17 May 2022

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Manager,

Appendix 4D and Half Year Financial Report

Attached are the Appendix 4D and Half Year Financial Report for the period ended 31 March 2022.

An analyst briefing will be held at 10.00 am AEST today. This briefing will be webcast and is accessible via our website or at https://webcast.openbriefing.com/8718/

Yours faithfully,

Lisa Jones

Lisa Jones
Company Secretary

This announcement was authorised for market release by the United Malt Group Limited Board.

APPENDIX 4D- Preliminary Final Report
Under ASX Listing Rule 4.3A

Current Reporting Period	**1 October 2021 to 31 March 2022**
Prior Corresponding Period	**1 October 2020 to 31 March 2021**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

To be read in conjunction with the HY22 Financial Report.

Key information

	% change		$M (AUD)
Revenue from ordinary activities	11%	to	651.6
Net profit after tax attributable to members for United Malt Group Limited	(24%)	to	10.3
Earnings before depreciation, amortisation, interest, and tax	(3%)	to	51.5
Basic earnings per share (cents per share)	(26%)	to	3.4

Details relating to dividends

	Record Date	Payment Date	Cents per share	$M (AUD)	Franked %	Conduit foreign income %
FY21 Final dividend per share	2 December 2021	17 December 2021	3.5	10.5	0%	0%
HY22 Interim dividend per share	2 June 2022	17 June 2022	1.5	4.5[1]	0%	100%

Net tangible assets per share

	31 March 2022	30 September 2021 (restated)
Net tangible assets per share	2.64	2.68

Additional information

Additional Appendix 4D disclosure requirements can be found in the Financial Report for the half-year ending 31 March 2022 and accompanying Investor Presentation. This report is based on the consolidated financial statements and notes which have been reviewed by PricewaterhouseCoopers.

Further information regarding the company and its business activities can be obtained by visiting the Company's website at www.unitedmalt.com

[1] Represents the anticipated dividend based on shares on issue at the time of this report.

Financial Report

For the half-year ended 31 March 2022

Our Values

Safety, Quality, Integrity & Passion

Contents

01 Directors' Report

05 Auditor's Independence Declaration

06 Half-year Financial Report

11 Notes to the Financial Statements

21 Directors' Declaration

22 Independent Auditor's Report

Cover image: New Perth Kiln

Directors'

Report

Directors

The Directors present their report on the consolidated entity (collectively the 'Group') consisting of United Malt Group Limited ('United Malt' or the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 March 2022.

The following people were Directors of United Malt during the half-year and up to the date of this report:

- Graham Bradley AM (Chairman)
- Mark Palmquist (Managing Director & CEO)
- Barbara Gibson
- Jane McAloon
- Gary W. Mize
- Terry Williamson

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

Group Financial Summary

Key Results ($ M)		31 March 2022	31 March 2021 (restated)[1]	Change %
Revenue		651.6	589.6	10.5%
EBITDA[2]		51.5	53.1	(3.0)%
EBIT		21.2	23.7	(10.5)%
Net finance costs		5.3	4.9	8.2%
Tax expense		5.6	5.2	7.7%
Net profit after tax		10.3	13.6	(24.3)%
Shareholder Returns				
Basic earnings per ordinary share	cents	3.4	4.6	(26.1)%
Return on equity	%	1.1%	3.8%	(2.7)pp
Return on capital employed (ROCE)	%	4.4%	5.4%	(1.0)pp
Dividend per ordinary share	cents	1.5	2.0	(25.0)%

[1] During the half-year the Group restated its 1H21 accounts for an historical overstatement of inventory on-costs. See notes to the Financial Statements for further details (Overview note b). 1H21 comparative numbers shown throughout this report reflect the restated 1H21 position.

[2] EBITDA is earnings before interest, tax, depreciation and amortisation.

United Malt saw an increase in revenue in the 1H22 up 10.5% to $651.6 million (on a constant currency basis, revenue up 7.1%), as customer demand increased in each of the Company's domestic markets and higher barley price.

In 1H22, whilst customer demand is returning, the Company continues to address significant external challenges predominantly impacting the Processing segment this year, including the Canadian drought impacting barley quality, supply chain disruptions, timing of recovery of input cost inflation and more recently the Ukraine war and port shutdowns in China.

EBITDA was $51.5 million, down 3.0% on the prior corresponding period. In 1H22, EBITDA included $8 million of costs to manage the reduced barley quality and logistics costs to import barley into Canada. In addition, $3 million was incurred to manage higher input costs. EBITDA also includes the impact of the adoption of the IFRIC accounting pronouncement, which resulted in costs associated with the Enterprise Resourcing Planning (ERP) and Transport Management Systems, being expensed. The result of this accounting change decreases 1H22 EBITDA by $5.8 million.

The Company reported net profit after tax of $10.3 million, down 24.3% compared to $13.6 million for 1H21.
Earnings per share were 3.4 cents compared to 4.6 cents in the prior corresponding period, reflecting lower net profit.

Segment Financial Results

Segment Results ($ M)	1H22 Revenue	1H22 EBITDA[3]	1H21 Revenue	1H21 EBITDA[3] (restated)	% Change Revenue	EBITDA[3]
Processing	498.0	36.8	453.2	39.6	9.9%	(7.1)%
Warehousing & Distribution	169.0	19.2	149.6	17.8	13.0%	7.9%
Corporate and Eliminations	(15.4)	(4.5)	(13.2)	(4.3)	16.7%	4.7%
Total	**651.6**	**51.5**	**589.6**	**53.1**	**10.5%**	**(3.0)%**

In the **Processing segment** revenue increased by 9.9% to $498.0 million, 6.5% on a constant currency basis. The increase reflects higher sales volumes and barley prices. Sales volumes increased in each of our domestic markets reflecting the reopening of customer markets and increased customer demand, while export sales continue to be delayed with ongoing container disruptions.

Segment EBITDA fell by 7.1% to $36.8 million with EBITDA margin impacted by a number of external factors, including Canadian barley crop conditions (particularly the deterioration of quality), cost inflation and supply chain disruptions, recently exacerbated by the Ukraine war and port shutdowns in China.

Canadian barley crop conditions – The Canadian operations have been impacted by the severe 2021 drought in Canada which caused a 35% reduction in the total barley crop from the prior year[4]. The drought has also reduced barley quality. Barley is a perishable commodity and lower quality barley degrades at a faster rate than a normal crop. This leads to reduced yields and higher production costs as more barley is required to produce the same quantity of malt.

The significantly reduced Canadian crop has resulted in the Company incurring additional logistics costs to import barley into our processing plants in Canada from Denmark during the period.

The combined impact of additional barley required to address reduced quality, yield and additional logistics costs for importing barley was $8 million for the period.

[3] EBITDA is earnings before interest, tax, depreciation and amortisation.
[4] 20 April 2022, Canada: Outlook for Principal Field Crops, Agriculture and Agri-Food Canada

Supply chain disruptions & cost inflation - The Processing segment continues to address disruption in sea, rail and road freight which delayed shipments to some customers and increased inflation costs, including energy and inbound and outbound freight costs. During the period these costs escalations totalled $3 million. These cost escalations will be largely passed through to customers over the course of the next 9 months, reducing the impact into FY23.

The Processing segment continues to progress its strategic investment. In Australia, we have completed the $27 million project to replace the existing kiln at our Welshpool facility with a new and indirect heating source kiln. In Scotland, the Arbroath site has been fully commissioned and is producing at full capacity.

Revenue in the **Warehouse & Distribution segment** increased by 13.0% to $169.0 million, 9.6% on a constant currency basis. Segment EBITDA increased by 7.9% to $19.2 million, with the reopening in major markets and the return of craft brewing demand as major markets reopen, together with the business optimisation initiatives which are generating improvements in revenue and underlying earnings.

The Warehouse & Distribution segment operates on a relatively short cycle and is able to pass through input cost increases to customers and maintain margins in an inflationary environment.

Financial Position and Balance Sheet

United Malt remains in a strong financial position to manage the business in the current environment and to continue its investment in strategic growth initiatives.

Net debt (including lease liabilities of $85.4 million) at 31 March 2022 was $427.3 million compared to $312.4 million at 30 September 2021.

The gearing ratio (net debt/EBITDA) was 3.2 times[5], and though it represents a temporary increase above the Company's target ratio of 2.0 to 2.5 times, it is within the banking covenants and gearing is expected to revert to the target range in FY23.

The increase in gearing is partially driven by higher barley and malt inventory prices resulting in increased inventory financing.

The Company has no significant near-term refinancing commitments with long-term debt facilities not maturing until November 2024.

Dividend

The Board resolved to pay an interim dividend of 1.5 cents per share. The record date for determining entitlements to the interim dividend is 2 June 2022 with scheduled payment on 17 June 2022. The dividend is unfranked.

The dividend payment represents a payout ratio of 44% of Underlying NPAT for the period, which is below the Company's dividend policy to distribute approximately 60% of Underlying NPAT, reflecting the current impact of external challenges to earnings.

Operating Cash Flow

Operating cash flow was negative during 1H22. Working capital draw was higher reflecting the typical seasonal build up in preparation for 2H shipment and due to increased barley and malt inventory costs.

Interest paid was lower in 1H21 due to lower average interest rates and tax paid was higher in 1H22, due to timing of payments.

[5] Based on a 12 month rolling EBITDA excluding the impact of AASB16, Significant Items and net debt excluding finance lease commitment. The impact of AASB16 on the 12 month rolling EBITDA is $15.8m.

Future Business Prospects

United Malt continues to implement its strategy of targeting high value markets where the long-term outlook for growth remains positive. Our strategy is focused on three areas: optimising the core, transforming for tomorrow and creating new value. We are confident in the outlook for the business, particularly as these external factors begin to roll off as a more typical barley crop returns in Canada and we price customer contracts to pass on the impacts of higher input costs over the coming 9 months.

In the UK, we remain focused on servicing the Scottish whisky market which requires quality malt to meet the long-term requirements of distillers to produce aged whisky. We continue to expect incremental EBITDA of approximately $18 million on a full year run rate basis from our Scottish expansion project. The new facility in Inverness will provide an additional 57,000 tonnes of capacity to service the distilling market with a significant proportion of the new capacity underpinned by expanded contracts with customers. The site is expected to be producing commercial quality malt in the fourth quarter of calendar 2022.

The Company continues to progress its transformation program to create a simplified, more efficient and effective organisation and is committed to delivering approximately $30 million in annualised net benefits by FY24.

FY22 represents the peak of capital expenditure. For the next few years, the Company expects base capital expenditure to be in the range of ~$55 to 60 million including stay-in-business and safety-related investment in the range of ~$30 to 35 million.

United Malt has set the foundations for a structural increase in earnings delivery from FY23, with the expansion in Scotland delivering additional capacity and the flow through of net transformation benefits. The external factors affecting FY22 will begin to roll off as conditions improve for crop supply and quality. Based on this, together with the initiatives the Company are implementing to strengthen the competitiveness of the business, a meaningful increase in underlying EBITDA in FY23 and beyond is expected.

Events occurring after the reporting period

The Directors are not aware of any matter or circumstance that has arisen since the end of the reporting period that, in their opinion, has significantly affected or may significantly affect, the Company's operations, the results of those operations or the state of the Company's affairs.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding of amounts

The report is presented in Australian dollars, with all amounts rounded to the nearest one hundred thousand dollars (unless specifically stated otherwise) under the option available to the Company under ASIC Corporations (Rounding in Financial/Director's Report) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

This report is made on 17 May 2022 in accordance with a resolution of the Directors.

Graham Bradley AM
Chairman

Sydney

17 May 2022

Auditor's Independence Declaration

As lead auditor for the review of United Malt Group Limited for the half-year ended 31 March 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.

This declaration is in respect of United Malt Group Limited and the entities it controlled during the period.

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
17 May 2022

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Half-year
Financial Report

Consolidated statement

of profit or loss and other comprehensive income

For the half-year ended 31 March 2022

	Note	31 March 2022 $ M	31 March 2021 (restated) $ M
Revenue	1.2	651.6	589.6
Other income / (loss)	1.3	5.7	(0.1)
Raw materials and consumables used		(503.7)	(441.5)
Employee benefits expense		(60.1)	(56.7)
Finance costs		(5.7)	(5.2)
Depreciation and amortisation		(30.3)	(29.4)
Occupancy costs		(1.7)	(1.5)
Repairs and maintenance		(9.5)	(8.8)
Other expenses	1.3	(30.4)	(27.6)
Profit before income tax		**15.9**	**18.8**
Income tax expense	1.4	(5.6)	(5.2)
Profit attributable to equity holders of parent entity		**10.3**	**13.6**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Remeasurement of retirement benefit obligations		9.4	6.7
Income tax relating to these items	1.4	(2.9)	(2.2)
Items that may be reclassified to profit and loss:			
Changes in fair value of cash flow hedges		6.1	14.9
Income tax relating to these items	1.4	(0.8)	(3.9)
Exchange differences on translation of foreign operations		(33.5)	(17.7)
Other comprehensive income for the period, net of tax		(21.7)	(2.2)
Total comprehensive income attributable to the equity holders of the parent entity		**(11.4)**	**11.4**

	Note	Cents	Cents
Earnings per share			
Basic earnings per share		3.4	4.6
Diluted earnings per share		3.4	**4.5**

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

Consolidated Statement of Financial Position

As at 31 March 2022

	Note	31 March 2022 $ M	30 September 2021 (restated) $ M
Current assets			
Cash and cash equivalents	2.1	179.0	286.8
Trade and other receivables	3.1	227.7	206.0
Inventories	3.1	360.4	339.9
Derivative financial instruments	2.3	13.7	8.7
Current tax assets		9.5	4.3
Assets held for sale		2.3	2.5
Total current assets		**792.6**	**848.2**
Non-current assets			
Trade and other receivables		1.7	1.4
Derivative financial instruments	2.3	5.1	2.4
Deferred tax assets		25.4	24.7
Property, plant and equipment		677.1	679.6
Intangible assets		327.4	337.9
Right of use assets		82.7	77.4
Retirement benefit asset		24.2	16.8
Total non-current assets		**1,143.6**	**1,140.2**
Total assets		**1,936.2**	**1,988.4**
Current liabilities			
Trade and other payables	3.1	148.4	179.4
Borrowings	2.1	183.2	168.2
Lease liabilities		12.1	12.2
Derivative financial instruments	2.3	4.7	4.5
Current tax liabilities		0.2	0.2
Provisions		10.5	12.1
Total current liabilities		**359.1**	**376.6**
Non-current liabilities			
Income received in advance		17.5	18.5
Borrowings	2.1	337.7	349.5
Lease liabilities		73.3	69.3
Derivative financial instruments	2.3	1.0	3.2
Deferred tax liabilities		101.3	103.0
Provisions		5.5	3.0
Retirement benefit obligations		0.4	3.6
Total non-current liabilities		**536.7**	**550.1**
Total liabilities		**895.8**	**926.7**
Net assets		**1,040.4**	**1,061.7**
Equity			
Contributed equity		166.9	166.9
Reserves		470.9	492.0
Retained earnings		402.6	402.8
Total equity		**1,040.4**	**1,061.7**

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 March 2022

	Hedging reserve $ M	Pension reserve $ M	Share option reserve $ M	Common Control Reserve $M	Translation reserve $ M	Total reserves $ M	Contributed equity $ M	Retained earnings $ M	Total equity $ M
At 1 October 2020	**(3.3)**	**(26.1)**	**0.8**	**441.5**	**39.7**	**452.6**	**166.9**	**411.8**	**1,031.3**
Opening retained earnings adjustment[6]	-	-	-	-	-	-	-	(4.8)	(4.8)
Profit for the period								13.6	13.6
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	0.1	-	-	(17.8)	(17.7)	-	-	(17.7)
Changes in fair value of cash flow hedges	14.9	-	-	-	-	14.9	-	-	14.9
Remeasurements of retirement benefit obligations	-	6.7	-	-	-	6.7	-	-	6.7
Tax effect of above items	(3.9)	(2.2)	-	-	-	(6.1)	-	-	(6.1)
Total other comprehensive income	**11.0**	**4.6**	**-**	**-**	**(17.8)**	**(2.2)**	**-**	**-**	**(2.2)**
Total comprehensive income for the period	11.0	4.6	-	-	(17.8)	(2.2)	-	13.6	11.4
Transactions with owners:									
Dividends paid (note 2.2)	-	-	-	-	-	-	-	(11.7)	(11.7)
Share-based payments	-	-	0.8	-	-	0.8	-	-	0.8
Shares vested to employees	-	-	(0.1)	-	-	(0.1)	-	-	(0.1)
At 31 March 2021	**7.7**	**(21.5)**	**1.5**	**441.5**	**21.9**	**451.1**	**166.9**	**408.9**	**1,026.9**
At 1 October 2021	**2.3**	**(13.4)**	**1.7**	**442.0**	**59.4**	**492.0**	**166.9**	**402.8**	**1,061.7**
Profit for the period								10.3	10.3
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	0.2	-	(0.9)	(32.8)	(33.5)	-	-	(33.5)
Changes in fair value of cash flow hedges	6.1	-	-	-	-	6.1	-	-	6.1
Remeasurements of retirement benefit obligations	-	9.4	-	-	-	9.4	-	-	9.4
Tax effect of above items	(0.8)	(2.9)	-	-	-	(3.7)	-	-	(3.7)
Total other comprehensive income	**5.3**	**6.7**	**-**	**(0.9)**	**(32.8)**	**(21.7)**	**-**	**-**	**(21.7)**
Total comprehensive income for the period	5.3	6.7	-	(0.9)	(32.8)	(21.7)	-	10.3	(11.4)
Transactions with owners:							-		
Dividends paid (note 2.2)	-	-	-	-	-	-	-	(10.5)	(10.5)
Share-based payments	-	-	0.9	-	-	0.9	-	-	0.9
Shares vested to employees	-	-	(0.3)	-	-	(0.3)	-	-	(0.3)
At 31 March 2022	**7.6**	**(6.7)**	**2.3**	**441.1**	**26.6**	**470.9**	**166.9**	**402.6**	**1,040.4**

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

[6] The opening retained earnings adjustment relates to a correction of prior period inventory valuation. Refer to the Overview section b) in the notes to the financial statements for further details.

Consolidated Statement of Cash Flows

For the half-year ended 31 March 2022

	Note	31 March 2022 $ M	31 March 2021 $ M
Cash flows from operating activities			
Receipts from customers		659.3	629.5
Payments to suppliers and employees		(702.3)	(646.0)
		(43.0)	**(16.5)**
Proceeds from drawn down of inventory funding loans		9.4	54.3
Interest received		0.4	0.4
Interest paid		(5.4)	(4.4)
Lease payments (interest component)		(1.5)	(1.1)
Income taxes paid		(14.0)	(9.9)
Net (outflow) / inflow from operating activities		**(54.1)**	**22.8**
Cash flows from investing activities			
Payments for property, plant and equipment		(46.5)	(45.1)
Payments for computer software		(0.3)	(2.5)
Net outflow from investing activities		**(46.8)**	**(47.6)**
Cash flows from financing activities			
Proceeds from borrowings		39.0	-
Repayment of borrowings		(21.1)	-
Lease payments (principal component)		(5.9)	(5.3)
Dividends paid	**2.2**	(10.5)	(11.7)
Shares purchased for employee share plan		(0.3)	(0.1)
Net inflow / (outflow) from financing activities		**1.2**	**(17.1)**
Net (decrease) in cash and cash equivalents		**(99.7)**	**(41.9)**
Cash and cash equivalents at the beginning of the period		286.8	262.1
Effects of exchange rate changes on cash and cash equivalents		(8.1)	(4.5)
Cash and cash equivalents at the end of the period	**2.1**	**179.0**	**215.7**

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

Notes to the Financial Statements

For the half-year ended 31 March 2022

Overview

The financial report for the half-year ended 31 March 2022 includes consolidated financial statements for United Malt Group Limited ('United Malt' or the 'Company') and its controlled entities (collectively the 'Group'). United Malt Group Limited is a for-profit company incorporated and domiciled in Australia, limited by shares which are publicly traded on the Australian Securities Exchange. The financial report of United Malt for the half-year ended 31 March 2022 was authorised for issue in accordance with a resolution of the Directors on 17 May 2022.

a) Basis of preparation

This half-year financial report is a general purpose financial report and has been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB), including AASB 134 *Interim Financial Reporting*, and the *Corporation Act 2001*. The report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The half-year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements must be read in conjunction with the consolidated financial statements for the year-ended 30 September 2021 and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements for the *Corporations Act 2001*.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, measured at fair value, and the defined benefit plan assets and liabilities, which are recognised as the net total of the plan assets, plus unrecognised past service costs less the present value of the defined benefit obligation.

The report is presented in Australian dollars, with all amounts rounded to the nearest one hundred thousand dollars (unless specifically stated otherwise) under the option available to the Company under ASIC Corporations (Rounding in Financial/Director's Report) Instrument 2016/191. The Company is an entity to which this legislative instrument applies. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period unless otherwise stated. Comparative information has been reclassified where necessary to conform to changes in the current year.

b) Restatement of comparative information

Comparative information has been adjusted to restate an historical overstatement of inventory on-costs. Adjustments have been reflected in retained earnings, inventory, raw materials and consumables used (P&L) and Statement of Changes in Equity as below:

$m	1 October 2020	6 months ended 31 March 2021	6 months ended 30 September 2021	Cumulative impact 30 September 2021
Retained earnings	4.8	-	-	4.8
Inventory	(4.8)	0.4	0.3	(4.1)
Raw materials and consumables used (P&L)	-	(0.4)	(0.3)	(0.7)

c) Impact of the COVID pandemic

During the reporting period, a global pandemic (COVID-19) has continued to impact people and businesses across the globe. United Malt has considered the impact of COVID-19 on the disclosures included in this financial report. United Malt remains in a strong financial position to manage in the current environment and to continue with investment in strategic growth initiatives.

Overview (continued)

d) New and amended standards adopted

The Group has assessed and determined that there are no new or amended standards applicable for the first time for the half-year ended 31 March 2022 that materially affect the Group's accounting policies or any amounts recognised in the financial statements.

The Group has adopted all mandatory amended Accounting Standards issued that are relevant and effective for the current reporting period but does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

1. Group Performance

This section provides information on the performance of the Group, including segment results, line items in the consolidated income statement, and income tax.

1.1 Operating segments

a) Description of segments

The Group is organised into two segments based on operational activity. These segments are consistent with internal reports that are reviewed and used by the Group's chief operating decision maker, the Managing Director & Chief Executive Officer, in assessing performance and determining the allocation of resources.

The operating segments are as follows:

- **Processing:** generates earnings from the production and sale of bulk malt to major brewers, craft brewers, distillers, and food companies.
- **Warehouse & Distribution:** generates revenue for the distribution and sale of bagged malt, hops, yeast, adjuncts, and related products to craft brewers, distillers, and food companies.

Corporate includes costs associated with the corporate office function for the group. Segment performance is based on a measure of EBITDA[7].

b) Performance of segments

31 March 2022	Processing $ M	Warehouse & Distribution $ M	Reportable segments $ M	Corporate & Eliminations $ M	Total $ M
Reportable segment revenue					
External revenue	482.6	169.0	651.6	-	651.6
Intersegment revenue	15.4	-	15.4	(15.4)	-
Total reportable segment revenue	**498.0**	**169.0**	**667.0**	**(15.4)**	**651.6**
Segment EBITDA[7]	**36.8**	**19.2**	**56.0**	**(4.5)**	**51.5**
Net interest	(0.4)	(1.1)	(1.5)	(3.8)	(5.3)
Depreciation and amortisation	(24.4)	(5.8)	(30.2)	(0.1)	(30.3)
Profit / (loss) before income tax	**12.0**	**12.3**	**24.3**	**(8.4)**	**15.9**
Other segment information					
Capital expenditure	45.8	1.0	46.8	-	46.8
Reportable segment assets	1,476.9	266.7	1,743.6	192.6	1,936.2
Reportable segment liabilities	(274.0)	(91.7)	(365.7)	(530.1)	(895.8)

[7] EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation.

1.1 Operating segments (continued)

31 March 2021 (restated)	Processing $ M	Warehouse & Distribution $ M	Reportable segments $ M	Corporate & Eliminations $ M	Total $ M
Reportable segment revenue					
External revenue	440.0	149.6	589.6	-	589.6
Intersegment revenue	13.2	-	13.2	(13.2)	-
Total reportable segment revenue	**453.2**	**149.6**	**602.8**	**(13.2)**	**589.6**
Segment EBITDA[8]	**39.6**	**17.8**	**57.4**	**(4.3)**	**53.1**
Net interest	(0.2)	(0.9)	(1.1)	(3.8)	(4.9)
Depreciation and amortisation	(24.3)	(5.1)	(29.4)	-	(29.4)
Profit / (loss) before income tax	**15.1**	**11.8**	**26.9**	**(8.1)**	**18.8**
Other segment information					
Capital expenditure	45.1	2.5	47.6	-	47.6
Reportable segment assets	1,354.0	256.1	1,610.1	231.2	1,841.3
Reportable segment liabilities	(228.3)	(79.5)	(307.8)	(506.6)	(814.4)

[8]EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation.

1.2 Revenue

	31 March 2022 $ M	31 March 2021 $ M
Revenue from sale of finished goods	641.5	581.2
Service and other revenue	10.1	8.4
Total revenue from contracts with customers	**651.6**	**589.6**

Revenue from the sale of goods and services is recognised when the control of the goods has transferred to the customer. Sales in the Processing segment consist of bulk malt, and control is transferred to the customer in line with shipping terms. Sales in the Warehousing & Distribution segment consist of bagged malt, hops, yeast, and other brewing-related products, and control is transferred to the customer at point of sale. Service revenue is recorded at the time that the service is performed. All revenue from contracts with customers is recognised at a point in time. Revenue is recorded at the value of consideration receivable net of discounts and goods and services tax (GST).

1.3 Other income / (loss) and expenses

a) Other income / (loss)

	31 March 2022 $ M	31 March 2021 $ M
Interest income	0.4	0.3
Net gain/(loss) on foreign currency derivatives	4.5	(1.4)
Sundry income	0.8	1.0
Total other income / (loss)	**5.7**	**(0.1)**

b) Other expenses

	31 March 2022 $ M	31 March 2021 $ M
Insurance	6.1	5.3
Software implementation costs[9]	5.8	-
Consulting	5.4	7.9
Communication	3.1	3.0
Legal expenses	1.1	1.2
Marketing costs	0.8	0.6
Travel	0.7	0.3
Impairment	-	2.0
Other	7.4	7.3
Total other expenses	**30.4**	**27.6**

[9] Software implementation costs relates to software as a service costs that were expensed under the IFRIC pronouncement. Refer to the 2021 Annual Report for further details.

1.4 Taxation

	Note	31 March 2022 $ M	31 March 2021 (restated) $ M
Income tax expense recognised in the consolidated income statement			
Current tax		7.5	9.4
Deferred tax		(3.3)	(4.3)
Under / (over) provision in prior years		1.4	0.1
		5.6	**5.2**
Reconciliation to effective tax rate			
Profit subject to tax		15.9	18.8
Income tax expense calculated at 30% (2021: 30%)		4.8	5.6
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income			
Non-deductible / non-assessable items		(0.5)	1.3
Tax losses for which no deferred tax asset has been recognised		0.9	-
Under provision in prior years		1.4	0.1
Difference in overseas tax rates		(1.0)	(1.8)
Income tax expense		**5.6**	**5.2**
Effective tax rate[10]		**35.2%**	**27.7%**
Tax (credit) / expense relating to items of other comprehensive income			
Change in fair value of cash flow hedges		0.8	3.9
Remeasurement of retirement benefit obligations		2.9	2.2
		3.7	**6.1**
Unused tax losses for which no deferred tax asset has been recognised (not tax effected)		19.0	-

[10] Effective tax rate is calculated as the income tax expense divided by profit subject to tax.

2 Capital and Financial Risk Management

The Group manages its capital to safeguard its ability to maintain an optimal capital structure so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group's capital consists of net debt and equity. Net debt is calculated as total borrowings and lease liabilities, net of cash assets.

The capital structure of the Group is continuously monitored and can be changed by adjusting the amount of dividends paid to shareholders, returning capital to shareholders or issuing new shares.

2.1 Net debt

	31 March 2022 $ M	30 September 2021 $ M
Total borrowings (note 2.1(a))	520.9	517.7
Cash and cash equivalents	(179.0)	(286.8)
Net debt	**341.9**	**230.9**
Lease liabilities	85.4	81.5
Net debt including lease liabilities	**427.3**	**312.4**

a) Borrowings

	Facility limits		Drawn amounts	
	31 March 2022 $M	30 September 2021 $M	31 March 2022 $M	30 September 2021 $M
Current				
Working capital facilities	160.0	160.0	17.7	-
Commodity inventory funding facilities	201.1	227.6	165.5	168.2
Total current borrowings	**361.1**	**387.6**	**183.2**	**168.2**
Non-current				
Term debt facilities	337.7	349.5	337.7	349.5
Total non-current borrowings	**337.7**	**349.5**	**337.7**	**349.5**

The commodity inventory funding facilities are secured by the related inventory.

Loans under term and working capital funding facilities are secured by a negative pledge, and these facilities provide the related entities in the Group, that are party to the pledge, the flexibility in funding their respective liquidity requirements as needed. The facilities impose certain financial covenants on the Group. All covenant ratios have been complied with during the reporting period.

2.2 Dividends

Dividends paid and declared	31 March 2022 $ M	31 March 2021 $ M
Dividends paid		
Prior year final dividend declared at 3.5 cents, 0% franked (2021: 3.9 cents, 0% franked)	10.5	11.7
Total dividends paid in the period	**10.5**	**11.7**
Dividends declared		
Current year interim declared at 1.5 cents, 0% franked (2021: 2.0 cents, 0% franked)	**4.5**	**6.0**

Since the reporting date, the Directors have declared a dividend of 1.5 cents per fully paid ordinary share. As this dividend was declared after the reporting date, there is no liability recorded at 31 March 2022. The aggregate amount to be paid is $4.5 million, based on a record date of 2 June 2022 and payable on 17 June 2022.

Franking credits

Immediately after the Demerger from GrainCorp, the Group's franking account balance was nil. There have been no additions to the franking account balance since then, therefore the dividend declared for the half-year is unfranked.

There will be limited capacity for franking credits with a substantial proportion of the Group's earnings being derived outside Australia and which therefore may not be subject to Australian income tax.

2.3 Financial instruments and risk management

a) Classification of financial instruments

United Malt classifies its financial instruments into categories in accordance with AASB 9 *Financial instruments* depending on the purpose for which the financial instruments were acquired, which is determined at initial recognition based on the business model. The following table presents the Group's financial assets and liabilities measured and recognised at fair value.

$M	31 March 2022		30 September 2021	
	Current	Non-current	Current	Non-current
Derivative assets				
Derivative financial instruments – fair value through profit and loss				
Commodity futures and options	3.9	-	0.5	-
Foreign currency derivatives	2.6	0.5	3.6	0.9
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	6.2	3.5	4.6	1.5
Interest rate swap contracts	1.0	1.1	-	-
Total derivative assets	**13.7**	**5.1**	**8.7**	**2.4**
Derivative liabilities				
Derivative financial instruments – fair value through profit and loss				
Commodity futures and options	0.4	-	-	-
Foreign currency derivatives	2.5	0.1	3.6	1.1
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	1.8	0.8	0.9	1.1
Interest rate swap contracts	-	0.1	-	1.0
Total derivative liabilities	**4.7**	**1.0**	**4.5**	**3.2**

The Group's derivative instruments are measured at fair value at the end of each reporting period. Derivative instruments are grouped into Levels 1 to 3 based on the degree to which fair value measurement inputs are observable. The fair value of derivative instruments has been determined as follows:

- **Level 1** financial instruments held by the Group are instruments which are traded on an active market. The fair value of these financial instruments is the quoted market settlement price on the reporting date.

- **Level 2** financial instruments held by the Group are financial instruments that are not traded on an active market. The fair value is determined using valuation techniques which maximise observable market data and rely as little as possible on entity-specific estimates.

- **Level 3** financial instruments do not have quoted market prices available. If one or more of the significant inputs is not based on observable market data, the instrument is level 3. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Management considers the valuation of these financial instruments to be an area of judgement.

All derivative financial instruments are considered Level 2 financial instruments.

3 Operating Assets and Liabilities

This section shows the assets used to generate the Group's operating performance and liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 2 Capital and Financial Risk Management.

3.1 Working capital

	31 March 2022 $ M	30 September 2021 (restated) $ M
Trade receivables	227.7	206.0
Inventories	360.4	339.9
Trade and other payables	(148.4)	(179.4)
	439.7	**366.5**

a) Trade and other receivables

	31 March 2022 $ M	30 September 2021 $ M
Trade receivables	225.6	205.7
Allowance for doubtful receivables	(18.2)	(17.8)
	207.4	187.9
Prepayments	19.6	16.9
Other receivables	0.7	1.2
Total current trade and other receivables	**227.7**	**206.0**

b) Inventories

	31 March 2022 $ M	30 September 2021 (restated) $ M
Raw materials	189.4	196.8
Work in progress	13.4	11.1
Finished goods	157.6	132.0
Total inventories	**360.4**	**339.9**

c) Trade and other payables

Current	31 March 2022 $ M	30 September 2021 $ M
Trade payables	88.4	109.4
Accrued expenses	57.2	67.8
Income received in advance	2.8	2.2
Total current trade and other payables	**148.4**	**179.4**

4 Other

4.1 Events subsequent to reporting date

The Directors are not aware of any matter or circumstance which has arisen from the end of the reporting period to the date of this report that, in their opinion, has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

Directors' Declaration

In the Directors' opinion:

a) The financial statements and notes set out on pages 6 to 20 are in accordance with the *Corporations Act 2001*, including:

   i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. Giving a true and fair view of the consolidated entity's financial position as at 31 March 2022 and of its performance for the financial year ended on that date; and

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 on 17 May 2022 in accordance with a resolution of the Directors.

Graham Bradley

Graham Bradley AM
Chairman

Sydney
17 May 2022

Independent auditor's review report to the members of United Malt Group Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of United Malt Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 March 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and 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 United Malt Group Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 March 2022 and of its performance for the half-year ended on that date
2. 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors 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 responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true

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and fair view of the Group's financial position as at 31 March 2022 and of 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.

PricewaterhouseCoopers

Brett Entwistle
Partner

Sydney
17 May 2022