19 May 2021

The Manager
Companies Announcement Office
Australian Securities Exchange

Dear Manager

Appendix 4D and Half Year Financial Report

Attached are the Appendix 4D and Half Year Financial Report for the period ended 31 March 2021.

An analyst briefing will be held at 10.00 am AEST today. This briefing will be webcast and is accessible via our website or at https://webcast.openbriefing.com/7355/.

Yours faithfully,

Lisa Jones

Lisa Jones
Company Secretary

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

UNITED MALT

UNITED MALT GROUP LIMITED

APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 March 2021

Results for Announcement to the Market

Key information	Half-year ended 31 March 2021 $M	Half-year ended 31 March 2020 $M	% change	Amount increase / (decrease) $ M
Revenue from ordinary activities	589.6	664.6	(11%)	(75.0)
Profit attributable to members for United Malt Group Limited	13.2	18.8	(30%)	(5.6)
Net profit after tax before significant items related to the demerger	13.2	28.5	(54%)	(15.3)
Earnings before depreciation, amortisation, interest, tax, and significant items related to the demerger	52.7	77.9	(32%)	(25.2)
Basic earnings per share (cents per share)	4.4	7.4	(41%)	(3.0)

Dividend Information	Amount per security	Franked %
Final dividend per share (paid 30 December 2020)	3.9 cents	0%
Interim dividend per share	2.0 cents	0%
Record date for determining entitlements to the interim dividend		3 June 2021
Payment date for interim dividend		18 June 2021

Additional information

Net Tangible Assets per share: $2.57 (30 September 2020: $2.56).

Additional Appendix 4D disclosure requirements can be found in the attached financial reporting for the half-year ended 31 March 2021. This report is based on the consolidated financial statements and notes which have been reviewed by PricewaterhouseCoopers.

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

For further information regarding this announcement, please contact:

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This announcement was authorised for release to ASX by the United Malt Group Limited Board of Directors.

About United Malt Group

United Malt is the fourth largest commercial maltster globally, with approximately 1.25Mtpa of capacity across 12 processing plants in Canada, United States of America, Australia and the United Kingdom. We also operate an international distribution business, which provides a full service offering for craft brewers and distillers, including malt, hops, yeast, adjuncts and related products.

UNITED MALT

Financial report

For the half-year ended
31 March 2021

Contents

Our Values: Safety, Quality, Integrity & Passion

Directors' Report

Directors

The Directors present their report on the consolidated entity (collectively the 'Group') consisting of United Malt Group Limited ('United Malt' or the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 March 2021.

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

- Graham Bradley AM (Chairman)
- Mark Palmquist (Managing Director & CEO)
- Barbara Gibson
- Jane McAloon
- Gary W. Mize (appointed 23 October 2020)
- Simon Tregoning (retired 18 February 2021)
- Terry Williamson

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

Review of Operations

COVID-19 Impact

Throughout the period United Malt's operating environment was impacted by the COVID-19 pandemic. United Malt's key operating geographies in North America and the UK were affected by the second wave of COVID-19, experiencing daily infection rates above those experienced during the second half of 2020 and during the comparative period 1H20 which was pre COVID-19.

The impact varied across each of United Malt's geographies depending on the severity and duration of lock down introduced. The restrictions imposed adversely influenced alcohol consumption, with total volume during the half below pre COVID-19 levels and a continued reduction in on-premise consumption shifting malt product demand and driving negative sales mix.

In addition, the Company continued to experience elevated operating costs in managing enhanced hygiene and social distancing protocols on site and higher supply chain costs, including container delays affecting malt exports from Australia and Canada and inbound products to the US.

The half-year ended 31 March 2021 period included the full impact of the COVID-19 lockdown restrictions compared to the pre COVID-19 prior corresponding period.

Group Financial Summary

Key Results ($M)		1H21	1H20	Change %
Revenue		589.6	664.6	(11.3)%
EBITDA[1]		52.7	77.9	(32.3)%
EBIT[2]		23.3	45.6	(48.9)%
Net finance costs		4.9	8.0	(38.8)%
Tax expense		5.2	9.1	(42.9)%
Net profit after tax		13.2	18.8	(29.8)%
Shareholder Returns				
Basic earnings per ordinary share	cents	4.4	7.4	(40.5)%
Return on equity	%	3.9%	8.6%	(4.7)pp
Return on capital employed (ROCE)	%	5.3%	8.6%	(3.3)pp
Dividend per ordinary share	cents	2.0	–	N/A

1 EBITDA is earnings before interest, tax, depreciation and amortisation, and for 1H20 excluding material non-recurring items related to the demerger.

2 EBIT is earnings before interest, tax, and for 1H20 excluding material non-recurring items related to the demerger.

Directors' Report
continued

Segment Results ($M)	1H21 Revenue	1H21 EBITDA[3]	1H20 Revenue	1H20 EBITDA[3]	% Change Revenue	% Change EBITDA[3]
Processing	453.2	39.2	511.4	62.0	(11.4)%	(36.8)%
Warehousing & Distribution	149.6	17.8	168.7	15.9	(11.3)%	11.9%
Corporate and eliminations	(13.2)	(4.3)	(15.5)	–	(14.8)%	N/A
Total	**589.6**	**52.7**	**664.6**	**77.9**	**(11.3)%**	**(32.3)%**

The Company reported net profit after tax of $13.2 million, down 30 per cent compared to $18.8m for 1H20.

Revenue declined by 11 per cent to $589.6 million, affected by the second wave of COVID-19 on our customers, reducing volumes and changing the sales mix in the Company's key geographies.

EBITDA was $52.7 million, which was slightly ahead of the guidance provided at the Company's Annual General Meeting on 18 February 2021 of $47-50 million and down 32 per cent on the prior corresponding period. In addition to lower volumes and change in sales mix reducing EBITDA delivery, the result includes a $6.3 million negative effect of the translation of earnings into Australian dollars, one-off costs related to the closure the of the Grantham facility of $3.1 million, and business transformation costs of $4.3 million. Excluding the effect of one-off costs, EBITDA for the period was $60.1 million, down 23 per cent on the prior corresponding period.

The Group results reflect additional selling, general and administrative costs and higher insurance costs in 1H21 associated with being a separately listed entity compared to the prior corresponding period.

Earnings per share were 4.4 cents compared to 7.4 cents in the prior corresponding period, reflecting lower net profit and also an increase in the weighted average number of shares on issue following the successful capital raising completed in the second half of FY20.

Segment Financial Results

In the **Processing segment** revenue declined by 11 per cent to $453.2 million reflecting volume declines, primarily related to COVID-19 lockdowns across key geographies in North America and the UK affecting on-premise consumption. Segment EBITDA fell by 37 per cent to $39.2 million with EBITDA margin impacted by a change in product mix with the shift to off-premise consumption increasing demand for base malt compared to higher margin speciality malt products pre-COVID-19.

Margin was also affected by increased freight costs and container disruption, affecting export sales from Australia and Canada. In addition, the segment performance was impacted by translation of earnings and the one-off costs related to the closure of the Grantham facility in the UK and transformation costs.

Revenue in the **Warehouse & Distribution segment** decreased by 11 per cent to $149.6 million. Segment EBITDA increased by 12 per cent to $17.8 million, reflecting improved volume and mix in the craft brewing segment, as order frequency returned with increases in off-premise supply and some reopening seen from late February. In addition, business optimisation and freight initiatives reduced costs. The prior corresponding period result included the $2.8 million aged hops inventory write off.

EBITDA margin was 11.9 per cent compared to 9.4 per cent in the prior corresponding period, reflecting lower operating costs in 1H21 and the impact of the aged hops inventory write-off in the prior corresponding period.

3 EBITDA is earnings before interest, tax, depreciation and amortisation, and for 1H20 excluding material non-recurring items related to the demerger.

Directors' Report
continued

Financial Position and Balance Sheet

Key Results ($M)		31 March 21	30 September 20	% Change
Financial Position				
Total assets	$M	1,845.7	1,886.8	(2.2)%
Total equity	$M	1,031.3	1,031.3	–%
Net assets per ordinary share	$	3.4	3.4	–%
Net debt to net debt and equity	%	25.0%	20.2%	4.8pp

Notwithstanding the challenging market conditions, United Malt remains in a strong financial position to manage in the current environment and to continue its investment in strategic growth initiatives.

Net debt at 31 March 2021 was $344.1 million compared to $261.7 million at 30 September 2020.

The gearing ratio (net debt/underlying EBITDA) was 2.4 times, which is within with the Company's target ratio of 2.0 to 2.5 times due to lower earnings and the seasonal impact of higher working capital reflecting the timing of supplier payments in the first half.

The Company expects gearing will be maintained within its target range at the end of the financial year and retains comfortable headroom within its banking covenants and has no significant near-term refinancing commitments with long-term debt facilities not maturing until November 2022.

Dividend

The Board resolved to pay an interim dividend of 2.0 cents per share. The record date for determining entitlements to the interim dividend is 3 June 2021 with scheduled payment on 18 June 2021. The dividend is unfranked.

The dividend payment represents a payout ratio of 45 per cent of NPAT for the period, which is below the Company's dividend policy to distribute approximately 60 per cent of NPAT, reflecting the current impact of COVID-19 on earnings.

Operating Cash Flow

Operating cash flow remained positive during 1H21. Working capital in the period was higher, reflecting the typical seasonal draw and timing of grower payments.

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

Future Business Prospects

While some signs of reopening are emerging in United Malt's key markets, the Company remains prepared for the varying impact of the pandemic on customer demand, supply chains and operations in the short term.

United Malt continues to implement its strategy to strengthen the business to capitalise on growth opportunities and sustainability priorities over the medium term.

This includes the upgrade and expansion of its malting capacity in the UK with the £51 million investment in the Bairds' Scottish malting facilities which will add 79,000t of capacity across the Arbroath and Inverness sites, bringing total capacity to ~300,000t per annum and improved energy efficiency outcomes.

The Arbroath site has been fully commissioned and is producing at full capacity while Inverness remains scheduled for completion in May 2022.

In Australia, the $27 million replacement of the Perth kiln is underway and scheduled for completion by October 2021. The expansion provides safety benefits, lower emissions, and the opportunity for future production capacity expansion at the plant, with further capital investment.

In addition to these initiatives, United Malt has now commenced a business transformation program to create a simplified, more efficient and effective organisation.

Directors' Report
continued

The program is made up of three core elements:

- Transition to simplified operations to create an organisational design reflecting a standalone malting company
- Process change to improve capabilities by implementing simplified and standard processes, skills and systems
- Improve operational capabilities to better leverage United Malt's network of malting production facilities and warehouse and distribution centres as one global network to deliver better outcomes for customers.

The transformation program is targeting ~$30 million in annualised net benefits by FY24.

United Malt remains well positioned to manage through the current market uncertainty which is expected to remain throughout FY21.

The current vaccination rates in the US and UK are encouraging and northern hemisphere spring/summer weather pattern should support improved activity similar to last year.

Some signs of recovery have emerged in key markets, and the Company remains prepared for the varying impact of COVID-19. Volumes are expected to remain below pre COVID-19 levels for the remainder of FY21, and United Malt expects volume to recover once restrictions on social gatherings are consistently lifted across key geographies and a return to mass gatherings, including sporting events, concerts and travel, are permitted.

Since March 2021, volume is tracking at around 95 per cent of pre COVID-19 levels. United Malt remains well placed to return to growth, once conditions stabilise, supported by its strong market positions, strategically located malting assets and our market leading distribution platform, that is well positioned to service customers' ingredient requirements.

Events occurring after the reporting period

Subsequent to the end of the period, one of the Company's UK grain storage contractors entered into formal administration. At the date of this report the Company does not have access to the facility to determine if any potential inventory deficiency may exist. Given the Company has title to the stored grain, management does not currently anticipate any material loss to arise.

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

Rounding of amounts

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

This report is made on 19 May 2021 in accordance with a resolution of the Directors.

G J Bradley AM
Chairman

Sydney
19 May 2021

Auditor's Independence Declaration

As lead auditor for the review of United Malt Group Limited for the half-year ended 31 March 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
19 May 2021

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Half-year Financial Report

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 March 2021

	Note	31 March 2021 $M	31 March 2020 $M
Revenue	1.2	589.6	664.6
Other income/(loss)	1.3	(0.1)	2.6
Raw materials and consumables used		(441.9)	(495.7)
Employee benefits expense		(56.7)	(60.9)
Finance costs		(5.2)	(9.0)
Depreciation and amortisation		(29.4)	(32.3)
Occupancy costs		(1.5)	(2.5)
Repairs and maintenance		(8.8)	(9.8)
Other expenses	1.3	(27.6)	(29.1)
Profit before income tax		**18.4**	**27.9**
Income tax expense	1.4	(5.2)	(9.1)
Profit attributable to equity holders of parent entity		**13.2**	**18.8**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Remeasurement of retirement benefit obligations		6.7	11.5
Income tax relating to these items	1.4	(2.2)	(2.5)
Items that may be reclassified to profit and loss:			
Changes in fair value of cash flow hedges		14.9	(11.9)
Income tax relating to these items	1.4	(3.9)	3.4
Exchange differences on translation of foreign operations		(17.7)	59.3
Other comprehensive income for the period, net of tax		**(2.2)**	**59.8**
Total comprehensive income attributable to the equity holders of the parent entity		**11.0**	**78.6**

	Note	Cents	Cents
Earnings per share			
Basic earnings per share	d)	4.4	7.4
Diluted earnings per share	d)	4.4	7.4

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

Consolidated Statement of Financial Position

As at 31 March 2021

	Note	31 March 2021 $M	30 September 2020 $M
Current assets			
Cash and cash equivalents	2.1	215.7	262.1
Trade and other receivables	3.1	234.7	245.4
Inventories	3.1	325.5	318.5
Derivative financial instruments	2.3	13.7	4.4
Current tax assets		5.8	5.2
Total current assets		**795.4**	**835.6**
Non-current assets			
Trade and other receivables		0.4	0.2
Derivative financial instruments	2.3	4.5	2.4
Deferred tax assets		18.7	21.7
Property, plant and equipment		626.7	620.8
Intangible assets		331.5	337.6
Right of use assets		62.1	66.4
Retirement benefit asset		6.4	2.1
Total non-current assets		**1,050.3**	**1,051.2**
Total assets		**1,845.7**	**1,886.8**
Current liabilities			
Trade and other payables	3.1	117.2	178.4
Borrowings	2.1	159.6	107.3
Lease liabilities		11.8	12.4
Derivative financial instruments	2.3	4.6	4.9
Current tax liabilities		0.9	0.7
Provisions		10.0	12.9
Total current liabilities		**304.1**	**316.6**
Non-current liabilities			
Borrowings	2.1	335.7	348.1
Lease liabilities		52.7	56.0
Derivative financial instruments	2.3	3.1	5.2
Deferred tax liabilities		89.0	93.3
Provisions		3.9	4.0
Income received in advance		18.2	19.1
Retirement benefit obligations		7.7	13.2
Total non-current liabilities		**510.3**	**538.9**
Total liabilities		**814.4**	**855.5**
Net assets		**1,031.3**	**1,031.3**
Equity			
Contributed equity		166.9	166.9
Reserves		451.1	452.6
Retained earnings		413.3	411.8
Total equity		**1,031.3**	**1,031.3**

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 March 2021

	Hedging reserve $M	Pension reserve $M	Share option reserve $M	Common Control Reserve $M	Translation reserve $M	Total reserves $M	Contributed equity $M	Retained earnings $M	Total equity $M
At 1 October 2019	**(7.8)**	**(26.4)**	**–**	**14.5**	**67.2**	**47.5**	**–**	**366.2**	**413.7**
Profit for the period	–	–	–	–	–	–	–	18.8	18.8
Other comprehensive income:									
Exchange differences on translation of foreign operations	(0.4)	(2.1)	–	–	61.8	59.3	–	–	59.3
Changes in fair value of cash flow hedges	(11.9)	–	–	–	–	(11.9)	–	–	(11.9)
Remeasurements of retirement benefit obligations	–	11.5	–	–	–	11.5	–	–	11.5
Tax effect of above items	3.4	(2.5)	–	–	–	0.9	–	–	0.9
Total other comprehensive income	**(8.9)**	**6.9**	**–**	**–**	**61.8**	**59.8**	**–**	**–**	**59.8**
Total comprehensive income for the period	**(8.9)**	**6.9**	**–**	**–**	**61.8**	**59.8**	**–**	**18.8**	**78.6**
Transactions with owners:									
Demerger-related loan extinguishment[4]	–	–	–	427.0	–	427.0	–	–	427.0
At 31 March 2020	**(16.7)**	**(19.5)**	**–**	**441.5**	**129.0**	**534.3**	**–**	**385.0**	**919.3**
At 1 October 2020	**(3.3)**	**(26.1)**	**0.8**	**441.5**	**39.7**	**452.6**	**166.9**	**411.8**	**1,031.3**
Profit for the period								13.2	13.2
Other comprehensive income:									
Exchange differences on translation of foreign operations	–	0.1	–	–	(17.8)	(17.7)	–	–	(17.7)
Changes in fair value of cash flow hedges	14.9	–	–	–	–	14.9	–	–	14.9
Remeasurements of retirement benefit obligations	–	6.7	–	–	–	6.7	–	–	6.7
Tax effect of above items	(3.9)	(2.2)	–	–	–	(6.1)	–	–	(6.1)
Total other comprehensive income	**11.0**	**4.6**	**–**	**–**	**(17.8)**	**(2.2)**	**–**	**–**	**(2.2)**
Total comprehensive income for the period	11.0	4.6	–	–	(17.8)	(2.2)	–	13.2	11.0
Transactions with owners:									
Dividends paid (note 2.2)	–	–	–	–	–	–	–	(11.7)	(11.7)
Share-based payments	–	–	0.8	–	–	0.8	–	–	0.8
Shares vested to employees	–	–	(0.1)	–	–	(0.1)	–	–	(0.1)
At 31 March 2021	**7.7**	**(21.5)**	**1.5**	**441.5**	**21.9**	**451.1**	**166.9**	**413.3**	**1,031.3**

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

4 As part of the demerger from GrainCorp Limited, the intercompany loans were repaid or forgiven as part of the establishment of the new standalone operating structure of United Malt. The impact of the loans forgiven is recognised in a separate reserve within equity.

Consolidated Statement of Cash Flows

For the half-year ended 31 March 2021

	Note	31 March 2021 $M	31 March 2020 $M
Cash flows from operating activities			
Receipts from customers		629.5	670.5
Payments to suppliers and employees		(646.0)	(661.3)
		(16.5)	**9.2**
Proceeds/(repayment) of inventory funding loans		54.3	9.5
Interest received		0.4	1.0
Interest paid		(4.4)	(11.5)
Lease payments (interest component)		(1.1)	(1.1)
Income taxes paid		(9.9)	(6.3)
Net inflow from operating activities		**22.8**	**0.8**
Cash flows from investing activities			
Payments for property, plant and equipment		(45.1)	(28.6)
Payments for computer software		(2.5)	(0.4)
Net outflow from investing activities		**(47.6)**	**(29.0)**
Cash flows from financing activities			
Proceeds from borrowings		–	272.0
Repayment of borrowings		–	(333.8)
Lease payments (principal component)		(5.4)	(5.3)
Dividends paid (note 2.2)		(11.7)	–
Net inflow/(outflow) from financing activities		**(17.1)**	**(67.1)**
Net (decrease) in cash and cash equivalents		**(41.9)**	**(95.3)**
Cash and cash equivalents at the beginning of the period		262.1	181.4
Effects of exchange rate changes on cash and cash equivalents		(4.5)	10.3
Cash and cash equivalents at the end of the period	**2.1**	**215.7**	**96.4**

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

Notes to the Financial Statements

For the half-year ended 31 March 2021

Overview

The financial report for the half-year ended 31 March 2021 includes consolidated financial statements for United Malt Group Limited ('United Malt' or the 'Company') and its controlled entities (collectively the 'Group'). United Malt Group Limited is a for-profit company incorporated and domiciled in Australia, limited by shares which are publicly traded on the Australian Securities Exchange. The financial report of United Malt for the half-year ended 31 March 2021 was authorised for issue in accordance with a resolution of the Directors on 19 May 2021.

a) Basis of preparation

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

United Malt successfully demerged from GrainCorp Limited on 23 March 2020 to form a stand-alone entity listed on the Australian Securities Exchange. While the Group has historically complied with AASB standards, this is the first half-year of preparing standalone financial statements under *AASB 1 First-time Adoption of Australian Accounting Standards*.

The half-year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements must be read in conjunction with the consolidated financial statements for the year-ended 30 September 2020 and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements for the *Corporations Act 2001* (CTH).

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

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

b) Impact of the COVID pandemic

During the reporting period, a global pandemic (COVID-19) has continued to impact people and businesses across the globe. United Malt has considered the impact of COVID-19 on the disclosures included in this financial report. The financial performance of the Group was impacted in this reporting period by the COVID-19 pandemic. Government imposed containment restrictions adversely affected on-premise alcohol consumption, and in turn demand from our customers and particularly for craft customers. While off-premise consumption increased, this was not sufficient to mitigate the decline in on-premise consumption. Despite this, United Malt remains in a strong financial position to manage in the current environment and to continue with investment in strategic growth initiatives.

c) New and amended standards adopted

The AASB has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 October 2020. The Group has assessed and determined that there are no new or amended standards applicable for the first time for the half-year ended 31 March 2021 that materially affect the Group's accounting policies or any amounts recognised in the financial statements.

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

d) Earnings per share

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial period. The weighted average number of ordinary shares for the period ended 31 March 2020 has been restated to reflect the change in the Company's capital structure as a result of the demerger from GrainCorp, as if the change had occurred at the start of the period.

On 14 May 2020, the Group announced a capital raising comprising an Institutional Placement (IP) and a Share Purchase Plan (SPP). As a result, a total of 44,895,103 new shares were issued. These shares are included when calculating the weighted average number of ordinary shares outstanding for the half-year ended 31 March 2021, but they are not included in the comparative period calculation as they were not yet outstanding.

Notes to the Financial Statements

For the half-year ended 31 March 2021

continued

1. Group Performance

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

1.1 Operating segments

a) Description of segments

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

The operating segments are as follows:

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

Corporate includes costs associated with the corporate office function for the group. Segment performance is based on a measure of EBITDA[5].

b) Performance of segments

31 March 2021	Processing $M	Warehousing & Distribution $M	Reportable segments $M	Corporate & Eliminations $M	Total $M
Reportable segment revenue					
External revenue	440.0	149.6	589.6	–	589.6
Intersegment revenue	13.2	–	13.2	(13.2)	–
Total reportable segment revenue	**453.2**	**149.6**	**602.8**	**(13.2)**	**589.6**
Segment EBITDA[5]	**39.2**	**17.8**	**57.0**	**(4.3)**	**52.7**
Net interest	(0.2)	(0.9)	(1.1)	(3.8)	(4.9)
Depreciation and amortisation	(24.3)	(5.1)	(29.4)	–	(29.4)
Profit/(loss) before income tax	**14.7**	**11.8**	**26.5**	**(8.1)**	**18.4**
Other segment information					
Capital expenditure	45.1	2.5	47.6	–	47.6
Reportable segment assets	1,358.4	256.1	1,614.5	231.2	1,845.7
Reportable segment liabilities	(228.3)	(79.5)	(307.8)	(506.6)	(814.4)

5 EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation

Notes to the Financial Statements

For the half-year ended 31 March 2021

continued

1.1 Operating segments (continued)

31 March 2020	Processing $M	Warehousing & Distribution $M	Reportable segments $M	Corporate & Eliminations $M	Total $M
Reportable segment revenue					
External revenue	495.9	168.7	664.6	–	664.6
Intersegment revenue	15.5	–	15.5	(15.5)	–
Total reportable segment revenue	**511.4**	**168.7**	**680.1**	**(15.5)**	**664.6**
Segment EBITDA[6]	**62.0**	**15.9**	**77.9**	**–**	**77.9**
Net interest	(0.3)	(1.0)	(1.3)	(6.7)	(8.0)
Depreciation and amortisation	(27.2)	(5.1)	(32.3)	–	(32.3)
Significant items related to the demerger[7]	–	–	–	(9.7)	(9.7)
Profit/(loss) before income tax	**34.5**	**9.8**	**44.3**	**(16.4)**	**27.9**
Other segment information					
Capital expenditure	28.0	1.0	29.0	–	29.0
Reportable segment assets	1,451.7	316.4	1,768.1	112.8	1,880.9
Reportable segment liabilities	(266.3)	(92.3)	(358.6)	(603.1)	(961.7)

1.2 Revenue

	31 March 2021	31 March 2020
	Total $M	Total $M
Revenue from sale of finished goods	581.2	656.6
Service and other revenue	8.4	8.0
Total revenue from contracts with external customers	**589.6**	**664.6**
Revenue recognised at point in time	589.6	661.9
Revenue recognised over time	–	2.7
Total revenue from contracts with external customers	**589.6**	**664.6**

Revenue from the sale of goods and services is recognised when the control of the goods has transferred to the customer in accordance with shipping terms. Service revenue is recorded over the time that the service is performed. Revenue is recorded at the value of consideration receivable net of discounts and goods and services tax (GST).

6 EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation, and excluding significant items related to the demerger

7 The Group defines significant items as those items not in the ordinary course of business, non-recurring and material in nature and amount. The amounts are included in other expense in the consolidated income statement and relate to costs incurred to execute the demerger from GrainCorp Limited.

1.3 Other income/(loss) and expenses

a) Other income/(loss)

	31 March 2021 $M	31 March 2020 $M
Interest income	0.3	1.0
Net gain/(loss) on foreign currency derivatives	(1.4)	0.7
Sundry income	1.0	0.9
Total other income/(loss)	**(0.1)**	**2.6**

b) Other expenses

	31 March 2021 $M	31 March 2020 $M
Travel	0.3	3.0
Consulting[8]	7.9	2.7
Marketing costs	0.6	1.2
Legal expenses[8]	1.2	1.2
Communication	3.0	3.4
Insurance	5.3	2.9
Impairment[9]	2.0	–
Financing arrangements restructuring[8]	–	5.3
Other	7.3	9.4
Total other expenses	**27.6**	**29.1**

8 Some expense items in these categories from the period ended 31 March 2020 are included in note 1.1 as significant items, as they are included in transaction costs related to the demerger from GrainCorp Limited.

9 Impairment of fixed assets at the Grantham site as a result of the closure of the operations, as announced to the ASX on 8 February 2021

1.4 Taxation

	Note	31 March 2021 $M	31 March 2020 $M
Income tax expense recognised in the consolidated income statement			
Current tax		9.4	13.9
Deferred tax		(4.3)	(4.4)
Under/(over) provision in prior years		0.1	(0.4)
		5.2	9.1
Reconciliation to effective tax rate			
(Loss)/profit subject to tax		18.4	27.9
Income tax expense calculated at 30% (2020: 30%)		5.5	8.4
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income			
Non-deductible/non-assessable items		1.4	3.8
Under provision in prior years		0.1	(0.4)
Difference in overseas tax rates		(1.8)	(2.7)
Income tax expense		**5.2**	**9.1**
Effective tax rate[10]		**28.3%**	**32.6%**
Tax (credit)/expense relating to items of other comprehensive income			
Change in fair value of cash flow hedges		3.9	(3.4)
Remeasurement of retirement benefit obligations		2.2	2.5
		6.1	(0.9)

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

2 Capital and Financial Risk Management

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

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

2.1 Net debt

	31 March 2021 $M	30 September 2020 $M
Total borrowings (note 2.1(a))	495.3	455.4
Cash and cash equivalents	(215.7)	(262.1)
Net debt	279.6	193.3
Lease liabilities	64.5	68.4
Net debt including lease liabilities	**344.1**	**261.7**

a) Borrowings

	31 March 2021 $M	30 September 2020 $M
Current		
Commodity inventory funding facilities	159.6	107.3
Total current borrowings	**159.6**	**107.3**
Non-current		
Term debt facilities	335.7	348.1
Total non-current borrowings	**335.7**	**348.1**

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

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

2.2 Dividends

On 18 November 2020, the Directors declared a dividend of 3.9 cents per share related to the six-month period ended 30 September 2020. A total amount of $11.7 million was paid during the half-year ended 31 March 2021.

Since the reporting date, the Directors have declared a dividend of 2.0 cents per fully paid ordinary share. As this dividend was declared after the reporting date, there is no liability recorded at 31 March 2021. The aggregate amount to be paid is $6.0 million, based on a record date of 3 June 2021 and payable on 18 June 2021.

Franking credits available

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

The Group intends to frank future dividends to the extent practicable, although it is anticipated that there will be limited capacity for franking credits with a substantial proportion of the Group's earnings being derived outside Australia and which therefore may not be subject to Australian income tax.

Notes to the Financial Statements

For the half-year ended 31 March 2021

continued

2.3 Financial instruments and risk management

a) Classification of financial instruments

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

	31 March 2021		30 September 2020	
$M	**Current**	**Non-current**	**Current**	**Non-current**
Derivative assets				
Derivative financial instruments – fair value through profit and loss				
Foreign currency derivatives	2.6	0.2	2.9	0.6
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	11.1	4.3	1.5	1.8
Total derivative assets	**13.7**	**4.5**	**4.4**	**2.4**
Derivative liabilities				
Derivative financial instruments – fair value through profit and loss				
Commodity futures and options	0.3	–	0.1	–
Foreign currency derivatives	3.8	1.5	2.8	0.6
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	0.5	0.1	2.0	2.5
Interest rate swap contracts	–	1.5	–	2.1
Total derivative liabilities	**4.6**	**3.1**	**4.9**	**5.2**

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

- **Level 1** financial instruments held by the Group are instruments which are traded on an active market. The fair value of these financial instruments is the quoted market settlement price on the reporting date.
- **Level 2** financial instruments held by the Group are financial instruments that are not traded on an active market. The fair value is determined using valuation techniques which maximise observable market data and rely as little as possible on entity-specific estimates.
- **Level 3** financial instruments do not have quoted market prices available. If one or more of the significant inputs is not based on observable market data, the instrument is level 3. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Management considers the valuation of these financial instruments to be an area of judgement.

All derivative financial instruments are considered Level 2 financial instruments.

3 Operating Assets and Liabilities

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

3.1 Working capital

	31 March 2021 $M	30 September 2020 $M
Trade receivables	234.7	245.4
Inventories	325.5	318.5
Trade and other payables	(117.2)	(178.4)
	443.0	**385.5**

a) Trade and other receivables

	31 March 2021 $M	30 September 2020 $M
Trade receivables	212.7	226.9
Allowance for doubtful receivables	(1.1)	(1.4)
	211.6	**225.5**
Prepayments	17.9	15.7
Other receivables	5.2	4.2
Total current trade and other receivables	**234.7**	**245.4**

b) Inventories

	31 March 2021 $M	30 September 2020 $M
Raw materials	182.5	185.1
Work in progress	10.2	9.9
Finished goods	132.8	123.5
Total inventories	**325.5**	**318.5**

c) Trade and other payables

Current	31 March 2021 $M	30 September 2020 $M
Trade payables	60.4	88.7
Accrued expenses	53.6	86.4
Income received in advance	2.1	2.0
Other payables	1.1	1.3
Total current trade and other payables	**117.2**	**178.4**

4 Group Structure & Other

4.1 Events subsequent to reporting date

Subsequent to the end of the period, one of the Company's UK grain storage contractors entered into formal administration. At the date of this report the Company does not have access to the facility to determine if any potential inventory deficiency may exist. Given the Company has title to the stored grain, management does not currently anticipate any material loss to arise.

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

Directors' Declaration

In the Directors' opinion:

a) The financial statements and notes set out on pages 8 to 21 are in accordance with the *Corporations Act 2001 (CTH)*, including:
   i. Complying with Accounting Standards, the *Corporations Regulations 2001 (CTH)* and other mandatory professional reporting requirements; and
   ii. Giving a true and fair view of the consolidated entity's financial position as at 31 March 2021 and of its performance for the half-year ended on that date; and

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

This declaration is made on 19 May 2021 in accordance with a resolution of the Directors.

G J Bradley AM
Chairman

Sydney
19 May 2021

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of United Malt Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Consolidated Statement of Financial Position as at 31 March 2021, the Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Consolidated Statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 March 2021 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Other matters

United Malt Group Limited did not, nor was required to, produce a half-year financial report for the half-year ended 31 March 2020. As disclosed in the Basis of Preparation section of the half-year financial report, United Malt Group Limited successfully demerged from GrainCorp Limited on 23 March 2020 to form a stand-alone entity listed on the Australian Securities Exchange. While the Group has historically complied with AASB standards, this is the first time of preparing standalone half-year financial statements under AASB 1 First-time Adoption of Australian Accounting Standards. The corresponding figures included in the Consolidated statement of profit or loss and other comprehensive income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and their related notes have therefore not previously been included in a financial report.

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Responsibilities of the directors for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Brett Entwistle
Partner

Sydney
19 May 2021