 \$000	2023 \$000
Revenue from contracts with customers	3	302,598	252,252
Finance revenue	3	142	98
Other income		120	8
Changes in inventories of finished goods		(173,943)	(145,565)
Employee benefits expense		(50,486)	(41,795)
Depreciation and amortisation		(9,084)	(7,500)
Other expenses	3	(19,860)	(16,617)
Finance costs	3	(2,367)	(1,847)
Profit before income tax		47,120	39,034
Income tax expense	4	(14,095)	(11,627)
Profit after income tax		33,025	27,407
Profit attributable to members of the parent		33,025	27,407
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Adjustment on translation of foreign controlled entity net of tax	18(a)	(99)	293
Total other comprehensive income/(loss) after income tax		(99)	293
Total comprehensive income for the year attributable to members of the parent		32,926	27,700
Basic earnings per share (cents per share)	20	78.61	66.51
Diluted earnings per share (cents per share)	20	78.29	66.38
Dividends per share (cents per share)	19	51.00	40.00

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

SUPPLY NETWORK LIMITED
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024

	Note	Consolidated	
		2024 \$000	2023 \$000
ASSETS			
Current assets			
Cash and cash equivalents	5	5,827	7,758
Trade and other receivables	6	33,965	28,020
Inventories	7	103,084	79,400
Other current assets	8	1,796	341
		144,672	115,519
Non-current assets classified as held for sale	9	2,233	-
Total current assets		146,905	115,519
Non-current assets			
Property, plant and equipment	10	12,388	12,737
Right-of-use assets	11	36,733	37,691
Deferred tax assets	4(c)	4,497	3,274
Total non-current assets		53,618	53,702
TOTAL ASSETS		200,523	169,221
LIABILITIES			
Current liabilities			
Trade and other payables	12	40,868	35,732
Interest bearing loans and borrowings	13	1,855	1,730
Income tax payable	15	3,124	2,119
Provisions	16	1,627	1,367
Lease liabilities	14	6,190	5,444
Total current liabilities		53,664	46,392
Non-current liabilities			
Interest bearing loans and borrowings	13	7,717	8,203
Provisions	16	279	340
Lease liabilities	14	35,629	36,498
Total non-current liabilities		43,625	45,041
TOTAL LIABILITIES		97,289	91,433
NET ASSETS		103,234	77,788
EQUITY			
Contributed equity	17(a)	41,889	28,477
Reserves	18	1,001	699
Retained earnings		60,344	48,612
TOTAL EQUITY		103,234	77,788

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

SUPPLY NETWORK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Contributed Equity \$000	Share- based Payment Reserve \$000	Exchange Translation Reserve \$000	Retained Earnings \$000	Total \$000
Consolidated						
Balance at 30 June 2022		21,272	463	(24)	37,617	59,328
Total comprehensive income for the year		-	-	293	27,407	27,700
Transactions with owners in their capacity as owners						
Employee Incentive Plan share issues	17	284	-	-	-	284
Share-based payments	18	-	(33)	-	-	(33)
Dividend Reinvestment Plan share issues	17	6,921	-	-	-	6,921
Dividends provided for or paid	19	-	-	-	(16,412)	(16,412)
Balance at 30 June 2023		28,477	430	269	48,612	77,788
Total comprehensive income/(loss) for the year		-	-	(99)	33,025	32,926
Transactions with owners in their capacity as owners						
Employee Incentive Plan share issues	17(b)	174	-	-	-	174
Share-based payments	18(b)	-	401	-	-	401
Dividend Reinvestment Plan share issues	17(b)	13,238	-	-	-	13,238
Dividends provided for or paid	19(a)	-	-	-	(21,293)	(21,293)
Balance at 30 June 2024		41,889	831	170	60,344	103,234

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

SUPPLY NETWORK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated	
		2024 \$000	2023 \$000
Cash flows from operating activities			
		Inflows/(Outflows)	
Receipts from customers		329,091	273,211
Payments to suppliers and employees		(296,071)	(240,874)
Interest received		136	98
Interest paid		(816)	(521)
Interest paid lease liabilities	14	(1,536)	(1,306)
Income tax paid		(14,315)	(11,581)
Net cash flows from operating activities	24(a)	16,489	19,027
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(4,334)	(4,330)
Net cash flows used in investing activities		(4,334)	(4,330)
Cash flows from financing activities			
Repayment of borrowings		(543)	(613)
Repayment of lease liabilities		(5,831)	(4,882)
Proceeds from share issues		13,238	6,921
Dividends paid	19(a)	(21,293)	(16,412)
Net cash flows used in financing activities		(14,429)	(14,986)
Net (decrease) increase in cash and cash equivalents		(2,274)	(289)
Cash and cash equivalents at beginning of year		6,664	6,934
Exchange rate adjustment to balances held in foreign currencies		149	19
Cash and cash equivalents at end of year	5	4,539	6,664

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

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. Corporate information

The consolidated financial statements of Supply Network Limited (the company) for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 26 August 2024.

Supply Network Limited is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the company are described in the Directors' Report.

2. Summary of material accounting policies

(a) Basis of accounting

These general purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. These financial statements have also been prepared on a historical cost basis, except for selected financial assets and liabilities, which have been measured at fair value. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated, under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the Instrument applies.

(b) Statement of compliance

The consolidated financial statements of Supply Network Limited also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Supply Network Limited and the subsidiaries it controlled at the end of or during the financial year ("the Group").

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has not made any significant judgements, apart from those involving estimates.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

2. Summary of material accounting policies (continued)

(d) Significant accounting judgements, estimates and assumptions (continued)

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Obsolete inventory provision

Provision is made for anticipated obsolete and redundant inventories. This requires an estimation to be made based on expected sales volumes and current inventory levels.

(e) Foreign currency transactions

Both the functional and presentation currency of Supply Network Limited and its Australian subsidiaries are Australian dollars (\$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. These differences are included in other comprehensive income.

Foreign subsidiary company

The functional currency of the foreign operation, Multispares N.Z. Limited, is New Zealand dollars (NZ\$).

As at the reporting date, the assets and liabilities of the foreign subsidiary are translated into the presentation currency of Supply Network Limited at the exchange rate ruling at the reporting date and its profit or loss is translated at the weighted average exchange rate for the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

2. Summary of material accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprises cash at bank, on deposit and in hand with a maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts and bank trade facilities.

(g) Trade and other receivables

Trade and other receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less any allowance for expected credit losses.

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 and other receivables have been grouped based on days overdue.

Trade and other receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

(h) Inventories

Inventories including finished goods and stocks in transit are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished goods – weighted average cost into store.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Obsolete and redundant inventories are provided for as appropriate.

(i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Buildings	50 years
Plant and equipment	3 – 15 years

The assets' residual values, useful lives and amortisation methods are reviewed and if appropriate revised at each financial year-end.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset was derecognised.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

2. Summary of material accounting policies (continued)

(j) 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 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. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

(k) Derivative financial instruments

The Group occasionally uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are stated at market value. None of the forward exchange contracts qualify for hedge accounting and all gains or losses arising from changes in the fair value are included directly in profit or loss.

The fair value of forward exchange contracts is calculated by reference to current exchange rates for contracts with similar maturity profiles.

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, non-interest bearing and are usually paid within 30-60 days of recognition.

(m) Lease liabilities

A lease liability is recognised at the commencement date of the 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 and any anticipated termination penalties.

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 leased payments arising from a change in an index or a rate used; lease term; certainty of 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.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

2. Summary of material accounting policies (continued)

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is included in profit or loss net of any reimbursement.

Provisions are measured at present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised in finance costs.

(o) Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 Australian corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Post-employment benefits

Contributions are made to employee superannuation funds and are charged against profit or loss when incurred (refer Note 23).

(q) Contributed equity

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

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

2. Summary of material accounting policies (continued)

(r) Interest bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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

(s) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(t) Revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services

(i) Sale of goods

Revenue from the sales of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

(ii) Interest income

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

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

2. Summary of material accounting policies (continued)

(t) Revenue recognition (continued)

(iii) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(u) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(v) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

2. Summary of material accounting policies (continued)

(v) Income tax (continued)

The tax consolidated current tax expense and other deferred tax assets are required to be allocated to the members of the tax-consolidated group. The Group uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each member of the tax-consolidated group is determined as if the company is a stand-alone taxpayer but modified as necessary to recognise membership of a tax-consolidated group. Recognition of amounts allocated to members of the tax-consolidated group has regard to the tax-consolidated group's future tax profits.

(w) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(x) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- cost of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

2. Summary of material accounting policies (continued)

(y) Non-current assets or disposal groups classified as held for sale (continued)

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the Statement of Financial Position, in current assets.

(z) New, revised or amending Accounting Standards and Interpretations adopted

The Group has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. There has been no material impact on adoption of these standards.

(aa) New Accounting Standards and Interpretations not yet adopted

There are no new standards that have been issued that are not yet effective and that are expected to have a material impact on financial reports of the Group in the current or future reporting periods.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

		Consolidated	
		2024	2023
		\$000	\$000
3.	Revenues and expenses		
(a)	Revenue from contracts with customers		
	Sale of goods	<u>302,598</u>	252,252
	The Group derives its revenue from contracts with customers for the transfer of goods at a point in time for all its revenue lines.		
	AASB 15 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the chief operating decision maker in order to evaluate the financial performance of the entity.		
		Consolidated	
		2024	2023
		\$000	\$000
(b)	Finance revenue		
	Bank interest	<u>142</u>	98
(c)	Other expenses		
	Credit losses – trade receivables	256	138
	Freight and cartage expenses	3,316	2,981
	Operating lease expenses and outgoings	1,634	1,286
	Other	14,654	12,212
		<u>19,860</u>	<u>16,617</u>
(d)	Finance costs		
	Bank loans and overdrafts	794	513
	Interest expense on lease liabilities	1,536	1,306
	Other finance costs	37	28
		<u>2,367</u>	<u>1,847</u>
4.	Income tax		
(a)	Income tax expense		
	The major components of income tax expense are:		
	Current income tax		
	Current income tax charge	15,318	11,846
	Deferred income tax		
	Relating to origination and reversal of temporary differences	(1,223)	(219)
	Income tax expense	<u>14,095</u>	<u>11,627</u>

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Consolidated	
	2024	2023
	\$000	\$000
4. Income tax (continued)		
(b) Reconciliation of prima facie tax payable to income tax expense		
Profit before income tax	47,120	39,034
At the Group's income tax rate of 30% (2023: 30%)	14,136	11,710
Effect of different tax rates of subsidiary	(131)	(113)
Other amounts which are not deductible for income tax purposes	90	30
Income tax expense	14,095	11,627
(c) Deferred tax assets		
Depreciation and AASB 16 differences	1,315	859
Doubtful debts	94	95
Employee benefits	1,572	1,341
Stock obsolescence	715	642
Other	801	337
	4,497	3,274

(d) Tax consolidation

Supply Network Limited and its wholly owned Australian entities elected to form a tax-consolidated group from 1 July 2003. The accounting policy in relation to this legislation is set out in Note 2(v).

The members of the tax-consolidated group have entered into a tax sharing agreement which, in the opinion of the Directors, would limit the joint and several liabilities of the wholly owned entities for future income taxes of the tax consolidated group in the case of a default by the head entity, Supply Network Limited. At reporting date the possibility of default is remote.

For the current year the entities have decided to enter into a tax funding agreement under which the funding amounts are based on the amounts of current tax expense allocated to the subsidiary and recognised by it in accordance with the accounting policy. The funding amounts are recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax-consolidated group head company. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised in the current inter-company receivables or payables.

	Consolidated	
	2024	2023
	\$000	\$000
5. Cash and cash equivalents		
Cash at bank, on deposit and in hand	5,827	7,758
Bank overdraft (refer Note 13)	(1,288)	-
Bank trade facility (refer Note 13)	-	(1,094)
	4,539	6,664

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Consolidated	
	2024	2023
	\$000	\$000
6. Trade and other receivables		
Current		
Trade receivables (i)	34,027	28,260
Allowance for expected credit loss	(321)	(322)
	33,706	27,938
Other receivables	259	82
	33,965	28,020
Ageing of trade receivables not impaired		
Not overdue	32,532	27,359
61-90 days past due	920	482
91 days and above past due	254	97
	33,706	27,938
Ageing of trade receivables impaired		
Not overdue	58	108
61-90 days past due	49	60
91 days and above past due	214	154
	321	322
Total trade receivables	34,027	28,260
Movements in allowance for expected credit loss		
Opening balance	322	367
Additions during the year	255	137
Amounts written off during the year	(256)	(184)
Exchange difference	-	2
Closing balance	321	322

- (i) Trade receivables are non-interest bearing and generally on 30-day terms. As at 30 June 2024, trade receivables of \$1,173,880 (2023: \$579,300) were past due and not impaired. The Group has a retention of title clause over goods sold until payment is received. Refer Note 13(ii) regarding security pledged.
- (ii) Information regarding the effective interest rate and the credit risk of current receivables is disclosed in Note 28.

	Consolidated	
	2024	2023
	\$000	\$000
7. Inventories		
Finished goods at lower of cost and net realisable value	87,188	66,648
Stock in transit - finished goods at cost	15,896	12,752
Total inventories at lower of cost and net realisable value	103,084	79,400
8. Other current assets		
Prepayments and deposits	1,796	341

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Consolidated	
	2024	2023
	\$000	\$000
9. Current assets – non-current assets classified as held for sale		
Land and buildings	2,233	-
<p>The property at 54 Waterloo Road, Christchurch, New Zealand was sold at auction on 4 July 2024 for NZ \$3.6m on a 10 year sale and lease back with settlement being 1 August 2024.</p>		
10. Property, plant and equipment		
Land and buildings at cost		
Opening balance	2,276	2,276
Depreciation	(35)	-
Exchange difference	(8)	-
	<u>2,233</u>	<u>2,276</u>
Reclassified to non-current assets classified as held for sale	(2,233)	-
Closing balance	<u>-</u>	<u>2,276</u>
Plant and equipment at cost		
Opening balance	22,559	18,642
Additions	4,334	4,330
Disposals	(875)	(481)
Exchange difference	(14)	68
Closing balance	<u>26,004</u>	<u>22,559</u>
Accumulated depreciation		
Opening balance	12,098	10,729
Additions	2,376	1,790
Disposals	(846)	(463)
Exchange difference	(12)	42
Closing balance	<u>13,616</u>	<u>12,098</u>
Plant and equipment - net book value	<u>12,388</u>	<u>10,461</u>
Total property, plant and equipment	<u>12,388</u>	<u>12,737</u>
11. Right-of-use assets		
Land and buildings - right-of-use	55,117	52,094
Less: Accumulated depreciation	(21,699)	(17,426)
	<u>33,418</u>	<u>34,668</u>
Plant and equipment - right-of-use	6,548	5,324
Less: Accumulated depreciation	(3,233)	(2,301)
	<u>3,315</u>	<u>3,023</u>
	<u>36,733</u>	<u>37,691</u>

The Group leases land and buildings for its offices, warehouses and sales outlets under agreements of between five to 15 years with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between three to four years. The Group leases office equipment under agreements of up to three years.

In relation to right-of-use assets, depreciation charged in the year for land and buildings was \$5.0m (2023: \$4.4m) and for plant and equipment was \$1.6m (2023: \$1.2m). Additions to the right-of-use assets during the year were \$5.2m (2023: \$9.4m).

Details on interest expense and cash flows relating to lease liabilities are disclosed in Note 14.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Consolidated	
	2024	2023
	\$000	\$000
12. Trade and other payables		
Trade payables and accruals	40,868	35,732
13. Interest bearing loans and borrowings		
Current		
Bank loans - instalments due within 12 months (i)	567	636
Bank overdraft (ii)	1,288	-
Bank trade facility (ii)	-	1,094
	1,855	1,730
Non-current		
Bank loans (i)	7,717	8,203
Total interest bearing loans and borrowings	9,572	9,933

- (i) Bank loans comprise:
Variable rate principal and interest loans of \$8,283,000 (2023: \$7,498,000), with interest rates of 5.9% to 7.0% (2023: 5.7% to 7.0%) maturing September, October, November and December 2025 and July and November 2026. \$2,148,000 is repayable by quarterly instalments over the term and \$6,135,000 repayable at termination.
- (ii) Bank loans, overdrafts and trade facility are secured by fixed and floating charges over the assets of Supply Network Limited and controlled entities. Bank overdrafts have no specific term and trade facilities have 60-day terms and both are subject to annual review. Interest rates on these facilities are variable and during the year the average interest rate was 7.7% (2023: 5.7%).
- (iii) Bank loan agreements require certain financial ratios to be maintained
- Australian loan agreement requires:
Borrowing base ratio as defined not to exceed 50% of eligible stock plus eligible debtors.
Debt to EBITDA does not exceed 2.5 to 1.
Fixed charge cover ratio to be greater than or equal to 1.50 to 1.

The Group complied with these ratios during the year.

	Consolidated	
	2024	2023
	\$000	\$000
14. Lease liabilities		
Lease liabilities – current	6,190	5,444
Lease liabilities – non-current	35,629	36,498
Total lease liabilities	41,819	41,942

Interest expense on lease liabilities recognised in the Statement of Profit or Loss and Other Comprehensive Income was \$1.5m (2023: \$1.3m) and interest and principal payments made to lessors in respect to lease liabilities was \$7.4m (2023: \$6.2m) for the year.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

		Consolidated	
		2024	2023
		\$000	\$000
15. Income tax payable			
Current year income tax payable		3,124	2,119
16. Provisions			
Long service leave			
Opening balance		1,707	1,610
Arising during the year		199	97
Closing balance		1,906	1,707
Current		1,627	1,367
Non-current		279	340
		1,906	1,707
17. Contributed equity			
(a) Issued and paid up capital			
42,506,235 ordinary shares fully paid (2023: 41,555,422)		41,889	28,477

(b) Movements in ordinary shares on issue

<u>Details</u>	<u>Date</u>	<u>Shares</u>	<u>Issue Price</u>	<u>\$000</u>
Opening balance	1 July 2022	40,833,697		21,272
Issue of shares		721,725		7,205
Closing balance	30 June 2023	41,555,422		28,477
Issue on exercise of share rights	23 September 2023	27,443	\$6.33	174
Issue of shares on dividend reinvestment plan	3 October 2023	408,179	\$13.50	5,510
Issue of shares on dividend reinvestment plan	4 April 2024	515,191	\$15.00	7,728
Closing balance	30 June 2024	42,506,235		41,889

(c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of surplus assets in proportion to the number of, and amounts paid up on, shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

		Consolidated	
		2024	2023
		\$000	\$000
18.	Reserves		
	(a) Exchange translation reserve		
	The Exchange Translation Reserve is used to record exchange differences arising from the translation of the functional currency of the foreign subsidiary, New Zealand dollars, into the presentation currency of the consolidated financial statements, Australian dollars, (refer to Statement of Changes in Equity).	170	269
	(b) Share-based payment reserve		
	Balance at the beginning of the financial year	430	463
	Movement in the share-based payments reserve	401	(33)
	Balance at end of the financial year	831	430
	Total reserves	1,001	699

Share-based payment reserve relates to the Supply Network Limited Employee Incentive plan (“EIP”) which was reapproved by shareholders at the 2023 annual general meeting. The EIP is designed to provide long-term incentives for senior managers and above (including executive Directors) to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance and services conditions are met (Refer to Remuneration Report).

		Consolidated	
		2024	2023
		\$000	\$000
19.	Dividends paid and proposed on ordinary shares		
	(a) Dividends declared and paid during the year		
	Final fully franked dividend for 2023 (28.00 cents per share) (2022: 20.00 cents)	11,635	8,167
	Interim fully franked dividend for 2024 (23.00 cents per share) (2023: 20.00 cents)	9,658	8,245
	Total dividends paid	21,293	16,412
	(b) Dividends proposed subsequent to 30 June and not recognised as a liability		
	Final fully franked dividend for 2024 (33.00 cents per share) (2023: 28.00 cents)	14,027	11,636

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Consolidated	
	2024	2023
	\$000	\$000
19. Dividends paid and proposed on ordinary shares (continued)		
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2023: 30%)	16,026	12,496
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	2,298	1,668
	18,324	14,164
The amount of franking credits available for the future reporting periods:		
Impact of franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(6,011)	(4,987)
	12,313	9,177

The tax rate at which paid dividends have been franked is 30% (2023: 30%).
Dividends proposed will be franked at the rate of 30%.

20. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2024	2023
	\$000	\$000
Net profit attributable to ordinary equity holders of the parent	33,025	27,407
Weighted average number of ordinary shares for basic earnings per share	42,008,692	41,207,726
Basic earnings per share (cents per share)	78.61	66.51
Weighted average number of ordinary shares for diluted earnings per share	42,184,692	41,290,045
Diluted earnings per share (cents per share)	78.29	66.38

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Consolidated	
	2024	2023
	\$	\$
21. Auditor's compensation		
Amounts received or due and receivable by HLB Mann Judd (NSW Partnership) or its associated entities for:		
An audit and review of a financial report of the consolidated group	103,500	89,000
Amounts received or due and receivable by HLB Mann Judd Limited Auckland for:		
An audit of the financial report of a subsidiary	23,100	21,100
	126,600	110,100

22. Key management personnel

(a) Compensation of key management personnel

Details of key management personnel are as follows:

Directors

G J Forsyth	Chairman (non-executive)
P W McKenzie	Director (non-executive)
G D H Stewart	Managing Director (executive)
P W Gill	Director (non-executive)
R D Fraser	Director (non-executive appointed 12 April 2024)

Senior Executives

R A Coleman	Chief Financial Officer and Company Secretary
-------------	---

The remuneration paid or payable to key management personnel of the Group was as follows:

	Consolidated	
	2024	2023
	\$	\$
Short-term	1,446,698	1,181,537
Post-employment	84,737	81,736
Other long-term benefits	24,534	24,460
Equity	275,722	108,402
	1,831,691	1,396,135

(b) Share issued on exercise of compensation options

There were 27,443 shares issued as compensation on vesting of EIP shares during the year ended 30 June 2024 (2023: 10,000).

(c) Unissued shares

During the year ended 30 June 2024 there were no ordinary shares committed to be issued.

(d) Option holding of key management personnel

There were no options held by key management personnel at 30 June 2024 or 30 June 2023.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

22. Key management personnel (continued)

(e) Shareholdings of key management personnel in ordinary shares of Supply Network Limited

	Balance 1 July 2023	EIP Shares Exercised	Net Change Other	Balance 30 June 2024
Directors				
G J Forsyth	12,254,555	-	(828,062)	11,426,493
P W McKenzie	4,655,941	-	(43,782)	4,612,159
G D H Stewart	654,402	27,443	24,235	706,080
P W Gill	398,485	-	(27,086)	371,399
R D Fraser	-	-	199,698	199,698
Senior Executives				
R A Coleman	16,134	-	588	16,722
	17,979,517	27,443	(674,409)	17,332,551

	Balance 1 July 2022	EIP Shares Exercised	Net Change Other	Balance 30 June 2023
Directors				
G J Forsyth	667,835	-	11,586,720	12,254,555
P W McKenzie	4,478,516	-	177,425	4,655,941
G D H Stewart	998,390	-	(343,988)	654,402
P W Gill	398,485	-	-	398,485
Senior Executives				
R A Coleman	5,725	10,000	409	16,134
	6,548,951	10,000	11,420,566	17,979,517

23. Employee entitlements

Superannuation commitments

The Group makes contributions to superannuation funds on behalf of Australian and participating New Zealand employees. The funds are accumulation funds and provide benefits to employees on retirement, death or disability.

Australian operating companies have a legal obligation to contribute 11% of the employees' ordinary earnings to the funds (2023: 10.5%), with employees contributing various percentages of their gross salary.

The New Zealand operating company has a legal obligation to contribute 3% of participating employees' total earnings to KiwiSaver, with employees contributing various percentages of their gross salary.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Consolidated	
	2024	2023
	\$000	\$000
24. Cash flow information		
(a) Reconciliation of net profit after tax to the net cash flows from operations		
Profit after income tax	33,025	27,407
Adjustments for non-cash income and expense items		
Profit/loss on disposal of plant and equipment	29	18
Depreciation of right-of-use assets	6,673	5,675
Depreciation of plant and equipment	2,411	1,825
Transfers to provisions:		
Inventory obsolescence	346	(324)
Employee entitlements	200	97
Expected credit loss	-	(45)
Net exchange differences	(259)	289
Increase / (decrease) in provision for:		
Income tax payable	1,006	262
Deferred taxes	(1,223)	(219)
Changes in assets and liabilities		
(Increase) / decrease in:		
Trade and other receivables	(5,945)	(6,617)
Inventories	(24,029)	(15,781)
Other assets	(1,454)	(50)
Increase in:		
Trade and other payables	5,709	6,490
Net cash flow from operating activities	16,489	19,027
(b) Financing facilities available:		
At reporting date the following facilities had been negotiated and were available:		
Total credit facilities	19,114	13,718
Facilities used at reporting date	(9,572)	(9,933)
Facilities unused at reporting date	9,542	3,785
The major facilities are summarised as follows:		
Bank overdrafts and trade facility	10,830	3,785
Facilities used at reporting date	(1,288)	-
Facilities unused at reporting date	9,542	3,785
Bank loans	8,284	9,933
Facilities used	(8,284)	(9,933)
Facilities unused at reporting date	-	-

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Consolidated	
	2024	2023
	\$000	\$000
25. Parent entity information		
Current assets	3,613	215
Total assets	92,839	71,314
Current liabilities	2,352	1,562
Total liabilities	2,352	1,562
Shareholders equity:		
Issued capital	41,889	28,477
Share based payment reserve	831	431
Retained earnings	47,767	40,844
	90,487	69,752
Profit for the year	28,216	22,389
Other comprehensive income	-	-
Total comprehensive income	28,216	22,389

26. Deed of cross guarantee

Supply Network Limited, Multispares Limited, Globac Limited and Supply Network Services Limited ("Closed Group") have entered into a Deed of Cross Guarantee dated 5 June 1992 which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of the Class Order 98/1418 issued by the Australian Securities Commission (now called ASIC Corporations (Wholly-owned Companies) Instrument 2016/785), Multispares Limited, Globac Limited and Supply Network Services Limited are relieved from the requirement to prepare financial statements.

The Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position of entities included in the class order "Closed Group" are set below.

	Closed Group	
	2024	2023
	\$000	\$000
Statement of Profit or Loss and Other Comprehensive Income		
Profit before income tax	42,571	36,806
Income tax expense	(12,304)	(10,072)
Profit after income tax	30,267	26,734
Net profit attributable to members of the parent	30,267	26,734
Other comprehensive income	-	-
Total comprehensive income	30,267	26,734
Retained Earnings		
Retained earnings at beginning of the year	37,703	27,381
Profit after income tax	30,267	26,734
Dividends provided for or paid	(21,293)	(16,412)
Retained earnings at end of the year	46,677	37,703

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Closed Group	
	2024	2023
	\$000	\$000
26. Deed of cross guarantee (continued)		
Statement of Financial Position		
ASSETS		
Current assets		
Cash and cash equivalents	5,824	6,850
Trade and other receivables	28,944	23,624
Inventories	80,787	62,424
Other current assets	1,759	302
Inter-company	1,686	157
Total current assets	119,000	93,357
Non-current assets		
Other financial assets	6,031	6,031
Plant and equipment	10,689	9,279
Right-of-use-assets	31,833	31,821
Deferred tax assets	3,305	2,324
Total non-current assets	51,858	49,455
TOTAL ASSETS	170,858	142,812
LIABILITIES		
Current liabilities		
Trade and other payables	36,357	31,315
Interest bearing loans and borrowings	200	1,294
Income tax payable	2,299	1,513
Provisions	1,627	1,366
Lease liabilities	5,106	4,436
Total current liabilities	45,589	39,924
Non-current liabilities		
Interest bearing loans and borrowings	5,100	5,300
Provisions	279	340
Lease liabilities	30,493	30,637
Total non-current liabilities	35,872	36,277
TOTAL LIABILITIES	81,461	76,201
NET ASSETS	89,397	66,611
EQUITY		
Contributed equity	41,889	28,477
Reserves	831	431
Retained earnings	46,677	37,703
TOTAL EQUITY	89,397	66,611

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

27. Segment information

The Group operates predominantly in one business segment being the provision of aftermarket parts for the commercial vehicle market.

The Group's geographical segments are determined based on the location of the Group's assets.

Geographical segments	Australia		New Zealand		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue								
Sales to customers outside the Group	256,154	212,358	46,444	39,894	-	-	302,598	252,252
Other income from outside the Group	259	102	3	4	-	-	262	106
Inter-segment revenues	5,964	6,770	5	12	(5,969)	(6,782)	-	-
Total segment revenues	262,377	219,230	46,452	39,910	(5,969)	(6,782)	302,860	252,358
Results								
Segment results	42,571	36,806	6,208	5,540	(1,659)	(3,312)	47,120	39,034
Profit before income tax and finance costs							49,345	40,783
Finance revenue							142	98
Finance costs							(2,367)	(1,847)
Profit before income tax							47,120	39,034
Income tax expense							(14,095)	(11,627)
Profit after income tax expense							33,025	27,407
Assets								
Segment assets	170,858	142,812	36,632	32,707	(6,967)	(6,298)	200,523	169,221
Liabilities								
Segment liabilities	81,461	76,201	18,309	15,582	(2,481)	(350)	97,289	91,433
Other segment information								
Additions to property, plant and equipment, intangible assets and other non-current assets	3,465	4,255	869	75	-	-	4,334	4,330
Additions to right-of-use assets	4,909	8,984	304	405	-	-	5,213	9,389
Depreciation	2,043	1,489	368	336	-	-	2,411	1,825
Depreciation for right-of-use assets	5,273	4,410	1,400	1,265	-	-	6,673	5,675
Other non-cash expenses	823	(255)	193	144	-	-	1,016	(111)

Segment accounting policies are the same as the Group's policies described in Note 2.

During the year, there were no changes in segment accounting policies that had a material effect on the segment information.

The sale of goods between segments is at cost of the item plus a commercial margin.

Revenue is attributed to geographical areas based on location of the assets producing the revenues.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

28. Key economic risks

Financial risk management

The Group's principal financial instruments, other than derivatives, comprise cash, bank loans, bank overdrafts and bank trade facility. The main purpose of these financial instruments is to finance the Group's operations.

The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Occasionally the Group also enters into derivative transactions, principally forward currency contracts, the purpose of which is to manage the currency risk arising from the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's operations are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group also has to manage its capital. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Group is exposed to interest rate risk through financial assets and liabilities. The Group's main interest rate risk arises from long-term borrowings (refer Note 13).

The following table summarises interest rate risk for the Group together with effective interest rates as at reporting date.

Financial instruments - Contractual maturities	Floating interest rate (i)	Fixed interest rate maturing			Non-interest bearing	Total	Weighted average interest rate	
		1 year or less	1 to 5 years	Over 5 years			Floating	Fixed
		\$000	\$000	\$000			\$000	\$000
Consolidated								
30 June 2024								
Financial assets								
Cash	5,827	-	-	-	-	5,827	4.3	-
Trade receivables	-	-	-	-	34,027	34,027	-	-
Other receivables	-	-	-	-	259	259	-	-
	5,827	-	-	-	34,286	40,113		
Financial liabilities								
Trade and other payables	-	-	-	-	40,868	40,868	-	-
Bank loans and overdrafts	9,572	-	-	-	-	9,572	6.5	-
Lease liability	-	6,190	22,473	13,156	-	41,819	-	5.1
	9,572	6,190	22,473	13,156	40,868	92,259		

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

28. Key economic risks (continued)

(a) Interest rate risk (continued)

Financial instruments - Contractual maturities	Floating interest rate (i) \$000	Fixed interest rate maturing			Non- interest bearing \$000	Total \$000	Weighted average interest rate	
		1 year or less \$000	1 to 5 years \$000	Over 5 years \$000			Floating %	Fixed %
Consolidated								
30 June 2023								
Financial assets								
Cash	7,758	-	-	-	-	7,758	2.3	-
Trade receivables	-	-	-	-	28,260	28,260	-	-
Other receivables	-	-	-	-	82	82	-	-
	<u>7,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,342</u>	<u>36,100</u>		
Financial liabilities								
Trade and other payables	-	-	-	-	35,732	35,732	-	-
Bank loans and overdrafts	7,498	-	1,341	-	-	8,839	6.4	6.7
Bank trade facility	-	1,094	-	-	-	1,094	3.1	-
Lease liability	-	5,444	20,472	16,026	-	41,942	-	4.5
	<u>7,498</u>	<u>6,538</u>	<u>21,813</u>	<u>16,026</u>	<u>35,732</u>	<u>87,607</u>		

- (i) Floating interest rates are the most recently determined rate applicable to the instrument at reporting date. Floating rate liabilities and non-interest bearing liabilities have contractual maturities of between 1-5 years.

The Group may use a mix of fixed and variable rate debt.

Fixed interest rate debts are used for long-term funding. Amounts and maturity dates of long-term funding for interest rate repricing vary depending on the interest rates offered at date of maturity. At reporting date, maturity dates range from 1-3 years.

Variable rate facilities such as bank overdrafts and trade facility are used for short-term funding and are subject to annual renewal and market fluctuations in interest rates.

Surplus funds are invested with banks in short-term call accounts and are subject to market fluctuations in interest rates.

Management have assessed the impact of any changes of effective interest rates and have determined there would be minimal effect on the Group's profit after income tax.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

28. Key economic risks (continued)

(b) Foreign exchange risk

The Group is exposed to the risk of adverse movements in the Australian dollar relative to certain foreign currencies.

Management has assessed the impact of a material movement in the Australian dollar exchange rate on trade payables and has determined that there would be minimal effect on the Group's profit after income tax.

The Group has an investment in a foreign subsidiary operation whose net assets are exposed to foreign currency translation risk. Currency exposure arising from this foreign operation is managed primarily through borrowings in that subsidiary's foreign currency.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations and arises primarily from the financial assets of the Group, which comprises cash and cash equivalents and trade and other receivables.

The Group's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers from across the range of business segments in which the Group operates.

Credit risk in trade receivables is managed in the following ways:

- (a) payment terms are cash or 30 days;
- (b) a risk assessment process is used for customers trading outside agreed terms; and
- (c) all new accounts are reviewed for past credit performance.

An allowance for impairment loss is recognised when there is objective evidence that the Group will not be able to collect a trade receivable.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Liquidity is managed to ensure, as far as possible, that sufficient funds are available to meet liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate banking facilities and borrowing facilities by continuously monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities. See Note 24(b) for undrawn facilities the Group has available to reduce liquidity risk further.

SUPPLY NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

28. Key economic risks (continued)

(e) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which comprises the borrowings detailed in Note 13, cash and cash equivalents (refer Note 5) and equity attributable to equity holders of the parent, comprising contributed equity (refer Note 17), reserves (refer Note 18) and retained earnings.

The Board reviews the capital structure on a regular basis. As part of this review, the cost of capital and the risks associated with each class of capital is considered. The Group balances its overall capital structure, as required, through the payment of dividends, operation of the dividend reinvestment plan, new share issues, share buy-backs and additional borrowings.

Consolidated	
2024	2023
\$000	\$000

29. Related party transactions

(a) Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

Key management personnel of the Group		
Sales to related parties	-	628
Amounts owed by related parties	-	-

(b) Mr P W McKenzie was a Director of a company to which the Group sold goods on normal commercial terms and conditions. Mr P W McKenzie's relationship with the related party ceased on 31 December 2022.

(c) The names of each person holding the position of Director of Supply Network Limited during the last two financial years were; G J Forsyth, P W McKenzie, G D H Stewart, R D Fraser (appointed 12 April 2024) and P W Gill.

(d) Investments in controlled entities

	Country of Incorporation
Multispares N.Z. Limited	New Zealand
Multispares Limited	Australia
Globac Limited	Australia
Supply Network Services Limited	Australia

The controlled entities were 100% owned for the years ended 30 June 2024 and 30 June 2023.

SUPPLY NETWORK LIMITED
CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2024

Basis of preparation

This consolidated entity disclosure statement has been prepared in accordance with the s295(3A)(a) of the *Corporations Act 2001* and includes the required information for Supply Network Limited and the entities it controls in accordance with AASB 10 *Consolidated Financial Statements*.

Tax residency

S295(3A)(vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency may involve judgement as there are different interpretations that could be adopted and which could give rise to different conclusions regarding residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

Current legislation and judicial precedent has been applied, including having regard to the Tax Commissioner's public guidance.

Name of entity	Entity type	Trustee, partner, or participant in joint venture	Country of incorporation	% of share capital	Australian or foreign tax resident	Foreign jurisdiction of foreign residents
Supply Network Limited	Body Corporate	n/a	Australia	n/a	Australian	n/a
Supply Network Services Limited	Body Corporate	n/a	Australia	100%	Australian	n/a
Globac Limited	Body Corporate	n/a	Australia	100%	Australian	n/a
Multispares Limited	Body Corporate	n/a	Australia	100%	Australian	n/a
Multispares N.Z. Limited	Body Corporate	n/a	New Zealand	100%	Australian	n/a

SUPPLY NETWORK LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Supply Network Limited, I state that:

1. In the directors' opinion:
 - (a) the financial statements and notes set out on pages 15 to 45 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) 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
 - (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 26 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 26.
2. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 30 June 2024 required by section 295A of the *Corporations Act 2001*.
3. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.
4. The information disclosed in the consolidated entity disclosure statement is true and correct.

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

On behalf of the Board



G J Forsyth
Director

Sydney, NSW
26 August 2024

Independent Auditor’s Report to the Members of Supply Network Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Supply Network Limited (“the Company”) and its controlled entities (collectively “the Group”), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors’ declaration.

In our opinion, the accompanying financial report of 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 2024 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (“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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Inventory Valuation and Existence	
<p>The consolidated statement of financial position of the Group as at 30 June 2024 shows inventories at \$103,084,000. This represents the lower of cost and net realisable value for inventories on hand at 30 June 2024.</p> <p>We have identified the Existence and Valuation of Inventories as a Key Audit Matter due to the size of this asset.</p>	<p>1. In relation to Existence, we:</p> <ul style="list-style-type: none"> (a) Considered the Group inventory count procedures at or near the year-end. We attended a number of locations where inventories are held and observed the procedures and controls in place. (b) We further tested these controls by performing our own test counts. (c) We reviewed differences between inventory counted and inventories shown in the Group’s inventory records.

hlb.com.au

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 5, 10 Shelley Street Sydney NSW 2000 Australia

T: +61 (0)2 9020 4000 **E:** mailbox@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (NSW Partnership) is a member of HLB International, the global advisory and accounting network.

Also, judgement is involved in management's estimation of the net realisable value of inventories, which is based on certain assumptions.

(d) We reviewed records of physical movement of inventories before and after the year end to ensure that these items had been included in the correct accounting period.

2. In relation to Valuation we:

(a) Tested the recorded cost of a sample of items on hand at interim date to purchase invoices, including invoices for freight and other costs associated with bringing the items to their present location. We then performed analytical review of interim date valuations against 30 June stock report.

(b) Evaluated management's process for identifying slow-moving inventories and tested the accuracy of reports used by management in making their estimates of net realisable value.

(c) Considered the assumptions made by management and compared them with historical experience of the sale of inventories by the Group.

3. We reviewed the accounting policies used by the Group for inventories, and the disclosures in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, 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, 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:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

(b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

- (b) the consolidated entity disclosure statement that is true and correct 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 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Supply Network Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Sydney, NSW
26 August 2024**



**S Grivas
Partner**