

Austco Healthcare Limited

Appendix 4D - Interim Financial Report

Results for Announcement to the Market

Current Reporting Period – Half Year Ended 31 December 2022

Previous Reporting Period – Half Year Ended 31 December 2021

	Change Up/(down)	31 December 2022 \$'000	31 December 2021 \$'000
Revenue from activities	28.8%	20,542	15,953
Foreign Exchange Gain/(Loss)		39	(5)
Other Income	(100%)	-	660
Interest income		15	8
Revenue excluding interest income	23.9%	20,581	16,608
Earnings before interest expense, tax, depreciation and amortisation (EBITDA)	3.1%	2,522	2,440
Depreciation and amortisation expenses		(834)	(648)
Earnings before interest and tax (EBIT)	(6.2%)	1,688	1,792
Net Interest expense		(9)	(21)
Profit before income tax expense	(5.2%)	1,679	1,771
Income tax expense		(300)	(260)
Net Profit after tax for the period attributable to members of Austco Healthcare Limited	(8.7%)	1,379	1,511
Net Tangible Asset per Security (cents per security)		6.06	5.56
Earnings/(losses) per share attributable to the ordinary equity holders of the company (cents per security):			
Basic Earnings per Share		0.478	0.532
Diluted Earnings per Share		0.478	0.527
Record date for determining entitlements to the dividend			Not Applicable
Dividends (distribution)		Amount per Security	Franked Amount per Security
Interim dividend		0.175 cents	0.175 cents
Previous corresponding period		n/a	n/a
Explanation of the above information:			
Please refer to the Directors' Report - Review of Operations for further information on the Company operations over the past 6 months.			



Appendix 4D
Interim Financial Report

For the Half Year Ended 31 December 2022
(previous corresponding period: Half Year Ended 31 December 2021)

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Directors' Report

Your Directors present their report on the consolidated entity consisting of Austco Healthcare Limited (**Austco**) and the entities it controlled at the end of, or during, the half year ended 31 December 2022.

Directors

The following persons were Directors of Austco Healthcare Limited during the half year and up to the date of this report:

Mr. Graeme Billings	Non-Executive Chairman
Mr. Clayton Astles	Chief Executive Officer & Director
Mr. Brett Burns	Non-Executive Director
Mr. Anthony Glenning	Non-Executive Director

Principal Activities

The Company's principal activities during the half year were the manufacture, supply, and service of healthcare and electronic communications equipment.

Auditors independence

The Auditor's independence declaration can be found on page 14 of this report.

Financial and operational performance

Revenue from ordinary activities (customers) increased by 28.8% to \$20.542 million compared to the previous corresponding period due to higher sales activity and improvement in the supply chain, particularly in the second quarter. We observed improved revenues from all of our markets, with each of them benefiting from the improved supply of inventory, which allowed the Company to start to deliver on its built-up Open Sales Order book.

Raw material shortages continue to impact our supply chain; however, they are generally lessening in terms of delivery lead times and inflated component pricing.

Other Income was materially lower compared to the prior corresponding period as no government grants were received in the current reporting period compared to \$0.660 million received last year.

Software and Software Maintenance Agreements (**SMA**) revenues at 17.5% of revenue from clients were up from 15.3% in the prior corresponding period. This equates to an increase of \$1.148 million in revenues from SMA's.

Given the slightly improved situation regarding the supply chain, we were able to deliver more product to customers, which has helped reduce the build-up of our Open Sales Order book (confirmed orders from customers). As a result, the Company's Order Book now stands at \$20.3 million (15 February 2023).

Gross profit margins from operations (excluding Other Income) also increased from 52.9% to 54.8% compared to the previous corresponding period, driven by the growth in software and SMA revenues.

Overhead expenses increased from \$7.325 million to \$9.627 million over the previous corresponding period. We foreshadowed these increases in our investor presentations over the past 18 months as we have invested in sales and marketing capabilities, increasing the size of our sales teams, particularly in the US market but also in Australia and the UK. Our Overhead expenses in 2HFY22 were \$9.535 million.

EBITDA increased 3.4% from \$2.440 million to \$2.522 million compared to the previous corresponding period. Excluding the grant income of \$0.660 million received in the previous corresponding period, the underlying EBITDA business result was an increase of 42% from \$1.780 million to \$2.522 million

Statutory Net profit after tax (NPAT) decreased from \$1.511 million to \$1.379 million as compared to the previous corresponding period. If we remove the grant income received in the previous corresponding period of \$0.660 million, the underlying NPAT business result was an increase of 62% from \$0.851 million to \$1.379 million.

Net tangible assets have increased to 6.06 cents per share.

Cash at 31 December 2021 was \$7.0 million, slightly lower than the June 2022 balance of \$7.6 million.

Despite the growth in revenues, the Company has increased inventory levels by \$1.855 million since June 2022. The increase arises from (a) strategic purchases of additional raw materials and products to offset the risks of supply chain interruptions and (b) from inventories manufactured for our Open Sales Orders, where delivery (and revenue recognition) has not yet occurred.

Directors' Report

Cashflow from operating activities was positive \$1.204 million for the 6 months ended 31 December 2022, which was pleasing given the buildup of our inventory levels by \$1.855 million. Cash used in investing activities was \$0.953 million, of which \$0.870 million related to investing in R&D to continue to build out new features from our road map.

During the period we paid our first dividend in 13 years of 0.3 cents per share relating to the 2022 financial year. Net of the dividend reinvestment program participation, some \$0.508 million was paid out to shareholders and a further \$0.355 million was reinvested by shareholders under the dividend reinvestment program.

Interim Dividend for December 2022: The directors have declared an interim dividend of 0.175 cents per share.

Research & Development Expenditure

The Group invested \$1.779 million in research and development for the 6 months ended 31 December 2022 (of which \$0.870 million was capitalised) compared to \$1.264 million for the previous corresponding period (of which \$0.772 million was capitalised).

The Company has released a range of new products and enhancements to existing products, enabling healthcare organisations to better manage patient care and workflow. Our new product releases include real-time locating system (RTLS) features focused on the aged care market, enhanced mobile app functionality for clinicians to receive and manage alerts, an interface to a market leading fall prediction system, and a web portal for administrators to access and manage patient data.

The Group has also invested in further development of its analytics platform to provide actionable insights into patient care and a cloud-based platform to enable secure and reliable patient communication and collaboration.

Overall, the Company's increased investment in research and development in the first half of FY23 reflects its commitment to developing and improving its products and services to better meet the needs of its customers.

Rounding of amounts

The Group falls within ASIC Legislative Instrument 2016/191, and in accordance with the class order amounts in the Directors' Report and Interim Financial Report are rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Clayton Astles
Chief Executive Officer Melbourne
Dated 22 February 2023

**Interim Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For the Half Year Ended 31 December 2022**

Consolidated Entity

	Note	31 December 2022 \$'000	31 December 2021 \$'000
Revenue	2	20,542	15,953
Materials and direct labour		(9,290)	(7,520)
Gross Profit		11,252	8,433
Other Income	3	54	663
Employee Benefits Expense		(6,532)	(4,974)
Motor Vehicle Expenses		(15)	(18)
Occupancy Expenses		(140)	(167)
Depreciation and Amortisation Expenses		(834)	(648)
Accounting, Audit, IT, Legal and Recruitment Fees		(371)	(391)
Allowance for expected credit (loss), reversal of loss		90	(85)
Finance Costs		(24)	(29)
Travel Expenses		(690)	(256)
Other Expenses		(1,111)	(757)
Total Overhead Expenses		(9,627)	(7,325)
Profit Before Income Tax		1,679	1,771
Income Tax Expense		(300)	(260)
Net Profit after income tax		1,379	1,511
Net Profit attributable to members of Austco Healthcare Limited		1,379	1,511
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to Profit or Loss</i>			
Exchange difference arising on translation of foreign operations		(215)	407
Total Comprehensive Income for the Year		1,164	1,918
		Cents	Cents
Earnings per Share:			
Basic earnings per share		0.478	0.532
Diluted earnings per share		0.478	0.527

Interim Consolidated Statement of Financial Position

as at 31 December 2022

Consolidated Entity

	Note	31 December 2022	30 June 2022
		\$'000	\$'000
Current Assets			
Cash and cash Equivalents		6,979	7,628
Trade and other Receivables		9,550	7,620
Inventories		11,063	9,208
Other assets		3,412	2,882
Total Current Assets		31,004	27,338
Non-Current Assets			
Plant and equipment		421	452
Right-of-use assets		513	643
Deferred tax assets		858	919
Intangible assets	6	4,905	4,683
Total Non-Current Assets		6,697	6,697
Total Assets		37,701	34,035
Current Liabilities			
Trade and other payables		10,240	7,241
Contract liabilities		1,733	1,441
Short term borrowings		52	49
Current tax liabilities		190	306
Lease liabilities		302	510
Provisions		879	940
Total Current Liabilities		13,396	10,487
Non-Current Liabilities			
Lease liabilities		436	420
Provisions		42	36
Total Non-Current Liabilities		478	456
Total Liabilities		13,874	10,943
Net Assets		23,827	23,092
Equity			
Contributed equity		42,075	41,720
Option reserves		373	296
Foreign exchange reserve		(238)	(23)
Accumulated losses		(18,383)	(18,901)
Total Equity		23,827	23,092

Interim Consolidated Statement of Changes in Equity For the Half Year Ended 31 December 2022

	Consolidated Entity				
	Issued Capital	Accumulated Losses	Foreign Exchange Reserve	Option Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	41,435	(21,276)	(1,017)	154	19,296
Profit after income tax expense for the period	-	1,511	-	-	1,511
Other comprehensive income for the period, net of tax	-	-	407	-	407
Total comprehensive income for the period	-	1,511	407	-	1,918
Transactions with equity holders in their capacity as equity holders:					
Share Based Payments	-	-	-	86	86
Balance at 31 December 2021	41,435	(19,765)	(610)	240	21,300
Balance at 1 July 2022	41,720	(18,901)	(23)	296	23,092
Profit after income tax expense for the period	-	1,379	-	-	1,379
Other comprehensive income for the period, net of tax	-	-	(215)	-	(215)
Total comprehensive income for the period	-	1,379	(215)	-	1,164
Transactions with equity holders in their capacity as equity holders:					
Dividend reinvestment plan issues	355	-	-	-	355
Dividends paid	-	(861)	-	-	(861)
Share Based Payments	-	-	-	77	77
Balance at 31 December 2022	42,075	(18,383)	(238)	373	23,827

Interim Consolidated Statement of Cash Flows for the Half Year Ended 31 December 2022

Consolidated Entity

	31 December 2022	31 December 2021
	\$'000	\$'000
Cashflows From Operating Activities		
Receipts from customers (inclusive of GST)	18,702	16,768
Payments to suppliers and employees (inclusive of GST)	(17,153)	(16,802)
Grant income received	-	660
Interest received	11	2
Finance costs paid	-	(5)
Income tax paid	(356)	(258)
Net Cash From Operating Activities	1,204	365
Cashflows From Investing Activities		
Payments for acquisition of property, plant, equipment	(83)	(143)
Payments for acquisition of intangible assets	(870)	(700)
Net Cash Provided by/ (Used in) Investing Activities	(953)	(843)
Cashflows From Financing Activities		
Dividends paid (net of DRP)	(508)	-
Proceeds from / (Repayment) of borrowings	3	(5)
Payment of lease liabilities	(304)	(299)
Net Cash Provided by/ (Used in) Financing Activities	(809)	(304)
Net Increase/(Decrease) in Cash Held	(558)	(782)
Cash and cash equivalents at beginning of period	7,628	7,770
Effects of exchange rate changes in cash	(91)	86
Cash and Cash Equivalents at End of Period	6,979	7,074

Notes to the Interim Consolidated Financial Statements

Note 1. Basis of Preparation

This half-year financial report covers the consolidated entity consisting of Austco Healthcare Limited and its controlled entities. Austco Healthcare Limited is a listed public company, incorporated and domiciled in Australia.

(a) Basis of Preparation

This financial report is intended to provide users with an update on the latest annual financial statements of Austco Healthcare Limited (the Company) and its controlled entities (the Group). This half-year report has been prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Act 2001 as appropriate for for-profit oriented entities. It is recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the interim period. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(b) Summary of the Significant Accounting Policies

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards Adopted by the Group

There were no new accounting standards adopted by the Group in the current reporting period.

Notes to the Interim Consolidated Financial Statements

Note 2. Revenue

	Consolidated Entity	
	31 December 2022 \$'000	31 December 2021 \$'000
Continuing Operations		
Revenue from contracts with customers	20,542	15,953
Total Revenue	20,542	15,953

Set out below is the disaggregation of the Group's revenue from contracts with customers, for the six months to 31 December 2022:

	Equipment \$000	Installation \$000	Software & SMA \$000	Total \$000
Type of Good or Service				
Sale of equipment	12,812	-	-	12,812
Installation services	-	4,144	-	4,144
Sale of Software & Maintenance Agreements	-	-	3,586	3,586
Total revenue from contracts with customers	12,812	4,144	3,586	20,542
Geographical Markets				
Australia/New Zealand	5,048	292	540	5,880
North America	4,976	2,944	2,251	10,171
Europe	1,006	350	196	1,552
Asia	1,782	558	599	2,939
Total revenue from contracts with customers	12,812	4,144	3,586	20,542
Timing of revenue recognition				
Goods transferred at a point in time	12,812	-	1,594	14,406
Services transferred over time	-	4,144	1,992	6,136
Total revenue from contracts with customers	12,812	4,144	3,586	20,542

Set out below is the disaggregation of the Group's revenue from contracts with customers, for the six months to 31 December 2021:

	Equipment \$000	Installation \$000	Software & SMA \$000	Total \$000
Type of Good or Service				
Sale of equipment	9,940	-	-	9,940
Installation services	-	3,575	-	3,575
Sale of Software & Maintenance Agreements	-	-	2,438	2,438
Total revenue from contracts with customers	9,940	3,575	2,438	15,953
Geographical Markets				
Australia/New Zealand	3,788	734	459	4,981
North America	4,542	2,502	1,295	8,339
Europe	659	281	186	1,126
Asia	951	58	498	1,507
Total revenue from contracts with customers	9,940	3,575	2,438	15,953
Timing of revenue recognition				
Goods transferred at a point in time	9,940	-	923	10,863
Services transferred over time	-	3,575	1,515	5,090
Total revenue from contracts with customers	9,940	3,575	2,438	15,953

Notes to the Interim Consolidated Financial Statements

Note 3. Other Income

Consolidated Entity

	31 December 2022 \$'000	31 December 2021 \$'000
Other income		
- Interest Received	15	8
- Grant Income	-	660
- Foreign Exchange Gain/(loss)	39	(5)
Total Other Income	54	663

Note 4. Segment Information

Management has determined the operating segments based upon reports reviewed by the Board and executive management that are used to make operational and strategic decisions. The Group focuses on providing electronic communications in healthcare and development of nurse call and care management systems for the hospitals and aged care markets. The Group is segmented into four geographic regions consisting of Australia/New Zealand, Asia, Europe and North America.

\$'000	Australia / NZ	Asia	Europe	North America	Total	Eliminations Intercompany	Corporate	Group Total
31 December 2022								
Revenue - external	5,880	2,939	1,552	10,171	20,542	-	-	20,542
Revenue - intersegment	-	-	-	4,314	4,314	(4,314)	-	-
Total Revenue	5,880	2,939	1,552	14,485	24,856	(4,314)	-	20,542
EBITDA	1,240	107	80	1,798	3,225	(742)	39	2,522
Depreciation	(51)	(50)	(25)	(185)	(310)	-	-	(310)
Amortisation	(25)	-	-	(499)	(524)	-	-	(524)
EBIT	1,164	57	55	1,115	2,391	(742)	39	1,688
Net Interest	51	(8)	(2)	(55)	(14)	5	-	(9)
Income Tax	(262)	(8)	(12)	(18)	(300)	-	-	(300)
NPAT	953	41	41	1,042	2,077	(737)	39	1,379

\$'000	Australia / NZ	Asia	Europe	North America	Total	Eliminations Intercompany	Corporate	Group Total
31 December 2021								
Revenue - external	4,981	1,507	1,126	8,339	15,953	-	-	15,953
Revenue - intersegment	49	-	5	6,879	6,933	(6,933)	-	-
Interest Revenue	42	-	-	6	48	(40)	-	8
Total Revenue	5,072	1,507	1,131	15,224	22,934	(6,973)	-	15,961
EBITDA	1,506	(14)	(86)	1,956	3,362	(1,577)	655	2,440
Depreciation	(48)	(50)	(26)	(172)	(296)	-	-	(296)
Amortisation	(17)	-	-	(335)	(352)	-	-	(352)
EBIT	1,441	(64)	(112)	1,449	2,714	(1,577)	655	1,792
Interest	(2)	(2)	(4)	(62)	(70)	49	-	(21)
Income Tax	(260)	-	-	-	(260)	-	-	(260)
NPAT	1,179	(66)	(116)	1,387	2,384	(1,528)	655	1,511

Segment Assets								
30/06/2022	32,537	3,151	1,695	22,325	59,708	(37,458)	11,785	34,035
31/12/2022	33,278	2,746	1,826	28,311	66,161	(39,536)	11,076	37,701
Segment Liabilities								
30/06/2022	8,019	2,153	687	28,947	39,806	(28,873)	11	10,943
31/12/2022	7,916	1,657	969	34,068	44,610	(30,611)	(125)	13,874

Notes to the Interim Consolidated Financial Statements

Results of Segment

Segment revenues and expenses are those directly attributable to the segments and include revenue and expenses where a reasonable basis of allocation exists. The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of expenses from the operating segments such as depreciation, amortisation, net interest and impairment to non-current assets which is disclosed.

Inter-segment pricing

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Company. These transfers are eliminated on consolidation.

Note 5. Dividends

The Company resolved to declare a dividend of 0.175 cents per share for the period ended 31 December 2022.

Note 6. Capitalisation of research & development

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's analysis that technological and economic feasibility is confirmed once a product development project has reached defined milestones according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, product life cycle and expected period of benefits.

At December 2022, the carrying amount of capitalised development costs was \$4.905 million (June 2022: \$4.683 million).

Note 7. Contingent Liabilities and Assets

There have been no changes in contingent liabilities and assets reported since the last annual reporting date.

Note 8. Net Tangible Assets

	31 December 2022	30 June 2022
	\$'000	\$'000
Net Tangible Assets	17,551	16,847
Closing Shares	289,817,343 shares	287,085,669 shares
Net Tangible Assets	6.06 cents	5.87 cents

Consistent with the recent ASIC interpretation, we have excluded the right-of-use asset from the Net Tangible Assets calculation but have included the Lease Liabilities.

Note 8. Events after the reporting date

No matters or circumstances have arisen since the end of the reporting date, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

The Directors of Austco Healthcare Limited declare that in the Directors' opinion:

- (a) the financial report and notes of Austco Healthcare Limited for the half year ended 31 December 2022 are in accordance with the Corporation Act 2001, including:
 - (i) giving a true and fair view of consolidated entity's financial position as at 31 December 2022 and of its performance, for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standards and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they became due and payable.

Signed in accordance with a resolution of the directors.



Clayton Astles
Chief Executive Officer
Dated 22 February 2023

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Auditor's Independence Declaration

To the Directors of Austco Healthcare Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Austco Healthcare Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Michael Climpson
Partner – Audit & Assurance

Melbourne, 22 February 2023

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Independent Auditor's Review Report

To the Members of Austco Healthcare Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Austco Healthcare Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Austco Healthcare Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Austco Healthcare Limited's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 the Code.

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Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Michael Climpson
Partner – Audit & Assurance
Melbourne, 22 February 2023