



**SUPPLY NETWORK LIMITED**

ABN 12 003 135 680

1 Turnbull Close Pemulwuy NSW 2145

PO Box 3405 Wetherill Park NSW 2164

Telephone: 61 2 8624 8077

**ASX Release**

28 August 2023

**Preliminary Final Report Appendix 4E and Annual Accounts**

The Directors are pleased to announce the audited results for the year ended 30 June 2023 the details of which are included in the attached Appendix 4E - Preliminary Final Report.

The audited results are in line with our announcement 28 July 2023.

*Authorised by the Board of Supply Network Limited*

**Robert Coleman**

Chief Financial Officer/Secretary

Telephone: + 61 2 8624 8077

# Appendix 4E

## Preliminary Final Report

### Year ending 30 June 2023

<b>Name of entity</b>	Supply Network Limited
<b>ABN</b>	12 003 135 680

#### 1. Details of reporting period

<b>Financial year ended</b>	30 June 2023
<b>Previous corresponding period</b>	30 June 2022

#### 2. Results for announcement to the market

				<b>\$'000</b>
<b>Revenue from ordinary activities</b>	up	27.1%	to	252,358
<b>Profit from ordinary activities after income tax</b>	up	36.9%	to	27,407
<b>Net profit for the period attributable to members</b>	up	36.9%	to	27,407
<b>Dividends</b>		<b>Amount per Security</b>		<b>Franked amount per security</b>
<b>Final dividend (to be paid 3 October 2023)</b>		28.00¢		28.00¢
<b>Record date for determining entitlements to final dividend</b>			19 September 2023	
<b>Interim dividend (paid 6 April 2023)</b>		20.00¢		20.00¢
<b>Brief explanation of any of the figures reported above</b>				
Refer to attached Chairman's and Managing Director's Report and financial statements and notes				

#### 3. Statement of Comprehensive Income

Refer to attached financial statements and notes
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#### 4. Statement of Financial Position

Refer to attached financial statements and notes
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#### 5. Statement of Cash Flows

Refer to attached financial statements and notes
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#### 6. Statement of Changes in Equity

Refer to attached financial statements and notes
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## 7. Details of Dividends

Refer to attached financial statements and notes

## 8. Dividend Reinvestment Plans

Supply Network Limited Dividend Reinvestment Plan operated during the period and will operate in respect of the final dividend payable 3 October 2023

## 9. Net tangible asset backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	187.2¢	145.3¢

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

Nil

## 11. Details of associate and joint venture entities

Nil

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

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

## 13. Foreign entities

Not applicable

## 14. Commentary on results for period

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

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

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

Signature



Date 28 August 2023  
Name Robert Coleman  
Position Chief Financial Officer/Secretary

**SUPPLY NETWORK LIMITED**  
**ABN 12 003 135 680**

**ANNUAL ACCOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

The financial statements were authorised for issue by the directors on 28 August 2023.  
The directors have the power to amend and reissue the financial statements.

**SUPPLY NETWORK LIMITED**

**ABN 12 003 135 680**

**ANNUAL ACCOUNTS**

**30 JUNE 2023**

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**SUPPLY NETWORK LIMITED**  
**CORPORATE INFORMATION**

**Directors**

G J Forsyth (Chairman)  
G D H Stewart (Managing Director)  
P W McKenzie  
P W Gill

**Company Secretary**

R A Coleman

**Registered Office**

1 Turnbull Close  
Pemulwuy NSW 2145

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

**Corporate Governance Statement**

The Corporate Governance Statement can be found at  
[www.supplynetwork.com.au/governance.htm](http://www.supplynetwork.com.au/governance.htm)

**Internet Address**

[www.supplynetwork.com.au](http://www.supplynetwork.com.au)

**Auditors**

HLB Mann Judd (NSW Partnership)

**Bankers**

ANZ Banking Group Limited

**Solicitors**

Bartier Perry

**Share Registry**

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

**Stock Exchange Listing**

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

**SUPPLY NETWORK LIMITED**  
**CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

Our FY2023 result was characterised by another year of strong revenue growth, averaging 27% across the Group. Gross Margins were relatively steady and Operating Expenses as a percentage of sales were slightly lower than the prior year as we realised small efficiency gains.

Full year Revenue was \$252m and Profit After Tax was \$27.4m, giving a PAT Margin of 10.9%, slightly higher than FY2022.

We congratulate staff and management on their consistently high performance standards. These are excellent financial outcomes.

### **Review of Operations**

Revenue growth was again stronger in Australia (~30%) than in New Zealand (~17%), partly because of external factors such as higher GDP growth and greater industry consolidation in Australia, but also because of the positive effect from new network stocking strategies yet to be rolled out in New Zealand. The rate of growth was relatively consistent across all regions in both countries, supporting our stated view that increasing vehicle complexity is providing a strong tailwind for the truck parts industry.

The much-publicised, Covid related global supply chain problems have, from our perspective, largely dissipated. However, because we source a vast array of products from production hubs around the world, our supply teams are continually working to overcome pockets of supply problems. In our experience, current supply challenges are no greater than normal.

Average compound revenue growth of 22.6% p.a. over the past three years has increased demand for internal resources and delayed plans to strengthen our systems. With major network extensions and new staff now settled, in early FY2024 we have refocused on systems improvement, targeting transaction efficiency and the speed and accuracy of customer service including initiatives to standardise our internal catalogue, simplify interpretation and sales of related parts, and rolling out new scanning technologies to improve pick and pack accuracy. These projects will prepare the business well for future growth.

### **Our Network**

Our new branch in Truganina (Melbourne) opened for trade on 1<sup>st</sup> June 2023 and has been performing slightly ahead of budget. Yatala (Gold Coast) branch commenced trading on 1<sup>st</sup> August 2023 and has also started well. The Truganina DC has been operating since February and has quickly settled as an arm of distribution with costs and performance in line with expectations.

Accelerated growth and product range expansion initiatives have again necessitated bringing forward investments in storage and transaction capacity, including new sites and the expansion of existing sites. Since our 2022 Annual Report we have leased the adjacent unit to Somerton branch, doubling its operating capacity, completed or initiated significant storage upgrade projects at six branches, signed a Heads of Agreement to lease a building adjacent to Adelaide branch to double its operating capacity, and signed an Agreement that will more than double the distribution capacity at Truganina in FY2025. We also exercised an Option to lease the adjacent unit to Darra branch, doubling capacity and giving us control of the site. Work to integrate this second unit will be completed by the end of October 2023, setting up a strategic hub to support continued growth in our Queensland business.

Looking further ahead, we are laying plans for two new branches we consider priorities for network expansion in FY2025.

### **Safety**

Directors and management remain committed to providing a safe work environment and ensuring the workplace makes a positive contribution to the health and well-being of all staff. Our hierarchy of safety priorities is based on injury avoidance, minimising injury severity and reducing Lost Time Injury Frequency Rate over time, and our performance in each of these areas continued to improve over FY2023.

Our workplace involves manual handling, moving equipment and high frequency decision making. Efforts to improve workplace safety during FY2023 continued to focus on measures to mitigate risks associated with these activities, acknowledging that recent years of rapid growth have raised new challenges.

## SUPPLY NETWORK LIMITED

### CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Our 2023 Safety Plan had three key pillars: improving staff consultation including through training and incident investigation, regular and systematic safety inspections, and better traffic management.

One significant achievement in FY2023 was the introduction of mobile Health and Safety Apps to standardise site inspections, inductions, training, and injury reporting. The central database for these systems now provides real time compliance oversight and the opportunity to review local practices during incident investigations.

These initiatives contributed to improved safety metrics and, while not the only important measure, we are especially pleased to have recorded zero serious injuries across the Group during FY2023.

#### **The Future**

In FY2024 we expect revenue growth at close to or slightly above our 10-year average of 14%. While it is difficult to estimate rates of growth beyond FY2024, we are working on the assumption that continued strong growth is possible, and most of the new investments we need to support revenue of \$350m will be in place within 3 years.

Current investments in our operating network and IT systems, previously reported as extending over FY2023 and FY2024, are now scheduled for completion in FY2025. The main elements of these investments revolve around an upgrade to the sales interface to our ERP system and its supporting server environment, with primary goals to deliver transaction efficiencies, better disaster recovery, and faster, more secure platforms. Given the strategic importance of these goals, work on this upgrade is being progressed with care and detailed planning.

#### **Capital Management**

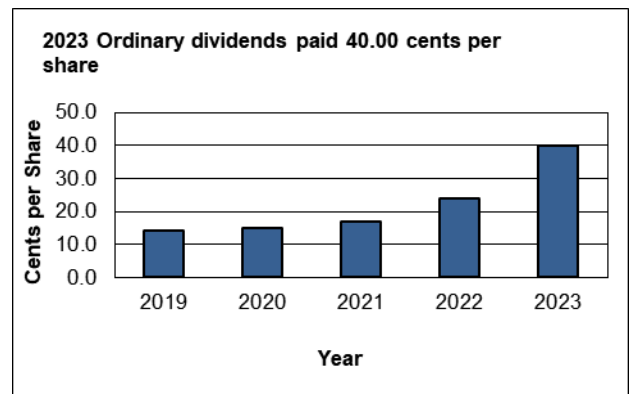
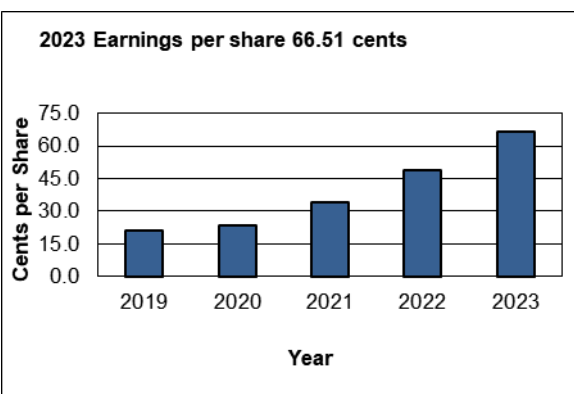
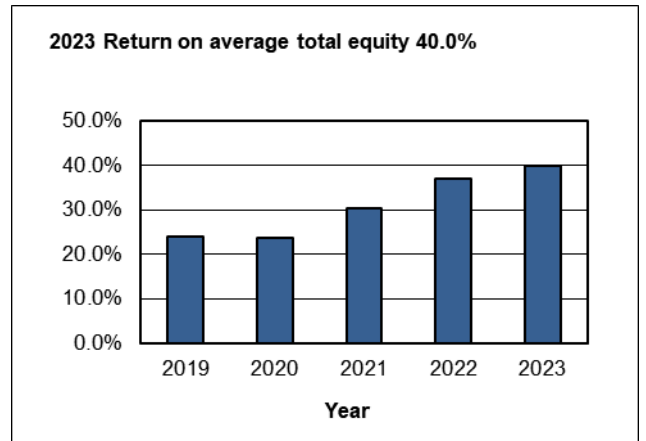
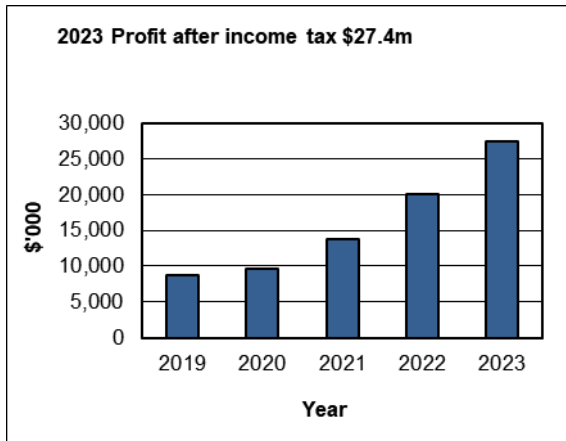
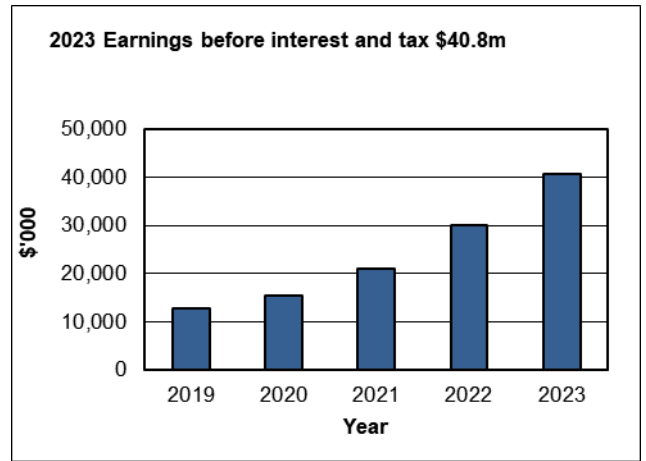
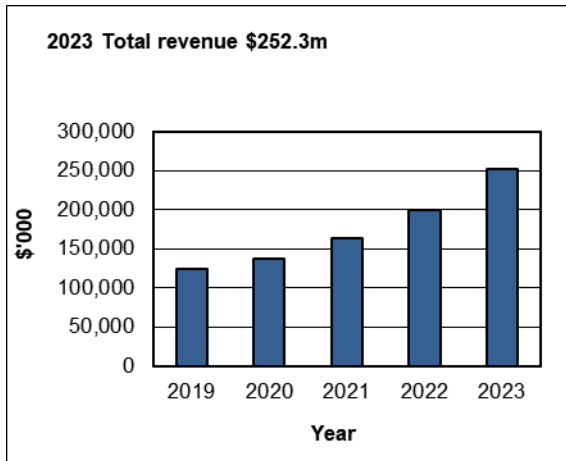
Consistent with our stated intention to increase the average payout ratio, Directors were pleased to announce an increase in our final dividend to 28.0 cents per share. Fully franked interim and final dividends for the year totaled 48.0 cents per share, an increase of 16.0 cents compared with the prior year and a payout ratio of 72%.

Following strong shareholder support for our capped price Dividend Reinvestment Plan, we have continued its operation for the final dividend. The DRP has been used to help maintain low debt and financial flexibility throughout the last two years of accelerated growth.

Net finance debt was \$2.2m, a decrease of \$0.3m from last year. Low Gearing of 12.8% (excluding Lease Liabilities) gives us the financial flexibility to invest in the many projects that drive organic growth, which remains our primary strategic objective.



**SUPPLY NETWORK LIMITED**  
**Performance Highlights**



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**SUPPLY NETWORK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

The Directors of Supply Network Limited (the company) submit their report on the consolidated entity (the Group) consisting of Supply Network Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023.

**Directors**

The names of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period.

G J Forsyth (Chairman)  
G D H Stewart (Managing Director)  
P W McKenzie  
P W Gill

**Principal Activities**

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

**Results**

The net profit of the Group after providing for income tax for the financial year was \$27.4m (2022: \$20.0m).

**Earnings per Share**

Basic earnings per share for the financial year were 66.51 cents per share (2022: 49.02 cents) and diluted earnings per share were 66.38 cents per share (2022: 49.02 cents).

**Dividends**

Dividends paid or declared for payment were as follows:	<b>\$000</b>
Final dividend for 2022 of 20.00 cents per share paid 2 October 2022	8,167
Interim dividend for 2023 of 20.00 cents per share paid 6 April 2023	8,246
Final dividend for 2023 of 28.00 cents per share declared 28 July 2023 and payable 3 October 2023	11,636

**Review of Operations**

Group sales revenue for the year was \$252.3m, which is an increase of 27.1% when compared to the prior year.

Sales revenue in the Australian operation increased by 30.3% and in the New Zealand operation increased by 17.4% in NZ\$ terms.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") was \$48.3m an increase of 32.0% on last year.

Earnings before interest and tax ("EBIT") was \$40.8m an increase of 36.3% on last year.

Profit After Tax was \$27.4m, giving a Profit After Tax Margin of 10.9%, slightly higher than FY2022.

Earnings per share ("EPS") for the year was 66.51 cents compared to 49.02 cents on last year.

**SUPPLY NETWORK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**Review of Operations (continued)**

Operations commenced at our new Truganina distribution centre in February 2023, our new Truganina branch commenced trading in June 2023 and our new Yatala branch commenced trading in August 2023. Over the course FY2023 the capacity of our Somerton branch has been doubled by integrating the adjacent unit, and we have similar plans to double the capacity of the Darra branch (Brisbane) and Wingfield branch (Adelaide) over the first half of FY2024.

The financial position of the Group remains strong. Group cash flows from operating activities was \$19.0m compared to \$18.1m for the prior year.

Gearing (excluding lease liabilities) at 30 June 2023 was 12.8% which is a decrease on June 2022 gearing of 15.6%.

As at 30 June 2023 net assets of the group were \$77.8m (2022: \$59.3m) and net tangible asset backing was 187.2 cents per share (2022: 145.3 cents per share)

The Directors have declared a fully franked final dividend of 28.0 cents per share payable on 3 October 2023 to shareholders registered on 19 September 2023.

The Dividend Reinvestment Plan will operate in respect of the final dividend for June 2023.

Dividends paid and or payable in respect of the 2023 financial year total 48.0 cents per share, which is an increase of 16.0 cents on the prior year (refer Note 18). The dividend payout ratio for the year is 72.2%.

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

**Significant Changes in the State of Affairs**

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

**Significant Events after Balance Date**

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

**Likely Developments and Expected Results**

Directors expect sales growth in FY2024 to be around or a little above our long-term average of 14% p.a. Management plans for the year continue to focus on organic growth opportunities in existing business units. Continued expansion of the product range and service network and further development of transaction systems are primary considerations in our three-year outlook.

**SUPPLY NETWORK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**Information on Directors**

**Gregory James Forsyth - Chairman**

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

**Peter William McKenzie**

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

**Geoffrey David Huston Stewart - Managing Director**

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

**Peter William Gill**

Appointed senior finance executive from April 1995 until his retirement from that role in October 2018. He was appointed to the Board in May 2008 as Finance Director and after his retirement remained on the Board as a Non-executive Director. A member of the Audit Committee and Remuneration Committee since June 2023. He is a Chartered Accountant with a Bachelor of Business degree and has over 40 years experience in accounting and finance in both commercial and professional fields. He is a Chartered Secretary and a Fellow of the Governance Institute of Australia.

**Directors' Meetings**

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

	Directors Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
G J Forsyth	12	12	2	2	2	2
P W McKenzie	12	12	2	2	2	2
G D H Stewart	12	12	-	-	-	-
P W Gill	12	12	-	-	1	1

**Directors' Interests**

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

- (a) G J Forsyth holds 41,200 ordinary shares of the company and is deemed to have a relevant interest in shares held by Odalisque Pty Ltd (651,460 shares) and in shares held by Hergfor Enterprises Pty Ltd (11,561,895 shares).
- (b) P W McKenzie is deemed to have a relevant interest in shares held by BNP Paribas Nominees Pty Ltd, a substantial shareholder (4,655,941 shares).
- (c) G D H Stewart is deemed to have a relevant interest in shares held by Boboco Pty Limited (610,277) and in shares held by D G Stewart (44,125 shares)
- (d) P W Gill holds 178,460 ordinary shares of the company and is deemed to have a relevant interest in shares held by Viewbar Pty Limited (220,025 shares).

**SUPPLY NETWORK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**Indemnification of Directors**

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

**Company Secretary**

Mr R A Coleman was appointed on the 16 December 2022 and is a Certified Practising Accountant.

Mr P W Gill resigned as Company Secretary on the 16 December 2022.

**Environmental Regulation and Performance**

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

**Remuneration Report**

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

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

***Remuneration Committee***

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

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

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

***Non-executive director compensation***

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

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

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

The compensation of Non-executive directors for the period ended 30 June 2023 is detailed in Table 1 on page 11.

**SUPPLY NETWORK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**Executive director and senior executives compensation (executives)**

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

Compensation consists of the following three elements:

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

***Fixed Compensation***

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

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

***Variable Compensation - Short Term Incentive***

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

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

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

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

***Equity-based Compensation - Long Term Incentive***

Employee incentive plan shares have been issued under the Supply Network Limited Employee Incentive Plan ("EIP") which was reapproved at the 2020 AGM.

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

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

***Plan Shares***

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

**SUPPLY NETWORK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**Executive director and senior executives compensation (continued)**

**Plan Shares (continued)**

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

	Balance as at 30/6/2022 No.	Granted No.	Exercised No.	Expired/ forfeited/ other No.	Balance as at 30/06/2023 No.
<b>For the year ended 30 June 2023</b>					
G D H Stewart – Managing Director*	31,730	-	-	(4,411)	27,319
Other senior managers	100,000	-	(45,000)	-	55,000
<b>Total</b>	<b>131,730</b>	<b>-</b>	<b>(45,000)</b>	<b>(4,411)</b>	<b>82,319</b>

\* The reduction of 4,411 shares during the year relates to some future performance conditions now realised.

<b>Share based payment expenses for the financial years</b>	<b>2023</b>	<b>2022</b>	<b>Fair Value</b>
	<b>\$</b>	<b>\$</b>	
45,000 plan shares issued at fair value of \$6.329 to Senior Managers, 26/03/2021 vested 01/09/2022	<b>33,507</b>	201,044	284,812
27,319 plan shares issued at fair value of \$6.329 to G D H Stewart, 26/03/2021 vesting 01/09/2023	<b>71,548</b>	83,099	172,908
55,000 plan shares issued at fair value of \$8.332 to Senior Managers, 22/10/2021 vesting 01/09/2024	<b>161,743</b>	107,829	458,271
Total expense arising from EIP share based payments	<b>266,798</b>	391,972	

No other plan shares have been granted or vested or have expired in the previous financial year. There have been no plan shares issued since the reporting date. The plan shares will be granted for nil cash consideration, accordingly no funds will be raised on issue. In the case of an executive director, no plan shares may be issued to the director without express shareholder approval of the number and terms of the plan shares. Any executive plan shares which do not vest by 1 September 2023 will lapse. Other senior managers plan shares which do not vest by 1 September 2024 will lapse. For further information on share based payments refer to Note 17 to the financial statements

**Relationship between Remuneration Policies and SNL Performance**

The tables below set out summary information about SNL earnings and movements in shareholder wealth for the five years to 30 June 2023. The Board is of the opinion that these results can be attributed, in part, to the remuneration policies and is satisfied with the overall trend in shareholder wealth over the past five years.

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Total Revenue \$</b>	252.3m	198.5m	162.6m	136.8m	123.9m
<b>Net Profit after tax \$</b>	27.4m	20m	13.8m	9.5m	8.7m
<b>Share price year-end</b>	\$15.25	\$9.45	\$7.62	\$4.18	\$3.53
<b>Dividends paid cents per share</b>	40.0	24.0	17.0	15.0	14.0

**Employment contracts**

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

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

Individual contracts for key management personnel include:

- G D H Stewart – fixed compensation package of \$478,950 from 1 July 2022 plus a short-term incentive of up to 40% of the package and plan shares as noted above.

**SUPPLY NETWORK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**Executive director and senior executives compensation (continued)**

**Key Management Personnel**

Details of key management personnel are as follows:

**Directors**

G J Forsyth Chairman (non-executive)  
P W McKenzie Director (non-executive)  
G D H Stewart Managing Director (executive)  
P W Gill Director (non-executive)

**Senior Managers**

R A Coleman Chief Financial Officer and Company Secretary (Senior Manager)

**Table 1: Compensation of Key Management Personnel for the year ended 30 June 2023**

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

**Table 2: Compensation of Key Management Personnel for the year ended 30 June 2022**

	Short Term			Long Term Benefits	Post-Employment		Equity	Total	Total Performance Related
	Salary, Fees & Leave \$	Bonus Payable \$	Non Monetary \$	Other \$	Super-annuation \$	Retirement Benefits \$	Options & Share Rights \$	\$	%
<b>Directors</b>									
G J Forsyth	107,659	-	-	-	10,766	-	-	118,425	-
P W McKenzie	70,209	-	-	-	7,021	-	-	77,230	-
G D H Stewart	439,576	186,000	-	7,780	27,500	-	83,099	743,955	36.2
P W Gill	86,573	-	-	-	8,657	-	-	95,230	-
<b>Snr Managers</b>									
R A Coleman	211,889	68,991	-	4,695	27,500	-	64,282	377,357	35.3
<b>Total</b>	<b>915,906</b>	<b>254,991</b>	<b>-</b>	<b>12,475</b>	<b>81,444</b>	<b>-</b>	<b>147,381</b>	<b>1,412,197</b>	<b>28.5</b>
<b>Total</b>		<b>1,170,897</b>		<b>12,475</b>	<b>81,444</b>		<b>147,381</b>	<b>1,412,197</b>	<b>28.5</b>

**Rounding**

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

**Auditors' Independence Declaration**

A copy of the Auditors' Independence declaration for the year ended 30 June 2023 is set out on page 13.



**SUPPLY NETWORK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**Non-Audit Services**

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

Signed in accordance with a resolution of directors.



**G J Forsyth**  
Director

Sydney, NSW  
28 August 2023

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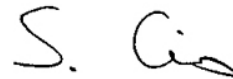
**Auditor's Independence Declaration To the Directors of Supply Network Limited:**

As lead auditor for the audit of the consolidated financial report of Supply Network Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

**Sydney, NSW**  
**28 August 2023**



**S Grivas**  
**Partner**

**hlb.com.au**

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

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**SUPPLY NETWORK LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	Consolidated	
		2023 \$000	2022 \$000
<b>Revenue from contracts with customers</b>	3	<b>252,252</b>	198,432
Finance revenue	3	<b>98</b>	2
Other income		<b>8</b>	66
Changes in inventories of finished goods		<b>(145,565)</b>	(113,667)
Employee benefits expense		<b>(41,795)</b>	(34,752)
Depreciation and amortisation		<b>(7,500)</b>	(6,652)
Other expenses	3	<b>(16,617)</b>	(13,504)
Finance costs	3	<b>(1,847)</b>	(1,459)
<b>Profit before income tax</b>		<b>39,034</b>	28,466
Income tax expense	4	<b>(11,627)</b>	(8,448)
<b>Profit after income tax</b>		<b>27,407</b>	20,018
<b>Profit attributable to members of the parent</b>		<b>27,407</b>	20,018
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Adjustment on translation of foreign controlled entity net of tax	17	<b>293</b>	(563)
<b>Total other comprehensive income/(loss) after income tax</b>		<b>293</b>	(563)
<b>Total comprehensive income for the year attributable to members of the parent</b>		<b>27,700</b>	19,455
Basic earnings per share (cents per share)	19	<b>66.51</b>	49.02
Diluted earnings per share (cents per share)	19	<b>66.38</b>	49.02
Dividends per share (cents per share)	18	<b>40.00</b>	24.00

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

**SUPPLY NETWORK LIMITED**

**BALANCE SHEET  
AT 30 JUNE 2023**

	Note	Consolidated	
		2023 \$000	2022 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	7,758	6,934
Trade and other receivables	6	28,020	21,358
Inventories	7	79,400	63,296
Other current assets	8	341	292
<b>Total current assets</b>		<b>115,519</b>	<b>91,880</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	12,737	10,182
Right-of use assets	10	37,691	33,417
Deferred tax assets	4	3,274	3,055
<b>Total non-current assets</b>		<b>53,702</b>	<b>46,654</b>
<b>TOTAL ASSETS</b>		<b>169,221</b>	<b>138,534</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	35,732	29,495
Interest bearing loans and borrowings	12	1,730	606
Income tax payable	14	2,119	1,857
Provisions	15	1,367	1,277
Lease liabilities	13	5,444	4,559
<b>Total current liabilities</b>		<b>46,392</b>	<b>37,794</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	12	8,203	8,778
Provisions	15	340	333
Lease liabilities	13	36,498	32,301
<b>Total non-current liabilities</b>		<b>45,041</b>	<b>41,412</b>
<b>TOTAL LIABILITIES</b>		<b>91,433</b>	<b>79,206</b>
<b>NET ASSETS</b>		<b>77,788</b>	<b>59,328</b>
<b>EQUITY</b>			
Contributed equity	16	28,477	21,272
Reserves	17	699	439
Retained earnings		48,612	37,617
<b>TOTAL EQUITY</b>		<b>77,788</b>	<b>59,328</b>

The above balance sheet should be read in conjunction with the accompanying notes.

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**SUPPLY NETWORK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Contributed Equity \$000	Share based payment Reserve \$000	Exchange Translation Reserve \$000	Retained Earnings \$000	Total \$000
<b>Consolidated</b>						
<b>Balance at 30 June 2021</b>		21,272	74	539	27,399	49,284
Total comprehensive income/(loss) for the year		-	-	(563)	20,018	19,455
<b>Transactions with owners in their capacity as owners</b>						
Share based payments	17	-	389	-	-	389
Dividends provided for or paid	18	-	-	-	(9,800)	(9,800)
<b>Balance at 30 June 2022</b>		<b>21,272</b>	<b>463</b>	<b>(24)</b>	<b>37,617</b>	<b>59,328</b>
Total comprehensive income for the year		-	-	293	27,407	27,700
<b>Transactions with owners in their capacity as owners</b>						
Employee Incentive Plan share issues	16	284	-	-	-	284
Dividend Reinvestment Plan share issues	16	6,921	-	-	-	6,921
Share based payments	17	-	(33)	-	-	(33)
Dividends provided for or paid	18	-	-	-	(16,412)	(16,412)
<b>Balance at 30 June 2023</b>		<b>28,477</b>	<b>430</b>	<b>269</b>	<b>48,612</b>	<b>77,788</b>

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

**SUPPLY NETWORK LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Consolidated	
		2023 \$000	2022 \$000
<b>Cash flows from operating activities</b>		<b>Inflows/(Outflows)</b>	
Receipts from customers		273,211	215,686
Payments to suppliers and employees		(240,874)	(187,584)
Interest received		98	2
Interest paid		(521)	(308)
Interest paid lease liabilities		(1,306)	(1,149)
Income tax paid		(11,581)	(8,526)
Net cash flows from operating activities	23(a)	<b>19,027</b>	18,121
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(4,330)	(3,044)
Proceeds from sale of property, plant and equipment		-	33
Net cash flows used in investing activities		<b>(4,330)</b>	(3,011)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	902
Repayment of borrowings		(613)	(493)
Repayment of lease liabilities		(4,882)	(4,330)
Proceeds from share issues		6,921	-
Dividends paid		(16,412)	(9,800)
Net cash flows used in financing activities		<b>(14,986)</b>	(13,721)
Net (decrease) increase in cash and cash equivalents		<b>(289)</b>	1,389
Cash and cash equivalents at beginning of year		<b>6,934</b>	5,557
Exchange rate adjustment to balances held in foreign currencies		<b>19</b>	(12)
Cash and cash equivalents at end of year	5	<b>6,664</b>	6,934

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

**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1. Corporate information**

The consolidated financial statements of Supply Network Limited (the company) for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 28 August 2023.

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

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

**2. Summary of significant accounting policies**

**(a) Basis of accounting**

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

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

**(b) Statement of compliance**

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

**(c) Basis of consolidation**

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

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

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

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

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

**(i) Significant accounting judgements**

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

**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**2. Summary of significant accounting policies (continued)**

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

**(ii) Significant accounting estimates and assumptions**

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

*Obsolete inventory provision*

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

**(e) Foreign currency transactions**

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

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

**Foreign Subsidiary Company**

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

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

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

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

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

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



**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**2. Summary of significant accounting policies (continued)**

**(f) Cash and cash equivalents**

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

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

**(g) Trade and other receivables**

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

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade and other receivables have been grouped based on days overdue.

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

**(h) Inventories**

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

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

Finished Goods – weighted average cost into store.

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

Obsolete and redundant inventories are provided for as appropriate.

**(i) Property, plant and equipment**

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

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

Buildings	50 years
Plant and equipment	3 – 15 years

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

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

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

**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**2. Summary of significant accounting policies (continued)**

**(j) Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

**(k) Derivative financial instruments**

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

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

**(l) Trade and other payables**

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

**(m) Lease liabilities**

A lease liability is recognised at the commencement date of the lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future leased payments arising from a change in an index or a rate used; lease term; certainty of termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**2. Summary of significant accounting policies (continued)**

**(n) Provisions**

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

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

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

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

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

**(o) Employee leave benefits**

**(i) Wages, salaries and annual leave**

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

**(ii) Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(p) Post-employment benefits**

Contributions are made to employee superannuation funds and are charged against profit or loss when incurred (refer Note 22).

**(q) Contributed equity**

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

**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**2. Summary of significant accounting policies (continued)**

**(r) Interest bearing liabilities**

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

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

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

**(s) Impairment of non-financial assets**

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

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

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

**(t) Revenue recognition**

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

**(i) Sale of goods**

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

**(ii) Interest income**

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

**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**2. Summary of significant accounting policies (continued)**

**(t) Revenue recognition (continued)**

**(iii) Other revenue**

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

**(u) Borrowing costs**

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

**(v) Income tax**

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

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

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

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

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

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

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

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

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

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

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**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**2. Summary of significant accounting policies (continued)**

**(v) Income tax (continued)**

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

**(w) Other taxes**

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

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

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

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

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

**(x) Earnings per share**

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

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

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

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

**(y) New, revised or amending Accounting standards and interpretations adopted**

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

**(z) New Accounting standards and interpretations not yet adopted**

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

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(continued)

		<b>Consolidated</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$000</b>	<b>\$000</b>
<b>3.</b>	<b>Revenues and expenses</b>		
<b>(a)</b>	<b>Revenue from contracts with customers</b>		
	Sale of goods	<u>252,252</u>	198,432
	The Group derives its revenue from contracts with customers for the transfer of goods at a point in time for all its revenue lines.		
	AASB 15 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the chief operating decision maker in order to evaluate the financial performance of the entity.		
		<b>Consolidated</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$000</b>	<b>\$000</b>
<b>(b)</b>	<b>Finance revenue</b>		
	Bank interest	<u>98</u>	2
<b>(c)</b>	<b>Other expenses</b>		
	Credit losses – trade receivables	(138)	(190)
	Freight and cartage expenses	(2,981)	(2,475)
	Operating lease expenses and outgoings	(1,286)	(1,164)
	Other	(12,212)	(9,675)
		<u>(16,617)</u>	<u>(13,504)</u>
<b>(d)</b>	<b>Finance costs</b>		
	Bank loans and overdrafts	(513)	(237)
	Interest expense on lease liabilities	(1,306)	(1,149)
	Other finance costs	(28)	(73)
		<u>(1,847)</u>	<u>(1,459)</u>
<b>4.</b>	<b>Income tax</b>		
<b>(a)</b>	<b>Income tax expense</b>		
	The major components of income tax expense are:		
	<b>Current income tax</b>		
	Current income tax charge	11,846	8,634
	<b>Deferred income tax</b>		
	Relating to origination and reversal of temporary differences	(219)	(186)
	Income tax expense	<u>11,627</u>	<u>8,448</u>

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	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>4. Income tax (continued)</b>		
<b>(b) Reconciliation of prima facie tax payable to income tax expense</b>		
Profit before income tax	<b>39,034</b>	28,466
At the Group's income tax rate of 30% (2022: 30%)	<b>11,710</b>	8,540
Effect of different tax rates of subsidiary	<b>(113)</b>	(102)
Other amounts which are not deductible for income tax purposes	<b>30</b>	10
Income tax expense	<b>11,627</b>	8,448
<b>(c) Deferred tax assets</b>		
Depreciation and AASB 16 differences	<b>859</b>	626
Doubtful debts	<b>95</b>	108
Employee benefits	<b>1,341</b>	1,248
Stock obsolescence	<b>642</b>	743
Other	<b>337</b>	330
	<b>3,274</b>	3,055

**(d) Tax consolidation**

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

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

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

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>5. Cash and cash equivalents</b>		
Cash at bank, on deposit and in hand	<b>7,758</b>	6,934
Bank trade facility (refer Note 12)	<b>(1,094)</b>	-
	<b>6,664</b>	6,934

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

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(continued)

		<b>Consolidated</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$000</b>	<b>\$000</b>
<b>6.</b>	<b>Trade and other receivables</b>		
	<b>Current</b>		
	Trade receivables (i)	<b>28,260</b>	21,654
	Allowance for expected credit loss	<b>(322)</b>	(367)
		<b>27,938</b>	21,287
	Other receivables	<b>82</b>	71
		<b>28,020</b>	21,358
	<b>Ageing of trade receivables not impaired</b>		
	Not overdue	<b>27,359</b>	21,050
	61-90 days past due	<b>482</b>	177
	91 days and above past due	<b>97</b>	60
		<b>27,938</b>	21,287
	<b>Ageing of trade receivables impaired</b>		
	Not overdue	<b>108</b>	56
	61-90 days past due	<b>60</b>	129
	91 days and above past due	<b>154</b>	182
		<b>322</b>	367
	<b>Total trade receivables</b>	<b>28,260</b>	21,654
	<b>Movements in allowance for expected credit loss</b>		
	Opening balance	<b>367</b>	262
	Additions during the year	<b>137</b>	190
	Amounts written off during the year	<b>(184)</b>	(83)
	Exchange difference	<b>2</b>	(2)
	Closing balance	<b>322</b>	367
(i)	Trade receivables are non-interest bearing and generally on 30 day terms. As at 30 June 2023 trade receivables of \$579,300 (2022: \$237,600) were past due and not impaired. The Group has retention of title clause over goods sold until payment is received. Refer Note 12(ii) regarding security pledged.		
(ii)	Information regarding the effective interest rate and the credit risk of current receivables is disclosed in Note 27.		
		<b>Consolidated</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$000</b>	<b>\$000</b>
<b>7.</b>	<b>Inventories</b>		
	Finished goods at lower of cost and net realisable value	<b>66,648</b>	52,644
	Stock in transit - finished goods at cost	<b>12,752</b>	10,652
	Total inventories at lower of cost and net realisable value	<b>79,400</b>	63,296
<b>8.</b>	<b>Other current assets</b>		
	Prepayments and deposits	<b>341</b>	292

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(continued)

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>9. Property, plant and equipment</b>		
<b>Land and buildings at cost</b>		
Opening balance	2,371	2,446
Exchange difference	44	(75)
Closing balance	2,415	2,371
<b>Accumulated depreciation</b>		
Opening balance	102	70
Additions	35	32
Exchange difference	2	-
Closing balance	139	102
Land and buildings - net book value	2,276	2,269
<b>Plant and equipment at cost</b>		
Opening balance	18,642	15,824
Additions	4,330	3,044
Disposals	(481)	(128)
Exchange difference	68	(98)
Closing balance	22,559	18,642
<b>Accumulated depreciation</b>		
Opening balance	10,729	9,408
Additions	1,790	1,498
Disposals	(463)	(103)
Exchange difference	42	(74)
Closing balance	12,098	10,729
Plant and equipment - net book value	10,461	7,913
<b>Total property, plant and equipment</b>	12,737	10,182
<b>10. Right-of-use assets</b>		
Land and buildings - right-of-use	52,094	44,956
Less: Accumulated depreciation	(17,426)	(13,703)
	34,668	31,253
Plant and equipment - right-of-use	5,324	4,656
Less: Accumulated depreciation	(2,301)	(2,492)
	3,023	2,164
	37,691	33,417

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

In relation to right of use assets, depreciation charged in the year for land and buildings was \$4.4m (2022: \$4.0m) and for plant and equipment was \$1.2m (2022: \$1.1m). Additions to the right of use assets during the year were \$9.4m (2022: \$9.1m).

Details on interest expense and cashflows relating to lease liabilities are disclosed in Note 13.

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(continued)

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>11. Trade and other payables</b>		
Trade payables and accruals	<b>35,732</b>	29,495
<b>12. Interest bearing loans and borrowings</b>		
<b>Current</b>		
Bank loans-instalments due within 12 months (i)	636	606
Bank trade facility (ii)	1,094	-
	<b>1,730</b>	606
<b>Non-current</b>		
Bank loans (i)	8,203	8,778
<b>Total interest bearing loans and borrowings</b>	<b>9,933</b>	9,384

- (i) Bank loans comprise:  
Fixed rate interest only loans of \$1,341,000 (2022: \$1,317,000), with interest rates of 6.7% to 6.8% (2022: 3.4% to 3.5%) maturing November and December 2024 (2022: November and December 2023).

Variable rate principal and interest loans of \$7,498,000 (2022: \$7,143,000), with interest rates of 5.7% to 7.0% (2022: 1.9% to 4.4%) maturing November 2023, September and October 2024, June and October 2025 and November 2026 (2022: September and October 2023, June 2024 and November 2026). \$2,697,000 is repayable by quarterly instalments over the term and \$4,801,000 repayable at termination.

- (ii) Bank loans, overdrafts and trade facility are secured by fixed and floating charges over the assets of Supply Network Limited and controlled entities. Bank overdrafts have no specific term and trade facilities have 60 day terms and both are subject to annual review. Interest rates on these facilities are variable and during the year the average interest rate was 5.7% (2022: 3.1%).

- (iii) Bank loan agreements require certain financial ratios to be maintained.

Australian loan agreement requires:

Borrowing base ratio as defined not to exceed 50% of eligible stock plus eligible debtors.

Debt to EBITDA does not exceed 2.5 to 1.

Fixed charge cover ratio to be greater than or equal to 1.50 to 1.

The Group complied with these ratios during the year.

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>13. Lease liabilities</b>		
Lease liabilities – current	5,444	4,559
Lease liabilities – non-current	36,498	32,301
<b>Total lease liabilities</b>	<b>41,942</b>	36,860

Interest expense recognised in the statement of profit or loss and other comprehensive income was \$1.3m (2022: \$1.1m) and interest and principal payments made to lessors in respect to lease liabilities was \$6.2m (2022: \$5.4m) for the year.

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(continued)

		<b>Consolidated</b>			
		<b>2023</b>	<b>2022</b>		
		<b>\$000</b>	<b>\$000</b>		
<b>14.</b>	<b>Income tax payable</b>				
	Current year income tax payable	<u>2,119</u>	<u>1,857</u>		
<b>15.</b>	<b>Provisions</b>				
	<b>Long Service Leave</b>				
	Opening balance	1,610	1,455		
	Arising during the year	97	155		
	Closing balance	<u>1,707</u>	<u>1,610</u>		
	Current	1,367	1,277		
	Non-current	340	333		
		<u>1,707</u>	<u>1,610</u>		
<b>16.</b>	<b>Contributed equity</b>				
<b>(a)</b>	<b>Issued and paid up capital</b>				
	41,555,422 ordinary shares fully paid (2022: 40,833,697)	<u>28,477</u>	<u>21,272</u>		
<b>(b)</b>	<b>Movements in ordinary shares on issue</b>				
	<b>Details</b>	<b>Date</b>	<b>No. Shares</b>	<b>Issue Price</b>	<b>\$000</b>
	Opening balance	1 July 2021	40,833,697		21,272
	Issue of shares		-		-
	<b>Closing balance</b>	<b>30 June 2022</b>	<u>40,833,697</u>		<u>21,272</u>
	Issue of shares on vesting of Employee Incentive Plan Shares	23 September 2022	45,000	\$6.33	284
	Issue of shares on dividend reinvestment plan	3 October 2022	348,804	\$9.50	3,314
	Issue of shares on dividend reinvestment plan	6 April 2023	327,921	\$11.00	3,607
	<b>Closing balance</b>	<b>30 June 2023</b>	<u>41,555,422</u>		<u>28,477</u>
<b>(c)</b>	<b>Terms and conditions of contributed equity</b>				

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

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

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(continued)

		<b>Consolidated</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$000</b>	<b>\$000</b>
<b>17.</b>	<b>Reserves</b>		
<b>(a)</b>	<b>Exchange translation reserve</b>		
	The Exchange Translation Reserve is used to record exchange differences arising from the translation of the functional currency of the foreign subsidiary, New Zealand dollar, into the presentation currency of the consolidated financial statements, Australian dollar, (refer to Statement of Changes in Equity).	<b>269</b>	<b>(24)</b>
<b>(b)</b>	<b>Share based payment reserve</b>		
	Balance at the beginning of the financial year	<b>463</b>	74
	Movement in the share based payments	<b>(33)</b>	389
	<b>Balance at end of the financial year</b>	<b>430</b>	463
	<b>Total reserves</b>	<b>699</b>	439

Share based payment reserve relate to the Supply Network Limited Employee Incentive plan (“EIP”) which was reapproved by shareholders at the 2020 annual general meeting. The EIP is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted plan shares which only vest if certain performance and services conditions are met (Refer to Remuneration report).

		<b>Consolidated</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$000</b>	<b>\$000</b>
<b>18.</b>	<b>Dividends paid and proposed on ordinary shares</b>		
<b>(a)</b>	<b>Dividends declared and paid during the year</b>		
	Final fully franked dividend for 2022 (20.00 cents per share) (2021: 12.00 cents)	<b>8,167</b>	4,900
	Interim fully franked dividend for 2023 (20.00 cents per share) (2022: 12.00 cents)	<b>8,245</b>	4,900
	<b>Total dividends paid</b>	<b>16,412</b>	9,800
<b>(b)</b>	<b>Dividends proposed subsequent to 30 June and not recognised as a liability</b>		
	Final fully franked dividend for 2023 (28.00 cents per share) (2022: 20.00 cents)	<b>11,636</b>	8,167

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(continued)

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>18. Dividends paid and proposed on ordinary shares (continued)</b>		
<b>(c) Franking credit balance</b>		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2022: 30%)	<b>12,496</b>	9,690
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	<b>1,668</b>	1,124
	<b>14,164</b>	10,914
The amount of franking credits available for the future reporting periods:		
Impact of franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	<b>(4,987)</b>	(3,500)
	<b>9,177</b>	7,414

The tax rate at which paid dividends have been franked is 30% (2022: 30%).  
Dividends proposed will be franked at the rate of 30%.

**19. Earnings per share**

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

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

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

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
Net profit attributable to ordinary equity holders of the parent	<b>27,407</b>	20,018
Weighted average number of ordinary shares for basic earnings per share	<b>41,207,726</b>	40,833,697
Basic earnings per share (cents per share)	<b>66.51</b>	49.02
Weighted average number of ordinary shares for diluted earnings per share	<b>41,290,045</b>	40,833,697
Diluted earnings per share (cents per share)	<b>66.38</b>	49.02

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(continued)

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>20. Auditor's compensation</b>		
Amounts received or due and receivable by HLB Mann Judd (NSW Partnership) or its associated entities for:		
An audit and review of a financial report of the consolidated group	<b>89,000</b>	82,000
Amounts received or due and receivable by HLB Mann Judd Limited Auckland for:		
An audit of the financial report of a subsidiary	<b>21,100</b>	19,400
	<b>110,100</b>	<b>101,400</b>

**21. Key management personnel**

**(a) Compensation of key management personnel**

Details of key management personnel are as follows:

**Directors**

G J Forsyth	Chairman (non-executive)
P W McKenzie	Director (non-executive)
G D H Stewart	Managing Director (executive)
P W Gill	Director (non-executive)

**Senior Managers**

R A Coleman	Chief Financial Officer and Company Secretary
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The remuneration paid or payable to key management personnel of the Group was as follows:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Short-term	<b>1,181,537</b>	1,170,897
Post-employment	<b>81,736</b>	81,444
Other long-term benefits	<b>24,460</b>	12,475
Equity	<b>108,402</b>	147,381
	<b>1,396,135</b>	<b>1,412,197</b>

**(b) Share issued on exercise of compensation options**

There were 10,000 shares issued as compensation on vesting of employee incentive plan shares during the year ended 30 June 2023 (2022: nil).

**(c) Unissued shares**

During the year ended 30 June 2023 there were no ordinary shares committed to be issued.

**(d) Option holding of key management personnel**

There were no options held by key management personnel at 30 June 2023 or 30 June 2022.

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(continued)

**21. Key management personnel (continued)**

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

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

	Balance 1 July 2021	Plan Shares Exercised	Net Change Other	Balance 30 June 2022
<b>Directors</b>				
G J Forsyth	667,835	-	-	667,835
P W McKenzie	4,478,045	-	471	4,478,516
G D H Stewart	998,390	-	-	998,390
P W Gill	398,485	-	-	398,485
<b>Senior Managers</b>				
R A Coleman	5,725	-	-	5,725
	<b>6,548,480</b>	<b>-</b>	<b>471</b>	<b>6,548,951</b>

**22. Employee entitlements**

**Superannuation commitments**

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

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

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

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	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>23. Cash Flow Information</b>		
<b>(a) Reconciliation of net profit after tax to the net cash flows from operations</b>		
Profit after income tax	27,407	20,018
<b>Adjustments for non-cash income and expense items</b>		
Profit/Loss on disposal of plant and equipment	18	(7)
Depreciation of right of use assets	5,675	5,122
Depreciation of plant and equipment	1,825	1,530
Transfers to provisions:		
Inventory obsolescence	(324)	(7)
Employee entitlements	97	155
Expected credit loss	(45)	105
Net exchange differences	289	(574)
Increase / (decrease) in provision for:		
Income tax payable	262	112
Deferred taxes	(219)	(186)
<b>Changes in assets and liabilities</b>		
(Increase) / decrease in:		
Trade and other receivables	(6,617)	(3,869)
Inventories	(15,781)	(9,217)
Other assets	(50)	100
Increase in:		
Trade and other payables	6,490	4,839
<b>Net cash flow from operating activities</b>	<b>19,027</b>	<b>18,121</b>
<b>(b) Financing facilities available:</b>		
At reporting date the following facilities had been negotiated and were available:		
Total credit facilities	13,718	14,237
Facilities used at reporting date	(9,933)	(9,384)
Facilities unused at reporting date	<b>3,785</b>	<b>4,853</b>
The major facilities are summarised as follows:		
Bank overdrafts and trade facility	3,785	4,853
Facilities unused at reporting date	<b>3,785</b>	<b>4,853</b>
Bank loans	9,933	9,384
Facilities used	(9,933)	(9,384)
Facilities unused at reporting date	-	-

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**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
(continued)

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>24. Parent Entity Information</b>		
Current assets	215	602
Total assets	71,314	57,803
Current liabilities	1,562	1,201
Total liabilities	1,562	1,201
Shareholders equity:		
Issued capital	28,477	21,272
Share based payment reserve	431	463
Retained earnings	40,844	34,867
	<b>69,752</b>	<b>56,602</b>
Profit for the year	22,389	24,978
Other comprehensive income	-	-
Total comprehensive income	<b>22,389</b>	<b>24,978</b>

**25. Deed of Cross Guarantee**

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

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

	<b>Closed Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Profit before income tax	36,806	24,483
Income tax expense	(10,072)	(7,021)
Profit after income tax	26,734	17,462
Net profit attributable to members of the parent	26,734	17,462
Other comprehensive income	-	-
Total comprehensive income	<b>26,734</b>	<b>17,462</b>
<b>Retained Earnings</b>		
Retained earnings at beginning of the year	27,381	19,719
Profit after income tax	26,734	17,462
Dividends provided for or paid	(16,412)	(9,800)
Retained earnings at end of the year	<b>37,703</b>	<b>27,381</b>

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**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
(continued)

	<b>Closed Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>25. Deed of Cross Guarantee (continued)</b>		
<b>Balance sheet</b>		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,850	4,712
Trade and other receivables	23,624	17,854
Inventories	62,424	47,622
Other current assets	302	278
Intercompany	157	209
<b>Total current assets</b>	<b>93,357</b>	<b>70,675</b>
<b>Non-current assets</b>		
Other financial assets	6,031	6,031
Plant and equipment	9,279	6,531
Right-of-use-assets	31,821	26,977
Deferred tax assets	2,324	2,267
<b>Total non-current assets</b>	<b>49,455</b>	<b>41,806</b>
<b>TOTAL ASSETS</b>	<b>142,812</b>	<b>112,481</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	31,315	25,130
Interest bearing loans and borrowings	1,294	200
Income tax payable	1,513	1,158
Provisions	1,366	1,277
Lease liabilities	4,436	3,700
<b>Total current liabilities</b>	<b>39,924</b>	<b>31,465</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	5,300	5,500
Provisions	340	332
Lease liabilities	30,637	26,068
<b>Total non-current liabilities</b>	<b>36,277</b>	<b>31,900</b>
<b>TOTAL LIABILITIES</b>	<b>76,201</b>	<b>63,365</b>
<b>NET ASSETS</b>	<b>66,611</b>	<b>49,116</b>
<b>EQUITY</b>		
Contributed equity	28,477	21,272
Reserves	431	463
Retained earnings	37,703	27,381
<b>TOTAL EQUITY</b>	<b>66,611</b>	<b>49,116</b>

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**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
(continued)

**26. Segment information**

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

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

Geographical segments	Australia		New Zealand		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>								
Sales to customers outside the Group	212,358	163,655	39,894	34,777	-	-	252,252	198,432
Other income from outside the Group	102	61	4	7	-	-	106	68
Inter-segment revenues	6,770	3,121	12	55	(6,782)	(3,176)	-	-
Total segment revenues	219,230	166,837	39,910	34,839	(6,782)	(3,176)	252,358	198,500
<b>Results</b>								
Segment results	36,806	24,484	2,228	3,982	-	-	39,034	28,466
Profit before income tax and finance costs							40,783	29,923
Finance revenue							98	2
Finance costs							(1,847)	(1,459)
Profit before income tax							39,034	28,466
Income tax expense							(11,627)	(8,448)
Profit after income tax expense							27,407	20,018
<b>Assets</b>								
Segment assets	142,812	112,481	32,707	32,313	(6,298)	(6,260)	169,221	138,534
<b>Liabilities</b>								
Segment liabilities	76,201	63,365	15,582	16,250	(350)	(409)	91,433	79,206
<b>Other segment information</b>								
Additions to property, plant and equipment, intangible assets and other non-current assets	4,255	2,557	75	487	-	-	4,330	3,044
Additions to right-of-use assets	8,984	6,824	405	2,254	-	-	9,389	9,078
Depreciation	1,489	1,203	336	327	-	-	1,825	1,530
Depreciation for right-of-use assets	4,410	4,029	1,265	1,093	-	-	5,675	5,122
Other non-cash expenses	(255)	747	144	147	-	-	(111)	894

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

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

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

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

**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
(continued)

**27. Key economic risks**

**Financial risk management**

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

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

**(a) Interest rate risk**

The Group is exposed to interest rate risk through financial assets and liabilities. The Group's main interest rate risk arises from long-term borrowings (refer Note 12).

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

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

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**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
(continued)

**27. Key economic risks (continued)**

**(a) Interest rate risk (continued)**

Financial instruments - Contractual maturities	Floating interest rate (i) \$000	Fixed interest rate maturing			Non- interest bearing \$000	Total \$000	Weighted average interest rate	
		1 year or less \$000	1 to 5 years \$000	Over 5 years \$000			Floating %	Fixed %
<b>Consolidated</b>								
<b>30 June 2022</b>								
<b>Financial assets</b>								
Cash	6,934	-	-	-	-	6,934	0.1	-
Trade receivables	-	-	-	-	21,654	21,654	-	-
Other receivables	-	-	-	-	71	71	-	-
	<u>6,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,725</u>	<u>28,659</u>		
<b>Financial liabilities</b>								
Trade and other payables	-	-	-	-	29,495	29,495	-	-
Bank loans and overdrafts	7,143	-	2,241	-	-	9,384	2.7	3.1
Lease liability	-	4,559	16,850	15,451	-	36,860	-	4.4
	<u>7,143</u>	<u>4,559</u>	<u>19,091</u>	<u>15,451</u>	<u>29,495</u>	<u>75,739</u>		

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

The Group uses a mix of fixed and variable rate debt.

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

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

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

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

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**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

**27. Key economic risks (continued)**

**(b) Foreign exchange risk**

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

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

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

**(c) Credit risk**

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

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

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

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

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

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

**(d) Liquidity risk**

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

The Group manages liquidity risk by maintaining adequate banking facilities and borrowing facilities by continuously monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities. See Note 23(b) for undrawn facilities the Group has available to further reduce liquidity risk.

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**SUPPLY NETWORK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
(continued)

**27. Key economic risks (continued)**

**(e) Capital risk management**

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

The capital structure of the Group consists of debt, which comprises the borrowings detailed in Note 12, cash and cash equivalents (refer Note 5) and equity attributable to equity holders of the parent, comprising issued capital (refer Note 16), reserves (refer Note 17) and retained earnings.

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

<b>Consolidated</b>	
<b>2023</b>	<b>2022</b>
<b>\$000</b>	<b>\$000</b>

**28. Related party transactions**

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

Transactions with related parties:

Key management personnel of the Group

Sales to related parties

Amounts owed by related parties

<b>628</b>	1,309
-	279

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

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

- (d)** Investments in controlled entities

	<b>Country of Incorporation</b>
Multispares N.Z. Limited	New Zealand
Multispares Limited	Australia
Globac Limited	Australia
Supply Network Services Limited	Australia

The controlled entities were 100% owned for the years ended 30 June 2023 and 30 June 2022.

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**SUPPLY NETWORK LIMITED**  
**DIRECTORS' DECLARATION**

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

1. In the directors' opinion:
  - (a) the financial statements and notes set out on pages 14 to 43 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; 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.
  - (c) at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 25 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 25.
2. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 30 June 2023 required by section 295A of the *Corporations Act 2001*.
3. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

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

On behalf of the Board



**G J Forsyth**  
Director

Sydney, NSW  
28 August 2023

## Independent Auditor's Report to the Members of Supply Network Limited

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Opinion

We have audited the financial report of Supply Network Limited ("the Company") and its controlled entities (collectively "the Group"), which comprises the consolidated balance sheet as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

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Key Audit Matter	How our audit addressed the key audit matter
<b>Inventory Valuation and Existence</b>	
<p>The consolidated balance sheet of the Group as at 30 June 2023 shows inventories at \$79,400,000. This represents the lower of cost and net realisable value for inventories on hand at 30 June 2023.</p> <p>We have identified the Existence and Valuation of Inventories as a Key Audit Matter due to the size of this asset.</p> <p>Also, judgement is involved in management's estimation of the net realisable value of inventories, which is based on certain assumptions.</p>	<ol style="list-style-type: none"> <li>1. In relation to Existence, we:               <ol style="list-style-type: none"> <li>(a) Considered the Group inventory count procedures at or near the year-end. We attended a number of locations where inventories are held and observed the procedures and controls in place.</li> <li>(b) We further tested these controls by performing our own test counts.</li> <li>(c) We reviewed differences between inventory counted and inventories shown in the Group's inventory records.</li> <li>(d) We reviewed records of physical movement of inventories before and after the year end to ensure that these items had been included in the correct accounting period.</li> </ol> </li>   <li>2. In relation to Valuation we:               <ol style="list-style-type: none"> <li>(a) Tested the recorded cost of a sample of items on hand at interim date to purchase invoices, including invoices for freight and other costs associated with bringing the items to their present location. We then performed analytical review of interim date valuations against 30 June stock report.</li> <li>(b) Evaluated management's process for identifying slow-moving inventories and tested the accuracy of reports used by management in making their estimates of net realisable value.</li> <li>(c) Considered the assumptions made by management and compared them with historical experience of the sale of inventories by the Group.</li> </ol> </li>   <li>3. We reviewed the accounting policies used by the Group for inventories, and the disclosures in the financial report.</li> </ol>

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Supply Network Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

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

HLB Mann Judd

**HLB Mann Judd  
Chartered Accountants**

**Sydney, NSW  
28 August 2023**



**S Grivas  
Partner**