Inghams Group Limited

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

Appendix 4D for the half year; 26 weeks ended 28 December 2024 (1HFY25)

Results for announcement to the market

	1HFY25 $'000	1HFY24 $'000	Variance $'000	Variance %
Revenue from ordinary activities	1,611,300	1,642,200	(30,900)	(1.9%)
Profit for the period after tax from ordinary activities attributable to members	51,500	63,400	(11,900)	(18.8%)
Net profit for the period attributable to members	51,500	63,400	(11,900)	(18.8%)

Dividends

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 11.0 cents per share totalling $40.9M will be paid on 4 April 2025. The dividend was not declared at 28 December 2024 and as such no provision has been recognised. The record date for this interim dividend will be 14 March 2025.

A fully franked final dividend in respect of FY24 of 8.0 cents per share was declared and paid in the period. Inghams Group Limited does not have a dividend reinvestment plan in operation.

Net tangible assets backing

At 28 December 2024, the net tangible asset backing per ordinary share was $0.63 per share (23 December 2023: $0.60 per share).

Entities where control has been gained or lost

On 1 July 2024, Inghams Enterprises (NZ) Limited, a wholly owned subsidiary, acquired Bostock Brothers Limited, an organic chicken business in New Zealand.

Joint Venture

The Group has a 50% (FY23: 50%) investment in AFB International Pty Limited (AFB). AFB manufactures and markets a leading range of wet and dry palatants, sprayed onto pet food to enhance its palatability. The business has two processing facilities in Somerville (VIC) and Murarrie (QLD) and services Australia and South East Asia with pet food flavours (palatants). The Group's share of AFB's results is not material to the Group's results for the current period or for the previous corresponding period.

This Appendix 4D should be read in conjunction with the Inghams Group Limited Interim Financial Report for the half year ended 28 December 2024.

Inghams Group Limited

ACN 162 709 506

Interim Financial Report
For the half year ended 28 December 2024

Contents

Directors' report

The directors of Inghams Group Limited (`Inghams' or `the Company') and its controlled entities (`the Group'), present their report together with the consolidated interim financial report for the half year ended 28 December 2024 (1HFY25).

Directors

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

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

(1) Rob Gordon was on a Board approved leave of absence from 23 January 2024 to 31 July 2024.

Operating and financial review

Profit & Loss

Table 1: Results for 1HFY25 compared to results for prior year

Consolidated income statement	1HFY25 $000	1HFY24 $000	Change $000
Revenue	1,611,300	1,642,200	(30,900)
Cost of sales	(1,223,000)	(1,204,200)	(18,800)
Gross profit	**388,300**	**438,000**	**(49,700)**
Distribution expense	(95,600)	(96,100)	500
Administration and selling expense	(83,100)	(88,800)	5,700
Share of net profit of joint venture	600	400	200
Other income	200	200	–
EBITDA	**210,400**	**253,700**	**(43,300)**
Depreciation and amortisation	(100,000)	(121,600)	21,600
EBIT	**110,400**	**132,100**	**(21,700)**
Net interest expense	(37,700)	(41,800)	4,100
Net profit before tax	**72,700**	**90,300**	**(17,600)**
Income tax expense	(21,200)	(26,900)	5,700
Net profit after tax	**51,500**	**63,400**	**(11,900)**

Inghams delivered first half of FY25 (1HFY25) earnings before interest, tax, depreciation and amortisation (EBITDA) pre AASB 16 of $124.0M, which is the second highest half-year earnings result since listing and only surpassed by the exceptionally strong results delivered in 1HFY24. 1HFY25 EBITDA declined 17.1% on prior corresponding period (PCP) to $210.4M, while net profit after tax (NPAT) declined 18.8% on PCP to $51.5M.

Core poultry volume decreased 2.7% compared to PCP. In Australia, core poultry volumes reduced by 4.1%. The reduction in core poultry volume performance reflects a reduction in Australian volume due to a temporary reduction in the number of birds processed during the period to manage both inventory levels in 2HFY24 and the transition to the new Woolworths supply agreement. The New Zealand business recorded strong core poultry volume growth of 5.0%, driven by growth in both the Retail and Export channels, with the Bostock Brothers (BBL) acquisition contributing 2.9 percentage points to New Zealand core poultry volume growth.

Revenue declined by 1.9% on PCP, in-line with volume, to $1.6 billion. The decline in core poultry volume was partially offset by an increase in core poultry net selling prices NSP ($/kg) of 1.0%, with a decline of 3.3% in feed revenue resulting from a reduction in feed prices due to lower key feed input costs. Wholesale NSP ($/kg) declined 8.2% on PCP, reflecting the progressive post-COVID recovery in channel supply.

Total costs within EBITDA declined 0.9% ($12.4M) versus PCP. Excluding internal feed costs and AASB 16-related amounts, costs were largely flat (+$0.3M) versus PCP, with the impact of the acquisition of BBL (+$9.9M) and other increases offset by the implementation of a wide variety of strong cost management initiatives and further operational efficiencies. There was a higher operating cost impact (+$21.1M) due to the AASB 16 impact of 102 contract growers that were transitioned to variable performance-based contracts over the past 18 months (previously treated as AASB 16 Leases). This was largely offset by a

Directors’ report (continued)

reduction of AASB 16 depreciation and interest expense due to the transition of these grower contracts. Internal feed costs declined $34.0M during the period, with the pricing of some key feed inputs moderating further over the course of 1HFY25.

Net interest expense declined 9.8% on PCP, due largely to a reduction in AASB 16 interest due to the conversion of grower contracts, partially offset by a higher average debt balance following the settlement of the acquisition of BBL in New Zealand.

Australia

Table 2: Selected financial information for the Australia segment

Consolidated income statement	Actual 1HFY25 $000	Actual 1HFY24 $000	Change $000
Poultry Revenue	1,286,600	1,320,900	(34,300)
External Feed Revenue	68,000	68,200	(200)
Revenue	**1,354,600**	**1,389,100**	**(34,500)**
EBITDA Segment	**181,700**	**205,400**	**(23,700)**
EBITDA AASB 16	(84,300)	(93,300)	9,000
EBITDA Significant items	3,200	(2,100)	5,300
EBITDA Pre AASB 16	**100,600**	**110,000**	**(9,400)**

In Australia, core poultry volume declined 4.1% versus PCP, due to a temporary reduction in the number of birds processed during the period to manage both inventory levels in 2HFY24 and the transition to the new Woolworths supply agreement. During 1HFY25, Retail channel growth was more than offset by declines across QSR, Wholesale and Export.

Revenue declined 2.5% on PCP, with the decline in core poultry volume partially offset by higher core poultry NSP/kg (+1.6%). A small reduction in by-products revenue (-1.0%) was driven by strong by-products volume growth (+12.6%) due to transition of some third party Wholesale sales to in-house processing, which was supported by our recent investment in automation and efficiency initiatives and the temporary closure of Export markets. Growth in external feed volumes was offset by a decline in pricing reflecting the reduction in key feed input costs.

Total costs (excluding AASB 16 and items excluded from Underlying) declined 2.0%, with internal feed costs declining $27.8M, and strong cost management initiatives successfully limited growth in other costs to $2.7M.

New Zealand

Table 3: Selected financial information for the New Zealand segment

Consolidated income statement	Actual 1HFY25 $000	Actual 1HFY24 $000	Change $000
Poultry Revenue	228,600	221,900	6,700
External Feed Revenue	28,100	31,100	(3,000)
Revenue	**256,700**	**253,000**	**3,700**
EBITDA Segment	**28,700**	**48,300**	**(19,600)**
EBITDA AASB 16	(8,300)	(20,400)	12,100
EBITDA Significant items	3,000	500	2,500
EBITDA Pre AASB 16	**23,400**	**28,400**	**(5,000)**

New Zealand core poultry volume grew by 5.0% versus PCP, driven by growth on both the Retail and Export channels following completion of the acquisition of BBL at the beginning of the period.

New Zealand revenue growth of 1.5% versus PCP, due to core poultry volume growth combined with growth in core poultry NSP ($/kg) (including BBL) of 0.6%, partially offset by lower by-products revenue, and a reduction in external feed revenue due to a decline in feed NSP ($/kg) as a result of lower key feed input costs. Total costs (excluding AASB 16 and items excluded from underlying) increased 3.9% on PCP due largely to an increase in operating costs from the BBL (+$9.9M) and Bromley Park Hatcheries acquisitions, and expenditure on promotion and branding, distribution, labour, repairs & maintenance, and packaging. Feed costs improved by $6.2M during the period due to the decline in the international price of key feed inputs.

Directors' report (continued)

Balance Sheet

Table 4: Selected statutory consolidated statement of financial position for the year ended 28 December 2024

Consolidated statement of financial position	28-Dec-24 $000	29-Jun-24 $000	Change $000
Current assets	851,100	747,500	103,600
Non-current assets	1,514,500	1,652,500	(138,000)
Total assets	**2,365,600**	**2,400,000**	**(34,400)**
Current liabilities	657,600	693,300	(35,700)
Non-current liabilities	1,469,300	1,487,100	(17,800)
Total liabilities	**2,126,900**	**2,180,400**	**(53,500)**
Net assets	**238,700**	**219,600**	**19,100**

Net Assets

Current assets increased $103.6M due to an increase in Cash ($58.5M) and an increase in Trade and other receivables ($61.4M) due to the timing of collections over the December holiday period. This is partly offset by a reduction in Poultry and Feed Inventory ($16.2M).

Non-current assets have decreased $138.0M due to the reduction in the Right-of-use assets ($168.0M) as a result of the conversion of a further 36 grower contracts from fixed to performance based variable contracts during the period. Property Plant and equipment increased $29.2M due to capital expenditure and acquisitions during the period, less deprecation.

Current liabilities decreased $35.7M due to a reduction in lease liabilities of $41.4M, driven by the grower contracts transitioning to variable.

Non-current liabilities decreased $17.8M due to a $130.6M reduction in lease liabilities driven largely by the grower contracts transitioning to variable partially offset by an increase in borrowings of $107.9M due to the additional debt capacity obtained as part of the refinancing of the existing syndicated finance agreement in November 2024.

Net debt

Table 5: Consolidated statutory net debt as at 28 December 2024

Net debt	28-Dec-24 $000	29-Jun-24 $000
Bank loans	(570,000)	(460,000)
Capitalised loan establishment fees included in borrowings	3,500	1,400
Total borrowings	**(566,500)**	**(458,600)**
Less: Cash and cash equivalents	169,200	110,700
Net debt	**(397,300)**	**(347,900)**

Net debt increased $49.4M to $397.3M, broadly in line with capital expenditure and acquisitions, and an increase in working capital during the period.

During the period, the Company refinanced its existing syndicated finance agreement which continues to be a Sustainability Linked Loan Facility. An increase in the total size of the combined facilities of $200M, together with an increase in the weighted maturity by approximately 2.4 years, provides Inghams with the funding flexibility to progress its various operational and automation investment programs, and to take advantage of other opportunities that may arise.

Leverage increased to 1.8 times on PCP and remains within our target range of 1.0 to 2.0 times of Underlying EBITDA pre AASB 16.

Cash Flow from Operations was $194.4M for 1HFY25, a reduction of $27.2M on PCP, reflecting lower earnings, partially offset by lower working capital requirements. Cash conversion improved 5.4 percentage points to 94.5% due to reduced inventory levels and lower feed prices on PCP.

Directors' report (continued)

Reconciliations – As reported to underlying

Table 6: Reconciliation of as reported EBITDA to underlying EBITDA

Consolidated EBITDA ($m)	1HFY25 Actual	1HFY24 Actual
Revenue	**1,611.3**	**1,642.2**
As reported EBITDA	**210.4**	**253.7**
Business acquisition and integration costs	2.5	0.5
Legal settlement	2.8	–
Restructuring	0.9	–
Property reassignment	–	(2.1)
Underlying EBITDA	**216.6**	**252.1**
AASB 16	(92.6)	(113.7)
Underlying EBITDA pre AASB 16	**124.0**	**138.4**

Principal activities

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

Significant changes in the state of affairs

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

Dividends

Subsequent to the half year end, a fully franked interim dividend of 11.0 cents per share has been declared totalling $40.9M to be paid on 4 April 2025. The financial effect of this dividend has not been brought to account in these consolidated financial statements and will be recognised in the subsequent financial report.

A fully franked final dividend in respect of FY24 of 8.0 cents per share totalling $29.7M was declared and paid during the period.

Significant events after the balance date

The directors of the Company are not aware of any matter or circumstance not otherwise dealt with in the interim financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the half year ended 28 December 2024.

Lead auditor's independence declaration

The lead auditor's independence declaration required under section 307C of the *Corporation Act 2001* is included on page 8.

Rounding of amounts

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

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

Helen Nash
Chair

Michael Ihlein
Non-Executive Director

Sydney
21 February 2025

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

To the Directors of Inghams Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Inghams Group Limited for the half-year ended 28 December 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Trent Duvall

Partner

Sydney

21 February 2025

Financial Statements

Consolidated income statement

For the half year ended 28 December 2024

	Notes	28 December 2024 $000	23 December 2023 $000
Revenue	2	1,611,300	1,642,200
Other income		200	200
Expenses			
Cost of sales		(1,312,900)	(1,314,500)
Distribution		(102,700)	(103,600)
Administration and selling		(86,100)	(92,600)
Operating profit		**109,800**	**131,700**
Finance income and costs			
Finance income		1,900	1,100
Finance costs		(39,600)	(42,900)
Net finance costs		**(37,700)**	**(41,800)**
Share of net profit of joint venture		600	400
Profit before income tax		**72,700**	**90,300**
Income tax expense		(21,200)	(26,900)
Profit for the period attributable to: Owners of Inghams Group Limited		**51,500**	**63,400**
Basic EPS (cents per share)	10	13.9	17.1
Diluted EPS (cents per share)	10	13.8	17.0

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

Financial Statements

Consolidated statement of comprehensive income

For the half year ended 28 December 2024

	28 December 2024 $000	23 December 2023 $000
Profit for the period	**51,500**	**63,400**
Other comprehensive income		
Items that have been reclassified to profit or loss		
Changes in the fair value of cash flow hedges	(4,000)	(8,900)
Total items that have subsequently been reclassified to profit or loss	**(4,000)**	**(8,900)**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,700)	1,100
Changes in the fair value of cash flow hedges	2,200	2,700
Total items that may subsequently be reclassified to profit or loss	**500**	**3,800**
Total comprehensive income is attributable to:		
Owners of Inghams Group Limited	**48,000**	**58,300**

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

Financial Statements

Consolidated statement of financial position

As at 28 December 2024

	Notes	28 December 2024 $000	29 June 2024 $000
ASSETS			
Current assets			
Cash and cash equivalents		169,200	110,700
Trade and other receivables		295,500	234,100
Biological assets		162,400	163,500
Inventories	3	221,300	237,500
Derivative financial instruments		2,700	1,700
Total current assets		**851,100**	**747,500**
Non-current assets			
Property, plant and equipment		623,500	594,300
Intangible assets	11	12,500	–
Investments accounted for using the equity method		3,000	3,000
Right-of-use assets	4	863,700	1,031,700
Derivative financial instruments		–	600
Deferred tax asset		11,800	22,900
Total non-current assets		**1,514,500**	**1,652,500**
Total assets		**2,365,600**	**2,400,000**
LIABILITIES			
Current liabilities			
Trade and other payables	5	450,800	426,100
Current tax liability		600	15,800
Provisions		100,300	104,100
Lease liabilities		105,900	147,300
Total current liabilities		**657,600**	**693,300**
Non-current liabilities			
Trade and other payables	5	200	200
Borrowings	6	566,500	458,600
Provisions		41,500	37,200
Derivative financial instruments		600	–
Lease liabilities		860,500	991,100
Total non-current liabilities		**1,469,300**	**1,487,100**
Total liabilities		**2,126,900**	**2,180,400**
Net assets		**238,700**	**219,600**
Equity			
Contributed equity	7	109,300	109,300
Reserves		42,800	45,500
Retained earnings		86,600	64,800
Total equity		**238,700**	**219,600**

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

Financial Statements

Consolidated statement of changes in equity

For the half year ended 28 December 2024

	Attributable to owners of Inghams Group Limited				
	Contributed Equity $000	Retained Earnings $000	Asset revaluation reserve $000	Other reserves $000	Total Equity $000
Balance at 29 June 2024	**109,300**	**64,800**	**17,700**	**27,800**	**219,600**
Profit for the period	–	51,500	–	–	51,500
Other comprehensive income	–	–	–	(3,500)	(3,500)
Total comprehensive income	**–**	**51,500**	**–**	**(3,500)**	**48,000**
Transactions with owners of the Company					
Dividends provided for or paid	–	(29,700)	–	–	(29,700)
Share based payment expense	–	–	–	2,800	2,800
Settlement of share plan	–	–	–	(2,000)	(2,000)
	–	(29,700)	–	800	(28,900)
Balance at 28 December 2024	**109,300**	**86,600**	**17,700**	**25,100**	**238,700**
Balance at 24 June 2023	**109,300**	**45,100**	**17,700**	**29,700**	**201,800**
Profit for the period	–	63,400	–	–	63,400
Other comprehensive income	–	–	–	(5,100)	(5,100)
Total comprehensive income	**–**	**63,400**	**–**	**(5,100)**	**58,300**
Transactions with owners of the Company					
Dividends provided for or paid	–	(37,200)	–	–	(37,200)
Share based payment expense	–	–	–	2,500	2,500
	–	(37,200)	–	2,500	(34,700)
Balance at 23 December 2023	**109,300**	**71,300**	**17,700**	**27,100**	**225,400**

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

Financial Statements

Consolidated statement of cash flows

For the half year ended 28 December 2024

	Notes	28 December 2024 $000	23 December 2023 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,602,700	1,685,400
Payments to suppliers and employees (inclusive of GST)		(1,408,300)	(1,463,800)
		194,400	**221,600**
Interest received		1,900	1,100
Income taxes paid		(29,200)	(20,000)
Net cash provided by operating activities		**167,100**	**202,700**
Cash flows from investing activities			
Capital expenditure		(38,400)	(38,700)
Acquisition of Land and Buildings		–	(75,600)
Acquisition of a business and assets*	11	(31,300)	(6,600)
Dividends received from investments		600	300
Net cash used in investing activities		**(69,100)**	**(120,600)**
Cash flows from financing activities			
Proceeds from borrowings		140,000	34,100
Repayment of borrowings		(30,000)	–
Dividends paid		(29,700)	(37,200)
Lease payments - principal		(74,200)	(82,000)
Lease payments - interest		(19,000)	(28,400)
Interest and finance charges paid		(24,300)	(17,500)
Payment for shares acquired by Employee Share Plan Trust		(2,000)	(100)
Net cash used in financing activities		**(39,200)**	**(131,100)**
Net increase/(decrease) in cash and cash equivalents		**58,800**	**(49,000)**
Cash and cash equivalents at the beginning of the financial year		110,700	136,300
Effects of exchange rate changes on cash and cash equivalents		(300)	100
Cash and cash equivalents at the end of the period		**169,200**	**87,400**

*For the period ended 28 December 2024, included in 'Acquisition of business and assets' is $3.2M for the purchase of the processing factory and $1.6M for the land purchased in relation to the Bostock Brothers acquisition. These transactions are not part of the business combination.

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

Notes to the interim financial report

1 General

a. Basis of preparation and statement of compliance

This is the interim financial report for Inghams Group Limited (`Inghams' or `the Company') and its subsidiaries (collectively, the Group) and the Group's interest in equity accounted investments, for the 26 week period ended 28 December 2024 (the half year). The interim financial report is authorised for issue in accordance with a resolution of the directors on 21 February 2025.

This interim financial report is:

- to be read in conjunction with the annual report of the Group for the year ended 29 June 2024 and any public announcements made by the Company during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*, and the Australian Securities Exchange listing rules. The consolidated financial statements of the Group as at the year ended 29 June 2024 are available upon request from the Company's registered office (Level 4, 1 Julius Avenue, North Ryde NSW 2113 Australia) or at https://investors.inghams.com.au/Investor-Centre/Reports.html.
- a general purpose financial report;
- prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*;
- prepared under the historical cost convention except for the Financial assets and liabilities (including derivative instruments) and certain classes of property, plant and equipment measured at fair value; and
- presented in Australian dollars, which is the functional currency of Inghams, with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with *ASIC Corporations Instrument 2016/191* dated 1 April 2016.

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

b. Material accounting policy information

The Group adopted Disclosure of Financial Instruments (AASB 7) from 30 June 2024. Although the arrangements do not apply to financing arrangements for receivables or inventory, it does however apply to trade payables. There will be additional disclosures in the financial statements for the year-ending 28 June 2025 that will include disclosing comparable supplier terms that are not part of the arrangement as well as the balance of suppliers making up trade payables that have received payment from the finance provider. There is no impact on the financial statements for the half-year ended 28 December 2024.

The Group adopted Classification of Liabilities as Current or Non-Current (Amendments to AASB 101) from 30 June 2024. Presentation of certain liabilities as current and non-current will need to be assessed but are not expected to change. Additional disclosures in the financial statements for the year-ending 28 June 2025 are required for our borrowing covenants and if these are not met these would change the classification of borrowings from non-current to current. There is no impact on the financial statements for the half-year ended 28 December 2024.

c. Impact of accounting standards issued but not yet applied

At 28 December 2024, certain accounting standards and interpretations have been published or amended which will become mandatory in future reporting periods. These new or amended accounting standards and interpretations are either not material or not applicable to Inghams.

AASB 18 *Presentation and Disclosure in Financial Statements* was issued in June 2024 and replaces AASB 101 *Presentation of Financial Statements.* The standard introduces new requirements for the Statement of Profit or Loss, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The standard is effective for annual periods beginning on or after 1 January 2027 and will first apply to the Group for the financial year ending 24 June 2028.

This standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses. However, there will be changes in how the Statement of Profit or Loss and Statement of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements. The Group is in the process of assessing the impact of the standard.

Notes to the interim financial report (continued)

2 Segment information

Description of segments

Inghams' operations are all conducted in the poultry industry in Australia and New Zealand.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Group's operations in Australia and New Zealand are each treated as individual operating segments. The CEO monitors the operating results of each business unit separately, for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA). Inter segment revenue is generated from a royalty charge for the services provided by the Australian operation.

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

	Australia 28 Dec 2024 $000	New Zealand 28 Dec 2024 $000	Consolidated 28 Dec 2024 $000
Poultry	1,286,600	228,600	1,515,200
Feed	68,000	28,100	96,100
Total revenue from contracts with customers	**1,354,600**	**256,700**	**1,611,300**
Other income	100	100	200
Inter segment revenue/(expense)	6,600	(6,600)	–
Revenue and other income	**1,361,300**	**250,200**	**1,611,500**
Adjusted operating expenses*	(1,180,200)	(221,500)	(1,401,700)
Share of net profit of joint venture	600	–	600
EBITDA	**181,700**	**28,700**	**210,400**
Depreciation and amortisation			(100,000)
EBIT			**110,400**
Net finance costs			(37,700)
Profit before tax			**72,700**

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

	Australia 23 Dec 2023 $000	New Zealand 23 Dec 2023 $000	Consolidated 23 Dec 2023 $000
Poultry	1,320,900	221,900	1,542,800
Feed	68,200	31,100	99,300
Total revenue from contracts with customers	**1,389,100**	**253,000**	**1,642,200**
Other income	–	200	200
Inter segment revenue/(expense)	6,800	(6,800)	–
Revenue and other income	**1,395,900**	**246,400**	**1,642,300**
Adjusted operating expenses*	(1,190,900)	(198,100)	(1,389,000)
Share of net profit of joint venture	400	–	400
EBITDA	**205,400**	**48,300**	**253,700**
Depreciation and amortisation			(121,600)
EBIT			**132,100**
Net finance costs			(41,800)
Profit before tax			**90,300**

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

Notes to the interim financial report (continued)

3 Inventories

	28 Dec 2024 $000	29 Jun 2024 $000
Processed Poultry	126,400	140,600
Feed	47,500	55,100
Other	57,000	52,000
Inventories (gross)	**230,900**	**247,700**
Inventory obsolescence provision	(9,600)	(10,200)
Inventories	**221,300**	**237,500**

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

4 Right-of-use assets

	Land and Buildings $000	Contract Growers $000	Equipment and Motor Vehicles $000	Total $000
Balance at 29 June 2024	**776,400**	**240,200**	**15,100**	**1,031,700**
Additions	5,500	12,200	300	18,000
Disposals	–	(114,500)	–	(114,500)
Depreciation	(30,900)	(36,300)	(3,100)	(70,300)
Net foreign currency movement	(1,100)	(100)	–	(1,200)
Balance at 28 December 2024	**749,900**	**101,500**	**12,300**	**863,700**

	Land and Buildings $000	Contract Growers $000	Equipment and Motor Vehicles $000	Total $000
Balance at 26 June 2023	**811,500**	**446,000**	**18,100**	**1,275,600**
Additions	65,500	73,700	3,200	142,400
Disposals	(37,400)	(159,600)	–	(197,000)
Depreciation	(62,700)	(121,000)	(6,200)	(189,900)
Net foreign currency movement	(500)	1,100	–	600
Balance at 29 June 2024	**776,400**	**240,200**	**15,100**	**1,031,700**

During the half-year ended 28 December 2024, 36 of our grower contracts were converted from fixed monthly payments to variable monthly payments based on units delivered, and a further 2 were terminated. As a result, this reduced the right-of-use asset, lease liability, interest and depreciation. This resulted in a gain of $7.5M which has been recognised in the Profit & Loss under Cost of Sales during the half-year ended 28 December 2024.

Notes to the interim financial report (continued)

5 Trade and other payables

	28 Dec 2024			29 Jun 2024		
	Current $000	Non-Current $000	Total $000	Current $000	Non-Current $000	Total $000
Trade payables	298,400	200	298,600	259,400	200	259,600
Inventory procurement trade payable	121,900	–	121,900	128,500	–	128,500
Other payables	30,500	–	30,500	38,200	–	38,200
Trade and other payables	**450,800**	**200**	**451,000**	**426,100**	**200**	**426,300**

The Group has an inventory procurement trade payable with a third party financial institution, which is interest bearing. Trade bills of exchange are paid by the financial institution direct to the supplier and the Group settles the payable on extended payment terms. The amount utilised and recorded within trade and other payables at 28 December 2024 was $121.9M (29 June 2024: $128.5M).

6 Borrowings

(a) Interest bearing loans

	Carrying amount		Principal amount drawn		Interest rate	Maturity
	28 Dec 2024 $000	29 Jun 2024 $000	28 Dec 2024 $000	29 Jun 2024 $000		
Unsecured liabilities						
Tranche A	238,800	198,700	240,000	200,000	Floating rate*	November 2029
Tranche B	199,200	199,900	200,000	200,000	Floating rate*	November 2027
Tranche C	28,900	60,000	30,000	60,000	Floating rate*	November 2029
Tranche D	99,600	–	100,000	–	Floating rate*	November 2027
Borrowings	**566,500**	**458,600**	**570,000**	**460,000**		

* Floating rates are at Bank Bill Swap Rate plus a predetermined margin. The Group has an additional undrawn facility under Tranche C of $175.0M.

(b) Fair value

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

7 Equity

(a) Share capital

	28 Dec 2024 Shares	29 Jun 2024 Shares	28 Dec 2024 $000	29 Jun 2024 $000
Ordinary shares issued	371,679,601	371,679,601	109,300	109,300

(a) Movements in ordinary shares

	Shares	$000
Balance at 25 June 2023	**371,679,601**	**109,300**
Balance at 29 June 2024	**371,679,601**	**109,300**
Balance at 30 June 2024	**371,679,601**	**109,300**
Balance at 28 December 2024	**371,679,601**	**109,300**

Notes to the interim financial report (continued)

8 Dividends

(a) Ordinary shares

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 11.0 cents per share totalling $40.9M will be paid on 4 April 2025. The dividend was not declared at 28 December 2024 and as such no provision has been recognised. The record date for this interim dividend will be 14 March 2025.

A fully franked final dividend in respect of FY24 of 8.0 cents per share was declared and paid in the period.

(b) Franking credits

	28 Dec 2024 $000	23 Dec 2023 $000
Amount of Australian franking credits available for subsequent periods to the shareholders of Inghams Group Limited	17,800	3,400

The utilisation of franking credits is dependent upon the ability to declare dividends in the future included in the above line.

In addition, there are exempting franking credits of $16.4M (December 2023: $16.4M) that are only available to be used under very limited and specific circumstances. These credits relate to the period when the former shareholder TPG was treated as an exempting entity with greater than 95% foreign ownership and can only be used by TPG and members holding eligible employee shares.

9 Contingent liabilities

Workers' Compensation

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

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

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

Claims

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

Inghams has been undergoing an audit by the Australian Taxation Office ('ATO'). The ATO has asserted that Inghams' R&D tax offset claims require adjustment under the Income Tax Assessment Act 1997 for each of the income years 2019, 2020 and 2021 (the adjustment is approximately equal to the offset claimed of $8.5m in each year). The R&D expenditure claimed would remain subject to the normal tax deductibility rules already applied. R&D claims for income years 2022, 2023 and 2024 have not yet been submitted in Inghams' tax returns as there are further substantive steps including registrations and certifications required to complete the scope and measurement process. These matters are unrelated to the ATO position with respect to the 2019, 2020 and 2021 tax returns.

The accounting position involves significant judgement in the interpretation and application of the R&D offset provisions in the income tax laws and estimation uncertainty, however, is supported by advice obtained from the Company's tax advisors. Inghams intends to vigorously defend its position and contest the matter through litigation proceedings, if required.

Based on information available there is no change to the position from 29 June 2024 and Inghams does not consider it probable that the Company's income tax assessment will be amended in relation to this matter and no uncertain tax provision was recognised as at 28 December 2024.

Notes to the interim financial report (continued)

10 Earnings per share

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

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

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

	28 Dec 2024 $000	23 Dec 2023 $000
Earnings		
Profit attributable to ordinary equity holders for calculating basic and diluted EPS calculations	51,500	63,400
	Number of shares '000	 '000
Number of ordinary shares		
Weighted average number of ordinary shares used in the calculation of basic EPS	371,700	371,700
Dilutive effect of share options	2,200	1,500
Weighted average number of ordinary shares for diluted EPS	**373,900**	**373,200**
Basic EPS (cents per share)	13.9	17.1
Diluted EPS (cents per share)	13.8	17.0

Notes to the interim financial report (continued)

11 Acquisition of a business

On 1 July 2024, Inghams Enterprises (NZ) Limited, a wholly owned subsidiary, acquired Bostock Brothers, an organic chicken business and assets in New Zealand for NZD $34.5M (AUD $31.3M). The acquisition is made up of:

- NZD $30.0M (AUD $27.2M) paid for 100% of the shares of Bostock Brothers Limited.
- NZD $1.8M (AUD $1.6M) paid for faming land, accounted for as an asset acquisition.
- NZD $3.5M (AUD 3.2M) paid for the land and building, accounted for as an asset acquisition.
- NZD ($0.8M) (AUD ($0.7M)) received in relation to settlement adjustments primarily for working capital.

This acquisition aligns with the Inghams strategy to establish the Company as the leading premium operator in New Zealand market via exclusive market positioning and brand equity, vertically integrated supply chain with capacity for future growth and access to new markets.

The identifiable tangible assets and liabilities acquired as part of the Bostock Brothers Limited acquisition include biological assets, inventory and property plant and equipment, production processes and organised workforce, all of which contribute to the ability to generate revenue. On this basis, the purchase of the shares in Bostock Brothers Limited meets the definition of a business combination in accordance with AASB 3 and has been consolidated into Inghams Group Limited from 1 July 2024, noting Inghams new financial year commenced on 29 June 2024 and the revenue and profit from Bostock Brothers Limited over the 2 day period between the start of Inghams' financial year and the acquisition of Bostock Brothers Limited is considered immaterial. Since acquisition of Bostock Brothers Limited, revenue of NZD $12.5M (AUD $11.4M) and profit of NZD $0.6M (AUD $0.5M) has been included in the consolidated Group results. The figures provided in the table below are provisional and a formal independent external valuation is to be completed and will be finalised within 12 months of acquisition date.

(a) Identifiable assets acquired and liabilities assumed (Provisional)

	NZD $000	AUD $000
Trade and other receivables	2,700	2,500
Biological assets	900	800
Inventories	1,900	1,700
Property, plant and equipment	17,600	15,900
Right-of-use-assets	2,300	2,100
Intangible assets*	13,800	12,500
Trade and other payables	(1,900)	(1,700)
Provisions	(700)	(600)
Lease Liability	(2,300)	(2,100)
Deferred tax liability	(5,100)	(4,600)
Total identifiable net assets acquired	**29,200**	**26,500**

* The Intangible asset figure of NZD $13.8M (AUD $12.5M) is a provisional figure while the fair value of all net assets acquired and liabilities assumed is being calculated.

In addition to the purchase of shares, the Bostock farming land was purchased for an additional NZD $1.8M (AUD $1.6M) in July and the land and building was leased from acquisition date until 7 November 2024 when it was acquired by Inghams Enterprises (NZ) Limited for an additional NZD $3.5M (AUD 3.2M).

For accounting purposes, the purchase of the farming land and acquisition of the land and building are not considered a part of the business combination and are instead recognised as asset acquisitions of property, plant and equipment.

(b) Acquisition-related costs

The Group incurred acquisition costs of NZD $0.9M (2024: NZD $1.9M) on legal fees and integration costs in FY25. These costs were included in 'significant items'.

12 Events after the reporting period

Subsequent to the half year end a fully franked interim dividend of 11.0 cents per share totalling $40.9M has been declared and will be paid on 4 April 2025. The financial effect of this dividend has not been brought to account in these consolidated financial statements and will be recognised in subsequent financial reports.

The directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the half year ended 28 December 2024.

Directors' declaration

1. In the opinion of the directors of Inghams Group Limited (the Company):

   (a) The consolidated financial statements and notes set out on pages 9 to 20 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 28 December 2024 and of its performance for the financial half year ended on that date, and

   (ii) complying with Australian Accounting Standard *AASB134 Interim Financial reporting* and the *Corporations Regulations 2001*.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Helen Nash	Michael Ihlein
Chair	Non-Executive Director

Sydney
21 February 2025

Independent Auditor's Review Report

To the shareholders of Inghams Group Limited

Conclusion

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

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

- giving a true and fair view of the ***Group's*** financial position as at 28 December 2024 and of its performance for the ***Interim Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Interim Financial Report*** comprises:

- Condensed Consolidated statement of financial position as at 28 December 2024;
- Condensed Consolidated income statement, Condensed Consolidated statement of comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 12 including selected explanatory notes
- The Directors' Declaration.

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

The ***Interim Period*** is the 6 months ended on 28 December 2024.

Basis for Conclusion

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

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

Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 28 December 2024 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Trent Duvall

Partner

Sydney

21 February 2025