Lynch Group Holdings Limited

Appendix 4D
Condensed consolidated interim financial statements
for the half-year ended 29 December 2024
ASX Listing Rule 4.2A.3

ABN 35 608 543 219

This report should be read in conjunction with the Lynch Group Holdings Limited Annual report for the year ended 30 June 2024

Contents

Reporting Period

Current reporting period	Previous reporting period
Half-year ended 29 December 2024 from 1 July 2024 to 29 December 2024 (26 weeks)	Half-year ended 31 December 2023 from 3 July 2023 to 31 December 2023 (26 weeks)

Results for announcement to the market

	Half-year December 2024 $000s	Half-year December 2023 $000s	Percentage change
Revenue from ordinary activities	196,523	186,579	Up 5.3%
Loss from ordinary activities after tax attributable to members[1]	(2,660)	(30,468)	Up 91.3%
Earnings before interest, tax, depreciation, amortisation and impairment	14,872	16,686	Down 10.9%
Net loss for the period attributable to members[1]	(2,660)	(30,468)	Up 91.3%

[1] Loss from ordinary activities after tax attributable to members and Net loss of the period attributable to members for the half-year ended December 2023 includes a non-cash impairment cost in relation to the China Group of cash-generating unit of $30.1m

Explanation of results

Please refer to the Review of Operations contained within the Directors' Report for further information on the results for the period including the significant features of operating performance.

Dividends or dividend distribution plan

Declared and paid to ordinary shareholders during the period	Cents per share	Franking %
Interim dividend declared on 19 February 2025 for half-year ended December 2024 expected to be paid on 19 March 2025	5.0 cents	100% franked
Final dividend declared on 21 August 2024 for financial year ended June 2024 and paid on 18 September 2024	8.0 cents	100% franked

There was no dividend reinvestment plan during the half-year ended December 2024, June 2024 or December 2023.

Earnings per share

	Half-year December 2024 (cents)	Half-year December 2023 (cents)
Basic earnings per share[1]	(2.18)	(24.96)
Diluted earnings per share[1]	(2.18)	(24.96)

[1] For the half-year ended December 2023, Basic earnings per share and Diluted earnings per share include a non-recurring impairment cost in relation to the China Group of cash-generating unit of $30.1m. Excluding the impairment, Basic earnings per share and Diluted earnings per share would have been a loss of 0.29 cents

Net tangible assets per share

	Half-year December 2024 (cents)	Half-year December 2023 (cents)
Net tangible asset backing per ordinary share[1]	33.78	32.79

[1] Net tangible assets include Right-of-use assets of $39,537,000 (December 2023: $43,014,000) and Lease liabilities of $42,550,000 (December 2023: $46,159,000)

Parent entity, subsidiaries and joint ventures

The ultimate parent entity of the consolidated Group is Lynch Group Holdings Limited. As at December 2024 the Group has no associates or joint ventures.

Control gained over entities

There were no entities in which control was gained during the period.

Review and status

The Appendix 4D, condensed consolidated interim financial statements (including the notes to the financial statements) have been reviewed. A copy of the Independent Auditor's Review Report is included following the financial statements.

Dated 19 February 2025

The directors present their report, together with the condensed consolidated interim financial statements, of Lynch Group Holdings Limited (**company**) and its controlled entities (**Group**) for the half-year ended 29 December 2024. The directors report as follows:

Reporting periods

The current reporting period is the half-year ended 29 December 2024. This is the 26-week period from 1 July 2024 to 29 December 2024 and is referred to as **December 2024** throughout the Directors' Report, condensed consolidated interim financial statements and notes to the condensed consolidated interim financial statements.

The comparative reporting period is the half-year ended 31 December 2023. This is the 26-week period from 3 July 2023 to 31 December 2023 and is referred to as **December 2023** throughout the Directors' Report, condensed consolidated interim financial statements and notes to the condensed consolidated interim financial statements.

Directors

The directors of the company at any time during or since the end of the half-year are:

Patrick Elliott (Chair)
Peter Arkell
Peter Clare
Elizabeth Hallett
Hugh Toll

All directors have been in office since the start of the half-year and until the date of this report.

Principal activity

The principal activity of the Group is the horticultural production and wholesale of flowers and plants. No significant change in the nature of the principal activity of the Group occurred during the financial period.

Review of operations

The results of the Group are disclosed in the condensed consolidated interim financial statements. Non-AASB financial measures are financial measures other than those defined or specified under all relevant accounting standards. The Group uses non-AASB financial measures to monitor and report on the performance of the business on an ongoing basis. In particular, the Group reports on Earnings before interest, tax, depreciation, and amortisation (EBITDA) and Underlying EBITDA, as the board and management of the Group believe that these are the best measures of the underlying performance of the business. These measures are in common and widespread use across the sectors in which the business operates and have not been subject to review by Deloitte Touche Tohmatsu.

Key metrics achieved by the Group during the half-year are as follows:

- The revenue of the Group for the half-year was $196.5m (2023: $186.6m)
- The EBITDA[1] of the Group for the half-year was $14.9m (2023: $16.7m)
- The Underlying EBITDA[2] of the Group for the half-year was $16.5m (2023: $16.7m)
- The loss of the Group for the half-year after providing for income tax amounted to $2.7m (2023: $30.5m)

- The NPATA[3] of the Group for the half-year was $1.1m (2023: $2.2m)
- The underlying earnings per share for the half-year was a profit of 0.87 cents (2023: loss of 0.29 cents)
- The earnings per share for the half-year was a loss of 2.18 cents (2023: loss of 24.96 cents)
- The net tangible assets per share for the half-year was 33.78 cents (2023: $32.79 cents)

A reconciliation between statutory and underlying reported key metrics is noted below:

EBITDA to NPATA reconciliation	**Statutory $'000**	**Underlying adjustments[4] $'000**	**Non cash amortisation $'000**	**Underlying reported total $'000**
EBITDA[1,2]	**14,872**	**1,676**	**-**	**16,548**
Depreciation and amortisation	(13,034)	-	-	(13,034)
Financing costs	(3,516)	-	-	(3,516)
Taxation	(982)	(503)	-	(1,485)
Loss of the period	**(2,660)**	**1,173**	**-**	**(1,487)**
Amortisation of acquired intangible assets (net of tax)	-	-	2,553	2,553
NPATA[3]	**(2,660)**	**1,173**	**2,553**	**1,066**

Non-AASB financial measures include:

[1] EBITDA is Earnings before interest, tax, depreciation, amortisation and impairment
[2] Underlying EBITDA is Earnings before interest, tax, depreciation, amortisation and impairment adjusted for non-recurring costs
[3] NPATA is Net loss after tax adjusted for amortisation and non-recurring costs including impairment of goodwill
[4] Underlying adjustments relate largely to the cost of implementation of the Group's new cloud-based ERP (SAP) and are expensed in accordance with the Accounting Standards, further details are set out below

A reconciliation between statutory and underlying earnings per share is noted below:

Earnings per share reconciliation	**Statutory Cents**	**Underlying adjustments**	**Non-cash amortisation Cents**	**Underlying reported total Cents**
Basic earnings per share	(2.18)	0.96	2.09	0.87
Diluted earnings per share	(2.18)	0.96	2.09	0.87

The financial results for the current reporting period were impacted by the following significant factors:

Australia revenue and EBITDA

- Revenue has increased during the first half from growth in the floral category as resilient demand for quality supermarket product continues
- Launch of new brands and steady sale or return store numbers have also contributed to growth
- Potted products have continued to underperform relative to floral as consumer demand resets from the peaks of 2021 / 2022

- Underlying EBITDA is up 7.2% outperforming revenue growth from a combination of range management, maturation or profit improvement initiatives and disciplined cost control
- Underlying EBITDA margin has improved demonstrating stability in a period of constrained consumer spending
- Key Christmas event proved challenging due to industrial action impacting a major customer, however still delivered a satisfactory result following collaborative efforts between teams
- Automated bouquet making lines added improving labour productivity particularly during major events
- Cloud-based ERP (SAP) system upgrade well progressed with underlying adjustments of $1.5m recognised during the first half

China revenue and EBITDA

- Revenue has increased during the first half from additional tulip and export volumes with revenue from roses neutral compared to previous half
- China EBITDA has remained subdued with rose pricing continuing to underperform in environment of weak spending
- Chinese government policies announced during the half aimed at stimulating the economy are yet to deliver a noticeable improvement with no discernable change in conditions or sentiment
- Operational execution and costs were well controlled with volume improvements achieved and costs in line with expectations
- Production capacity increased by 1ha during the half-year bringing the total developed area to 85ha with further significant expansion works remaining on hold reflecting market conditions

Impairment of goodwill and other intangible assets

At the interim balance date, determining whether goodwill and other intangible assets are impaired requires an assessment as to the existence of any indicators of impairment, and if such indicators exist, to then undertake a formal impairment assessment which involves an estimation of the higher of 'fair value less cost of disposal' and 'value in use' of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

As at 29 December 2024, the Group identified that there continued to be indicators of impairment and have conducted impairment testing at 29 December 2024. No impairments were recognised as a result of this impairment test.

Funding

The Group has separate debt funding in place in Australia and China. In Australia, the Group has a $75.0m debt facility from the Commonwealth Bank of Australia. At the balance sheet date $50.0m was drawn and is recorded as non-current borrowings, $2.5m was utilised for bank guarantees and the remaining $22.5m was undrawn. In China, $3.3m of debt from the Bank of China and $2.0m of debt from Yunan Rural Credit Cooperatives were both fully drawn at the balance sheet date and are a combination of current and non-current borrowings. The directors believe this level of funding is appropriate to support the business to deliver its future strategies.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the half-year period.

Matters subsequent to the end of the financial period

Matters subsequent to the end of the financial period are the following:

Dividends

In respect of the half-year ended December 2024, the directors have declared an interim dividend of 5.0 cents per share ($6.1m in total) franked to 100% at 30% corporate income tax. The record date of the dividend is 5 March 2025, and the dividend is expected to be paid on 19 March 2025.

In respect of the half-year ended December 2023, a dividend of 4.0c per share ($4.9m in total) franked to 100% at 30% corporate income tax was declared on 21 February 2024 and was paid to holders of ordinary shares of the company on 20 March 2024.

Economic environment

The volatile economic environment in both Australia and China continues to impact the Group to the date of this report.

At the current time, in Australia the wider economy continues to experience a period of cautious consumer spending and elevated interest rates. This environment may affect consumer spending on discretionary items such as those offered by the Group. Some products sourced by the Group in Australia are purchased directly in foreign currency and accordingly the Group is exposed to foreign exchange rate movement. Material weakness in the AUD / USD rate can have a material adverse effect on the Group, including reduced consumer demand for products or increased costs to produce and distribute products.

In China weak consumer confidence is impacting pricing of domestic product with average domestic pricing down on prior year levels. Prolonged weakness in the China market, particularly in relation to consumption of discretionary items, may have a material impact on the Group's financial performance in future periods.

The Group notes macro-economic conditions (including consumer confidence and cost of living) is a key risk for the Group. The extent that any future impact from macro-economic conditions has on the Group's operational and financial performance will depend on certain developments, including the nature and duration of any disruptive events, any regulations imposed by governments and the impact on customers, employees, and the Group's supply chain, all of which are uncertain and cannot be predicted at this time. The Group may face difficulty in achieving business growth during and in the aftermath of economic or market volatility particularly due to the Group's relatively complex and time critical supply chain.

As at the date of these financial statements are authorised for issue, the directors of the company have assessed that there is not expected to be a material financial impact that may affect the Group's ability to continue as a going concern.

Other

Other than as noted above, there has not been any other matter or circumstance occurring subsequent to the end of the period that 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 in future periods.

Likely developments

The Group expects to continue to grow its present level of operations, both in Australia and China. In Australia, the Group intends to continue driving the penetration of the convenience purchase segment (including supermarkets) component of the overall floral market. In China, the Group remains confident in the medium to long term outlook for the floral market in China and intends to continue to serve new and existing customers.

Indemnification of officers and auditors

The Group has a contract insuring the directors of the Group, the Company Secretary and all Executive Officers of the Group and of any related body corporate against a liability incurred as such a director, secretary or Executive Officer to the extent permitted by the *Corporations Act 2001* (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the half-year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company

During or since the end of the half-year, no person has applied to the court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings in respect of the Group, or to bring or intervene in any proceedings on behalf of the Group.

Environmental regulations

The Group is subject to various states and federal environmental regulations and has procedures in place to manage the Group's environmental responsibilities and compliance. No material breaches of the requirements or any environmental issues have been identified during the period, and to the best of the directors' knowledge and belief, all activities have been undertaken in compliance with environmental regulations.

Rounding amounts

ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191, dated 24 March 2016, applies to the Group and consequently the amounts in the Directors' Report and the condensed consolidated interim financial statements are rounded to the nearest thousand dollars unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out following the notes to the condensed consolidated interim financial statements.

This report is made in accordance with a resolution of directors, pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

On behalf of the directors

Patrick Elliott	**Hugh Toll**
Chair and Non-Executive Director	**Chief Executive Officer and Managing Director**

19 February 2025
Sydney

Lynch Group Holdings Limited
Condensed consolidated interim Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 29 December 2024

	Note	Half-year December 2024 $'000	Half-year December 2023 $'000s
Continuing operations			
Revenue			
Total revenue	2	196,523	186,579
		196,523	**186,579**
Add: income			
Other income		340	83
Less: expenses			
Changes in inventories		5,473	2,103
Raw materials and consumables used		(111,110)	(102,173)
Employee benefits expenses		(28,864)	(27,186)
Contractors' expenses		(21,418)	(19,112)
Freight expenses		(12,981)	(12,658)
Depreciation and amortisation expense		(13,034)	(12,132)
Selling and marketing expenses		(242)	(262)
Occupancy expenses		(1,261)	(845)
Other expenses		(11,588)	(9,843)
Finance costs		(3,516)	(3,296)
Impairment of goodwill	5	-	(30,119)
		(198,201)	**(215,440)**
Loss before income tax expense		**(1,678)**	**(28,861)**
Income tax expense	3	(982)	(1,607)
Loss for the period		**(2,660)**	**(30,468)**
Other comprehensive profit/(loss) that will subsequently be reclassified to profit/(loss)			
Foreign currency translation differences		7,304	(1,595)
Cash flow hedges – effective portion of changes in fair value net of tax		1,912	(993)
Other comprehensive profit/(loss), net of tax		**9,216**	**(2,588)**
Total comprehensive profit/(loss) attributable to: owners of Lynch Group Holdings Limited		**6,556**	**(33,056)**
Earnings per share for loss attributable to ordinary shareholders		**Cents**	**Cents**
Basic	6	(2.18)	(24.96)
Diluted	6	(2.18)	(24.96)

The Condensed consolidated interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements

Lynch Group Holdings Limited
Condensed consolidated interim Statement of Financial Position
As at 29 December 2024

	Note	December 2024 $'000	June 2024 $'000
ASSETS			
Current assets			
Cash and cash equivalents		17,082	32,345
Trade and other receivables		29,289	19,897
Inventories		16,755	10,522
Biological assets	4	8,330	6,039
Current tax assets		397	-
Other assets		6,555	6,210
Total current assets		**78,408**	**75,013**
Non-current assets			
Property, plant and equipment		87,359	85,324
Right-of-use assets		39,537	41,136
Intangible assets	5	154,601	154,561
Total non-current assets		**281,497**	**281,021**
Total assets		**359,905**	**356,034**
LIABILITIES			
Current liabilities			
Trade and other payables		51,633	44,231
Current tax liabilities		-	5
Lease liabilities		5,794	5,530
Borrowings		3,309	4,154
Provisions		8,302	8,164
Total current liabilities		**69,038**	**62,084**
Non-current liabilities			
Lease liabilities		36,756	39,139
Borrowings		51,723	50,909
Provisions		4,662	3,951
Deferred tax liabilities		1,892	1,158
Total non-current liabilities		**95,033**	**95,157**
Total liabilities		**164,071**	**157,241**
Net assets		**195,834**	**198,793**
EQUITY			
Issued share capital		245,653	245,653
Reserves		18,577	9,111
Accumulated losses		(68,396)	(55,971)
Total equity		**195,834**	**198,793**

The Condensed consolidated interim Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements

Lynch Group Holdings Limited
Condensed consolidated interim Statement of Changes in Equity
For the half-year ended 29 December 2024

	Note	Issued capital $'000	Foreign currency translation reserve $'000	Statutory surplus reserve $'000	Share-based payments reserve $'000	Cash flow hedge reserve $'000	Accumu-lated losses $'000	Total $'000
Balance at July 2023		**245,653**	**4,463**	**4,274**	**422**	**206**	**(16,492)**	**238,526**
Loss for the period		-	-	-	-	-	(30,468)	(30,468)
Other comprehensive loss for the period		-	(1,595)	-	-	(993)	-	(2,588)
Total comprehensive loss for the period		**-**	**(1,595)**	**-**	**-**	**(993)**	**(30,468)**	**(33,056)**
Dividends paid		-	-	-	-	-	(8,545)	(8,545)
Share based payments		-	-	-	250	-	-	250
Balance at December 2023		**245,653**	**2,868**	**4,274**	**672**	**(787)**	**(55,505)**	**197,175**
Balance at July 2024		**245,653**	**4,125**	**4,274**	**795**	**(83)**	**(55,971)**	**198,793**
Loss for the period		-	-	-	-	-	(2,660)	(2,660)
Other comprehensive profit for the period		-	7,304	-	-	1,912	-	9,216
Total comprehensive profit for the period		**-**	**7,304**	**-**	**-**	**1,912**	**(2,660)**	**6,556**
Dividends paid	8	-	-	-	-	-	(9,765)	(9,765)
Share based payments		-	-	-	250	-	-	250
Balance at December 2024		**245,653**	**11,429**	**4,274**	**1,045**	**1,829**	**(68,396)**	**195,834**

The Condensed consolidated interim Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements

Lynch Group Holdings Limited
Condensed consolidated interim Statement of Cash Flows
For the half-year ended 29 December 2024

	Note	Half-year December 2024 $'000	Half-year December 2023 $'000
Cash flows from operating activities			
Receipts from customers		203,590	195,607
Payments to suppliers and employees		(197,639)	(184,695)
Receipts from other income		6	124
Interest and other costs of finance paid		(3,454)	(3,221)
Income taxes paid		(1,373)	(2,538)
Net cash generated by operating activities		**1,130**	**5,277**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(3,985)	(7,733)
Net cash used in investing activities		**(3,985)**	**(7,733)**
Cash flows from financing activities			
Proceeds from bank loans		217	2,530
Repayment of bank loans		(650)	(2,530)
Dividends paid	8	(9,765)	(8,545)
Repayment of principal component of lease liabilities		(2,636)	(2,752)
Net cash used in financing activities		**(12,834)**	**(11,297)**
Net decrease in cash and cash equivalents		**(15,689)**	**(13,753)**
Cash at the beginning of the period		**32,345**	**36,409**
Effect of movement in foreign exchange rate		426	253
Cash at the end of the period		**17,082**	**22,909**

The Condensed consolidated interim Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements

A. Reporting entity

Lynch Group Holdings Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia. The company's shares are publicly traded on the Australian Securities Exchange. The company and its controlled entities ('the Group') is a for profit entity. The principal activity of the Group and its subsidiaries is the horticultural production and wholesale of flowers and plants.

B. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting.*

All amounts are presented in Australian dollars, unless otherwise noted. All values have been round to the nearest thousand unless otherwise stated, in accordance with ASIC Corporations Instrument 2016/19. The financial report has been prepared on a going concern basis.

The condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the Group as the annual financial report. As such, this report should be read in conjunction with the annual financial report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2024, and do not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

C. Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Intangible assets

Useful lives and residual value of intangible assets (excluding goodwill and indefinite life assets) are reviewed annually. Judgement is applied in determining the useful lives of intangible assets. Any reassessment of useful lives and residual value in a particular period will affect amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future periods.

D. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below or elsewhere in the financial statements.

Impairment of goodwill and other intangible assets

At the interim balance date, determining whether goodwill and other intangible assets are impaired requires an assessment as to the existence of any indicators of impairment, and if such indicators exist, to then undertake a formal impairment assessment which involves an estimation of the higher of 'fair value less cost of disposal' and 'value in use' of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

As at 29 December 2024, the Group identified that there continued to be indicators of impairment and have conducted impairment testing at 29 December 2024. No impairments were recognised as a result of this impairment test.

1. Segment performance

Segment information is reported in a manner consistent with internal reporting that is provided to the Chief Operating Decision Maker ('**CODM**'). The CODM is the Board of Directors. The CODM is responsible for allocating resources and assessing the performance of operating segments.

Identification of reportable operating segments

The Group is organised into two operating segments:

- **Australia:** the Australian segment operates a vertically integrated production farm and wholesale operation in Australia
- **China:** the China segment operates a production farm and distribution operation in China, primarily supplying the domestic China market as well as the Australian segment

Information about reportable operating segments

The CODM reviews Revenue and Earnings before interest, tax, depreciation, and amortisation (EBITDA) at an operating segment level. Depreciation and amortisation, finance costs and income tax expense are reviewed at a Group level. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. There is no aggregation of operating segments. The information reported to the CODM is on a monthly basis.

It is the Group's policy that business support or corporate costs that are not directly attributable to an operating segment are allocated to the Australian segment which is the Group's largest segment on the basis that the majority of these resources are utilised by the Australia segment.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Seasonality

The Australian segment is affected by seasonality where December, February and May are months with higher sales due to Christmas, Valentine's Day and Mother's Day events. Sales during spring reflect increase in demand of plant products. The segment's external revenue is derived predominately from sales to major supermarkets in Australia.

The China segment is affected by seasonality where volumes are generally higher in the summer months (June, July and August) however pricing is generally lower during the same months due to increased competition in the China domestic market. The segment's external revenue is derived predominately from sales to major supermarkets, wholesalers and online marketplaces in China and supplying the Australia segment.

Major customers

During the half-year ended December 2024 approximately 71% (half-year ended December 2023: 73%) of the Group's external revenue was derived from sales to major supermarkets in Australia including Coles, Woolworths and ALDI.

Intersegment transactions

Intersegment transactions are made at market rates. The Australia operating segment purchases floral and other products from the China operating segment. Intersegment transactions are eliminated on consolidation. Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Segment performance, assets and liabilities for the current and previous half-year is outlined below:

Half-year ended December 2024	**Australia $'000**	**China $'000**	**Intersegment eliminations $'000s**	**Total $'000**
Segment revenue – sales to customers				
Flowers	139,010	43,566	(10,764)	171,812
Plants	24,711	-	-	24,711
	163,721	**43,566**	**(10,764)**	**196,523**
EBITDA	**12,958**	**1,914**	**-**	**14,872**
Depreciation and amortisation				(13,034)
Finance costs				(3,516)
Loss before income tax expenses				**(1,678)**
Income tax expense				(982)
Loss after income tax expense				**(2,660)**
Segment assets	**331,083**[1]	**152,419**[1]	**(123,597)**	**359,905**
Segment liabilities	**138,884**	**148,784**	**(123,597)**	**164,071**

[1] Includes capital additions of $1,081,000 in Australia and $3,692,000 in China

Half-year ended December 2023	**Australia $'000**	**China $'000**	**Intersegment eliminations $'000s**	**Total $'000**
Segment revenue – sales to customers				
Flowers	128,261	36,379	(7,423)	157,217
Plants	29,362	-	-	29,362
	157,623	**36,379**	**(7,423)**	**186,579**
EBITDA	**13,657**	**3,209**	**-**	**16,686**
Depreciation and amortisation				(12,132)
Finance costs				(3,296)
Profit before income tax expense and impairment				**1,258**
Impairment of goodwill				(30,119)
Loss before income tax expense				**(28,861)**
Income tax expense				(1,607)
Loss after income tax expense				**(30,468)**
Segment assets	**334,171**[1]	**149,988**[1]	**(119,298)**	**364,861**
Segment liabilities	**143,475**	**143,509**	**(119,298)**	**167,686**

[1] Includes capital additions of $2,024,000 in Australia and $6,161,000 in China

2. Revenue

Revenue is comprised of the following:

	Half-year December 2024 $'000	Half-year December 2023 $'000
Sales of goods – Flowers	171,812	157,217
Sales of goods - Plants	24,711	29,362
	196,523	**186,579**

3. Income tax

The major components of income tax expense, including current and deferred income tax, in the condensed consolidated statement of profit or loss are set out below:

	Half-year December 2024 $'000	Half-year December 2023 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate:		
Loss before income tax expense	**(1,678)**	**(28,861)**
Tax at the statutory tax rate of 30% (2023: 30%)	(503)	(8,658)
Tax effect amounts which are not deductible in calculating taxable income:		
Impairment of goodwill	-	9,036
Other non-deductible items	(26)	103
	(26)	**9,139**
Difference in overseas tax rates	1,511	1,126
Income tax expense	**982**	**1,607**

4. Biological assets

Movement in the carrying value of biological assets is as follows:

	Half-year December 2024 $'000
Carrying amount as at June 2024	6,039
Net fair value increase[1]	334
Increase due to purchases[1]	42,271
Decrease due to harvest[1]	(40,314)
Carrying amount as at December 2024	**8,330**

[1] 'Net fair value increase' and 'decrease due to harvest' amounts exclude fair value movements (in excess of cost) relating to items sold during the period totalling $7,171,000. Therefore the 'net fair value increase' shown of $334,000 represents the change in the fair value amount included in closing biological assets compared to opening biological assets. The 'decrease due to harvest' of $40,314,000 represents the costs of biological assets harvested during the period, excluding fair value movements.

5. Intangible assets

The Group's intangible assets, which are considered to be non-current, are comprised of the following:

	Goodwill $'000	Brand Names $'000	Databases $'000	Computer software $'000	Customer relationships $'000	Total $'000
Cost						
At June 2024	**144,999**	**17,023**	**6,589**	**6,714**	**60,175**	**235,500**
Exchange differences	1,757	382	-	80	866	3,085
At December 2024	**146,756**	**17,405**	**6,589**	**6,794**	**61,041**	**238,585**
Accumulated amortisation and impairment						
At June 2024	**(30,119)**	**-**	**(6,589)**	**(6,509)**	**(37,722)**	**(80,939)**
Charge for the period	-	-	-	(19)	(3,015)	(3,034)
Exchange differences	-	-	-	-	(11)	(11)
At December 2024	**(30,119)**	**-**	**(6,589)**	**(6,528)**	**(40,748)**	**(83,984)**
Carrying amount						
At June 2024	**114,880**	**17,023**	**-**	**205**	**22,453**	**154,561**
At December 2024	**116,637**	**17,405**	**-**	**266**	**20,293**	**154,601**

Allocation of indefinite life intangible assets to cash generating units

	December 2024 $'000	June 2024 $'000
Goodwill		
Australia Group of CGUs	86,605	86,605
China Group of CGUs	30,032	28,275
	116,637	**114,880**
Brand Names		
Australia Group of CGUs	10,870	10,870
China Group of CGUs	6,535	6,153
	17,405	**17,023**

Movement associated with the China Group of CGUs for Goodwill and Brand Names is entirely attributable to foreign currency translation differences.

Impairment

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired. During the financial half-year, the Group identified that there were indicators of impairment and have conducted impairment testing at 29 December 2024.

Australia Group of CGUs

The directors assessed the recoverable amount of the Australia Group of CGUs and determined there was no impairment. The recoverable amount of the Group of CGUs was determined based on value-in-use valuation model. The value-in-use calculation is based on forecasts approved by the board from January 2025 to June 2026. The cash flows are then projected based on consistent growth assumptions to the end of the 5-year discrete period. A terminal value is then determined based on an extrapolation of cash flows beyond the 5-year discrete period using a terminal growth rate of 2.0% (June 2024: 2.0%). The net cash flows were then discounted using a post-tax discount of 10.5% (June 2024: 10.5%).

The directors have assessed that any reasonable possible change in key assumptions will not lead to an impairment.

China Group of CGUs

The recoverable amount of the China Group of CGUs has been determined based on a value-in-use valuation model. The value-in-use calculation is determined using forecasts approved by the board from January 2025 to June 2026, based on the conditions existing at the end of the half-year.

At the interim balance date, determining whether goodwill and other intangible assets are impaired requires an assessment as to the existence of any indicators of impairment, and if such indicators exist, to then undertake a formal impairment assessment which involves an estimation of the higher of 'fair value less cost of disposal' and 'value in use' of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Ongoing subdued levels of consumer confidence in China during the first half of the current financial year have continued to impact demand for and pricing of the Group's products in the China domestic market. Consumer confidence and spending in the China market remain weak for discretionary items.

The Group remains confident in the recovery of pricing and optimistic in the long-term opportunity and profitability of the China market and have prepared a value-in-use model which reflects a recovery in pricing throughout FY25-FY27 followed by consistent growth assumptions to the end of a 5-year discrete period. A terminal value is then determined based on an extrapolation of cash flows beyond the 5-year discrete period using a terminal growth rate which does not exceed the long-term inflation rate. Due to the increased uncertainty with respect to the challenging economic conditions expected in China for the next twelve months and beyond, along with a softening in pricing resulting from these conditions, the rate used to discount the cash flows has included an additional premium to reflect the elevated risk.

No impairments were recognised as a result of this impairment test.

The following key assumptions were used in determining the value-in-use valuation model for the China Group of CGUs:

- Post-tax discount rate: 14.65% (June 2024: 14.65%)
- Terminal growth rate: 2.5% (June 2024: 2.5%)
- Revenue growth rate based on a gradual price recovery in FY25-FY27 to approximate FY22 prices and a consistent growth rate of 2.5% thereafter (June 2024: 2.5%)
- Cost of goods sold (COGS) escalation: 2.5% (June 2024: 2.5%)

The Group has also performed a sensitivity analysis considering reasonable changes in key assumptions, including discount rate, terminal growth rate, revenue growth and COGS escalation rates.

The changes in the following table to assumptions used in the impairment review would, in isolation, lead to a decrease in the recoverable amount of the China Group of CGUs.

	Change in impairment recognised	
	Sensitivity applied	**Unfavourable $'000s**
Post tax discount rate	+ 1.0%	(10,328)
Terminal growth rate	- 0.5%	(3,666)
Revenue growth rate	-1.0%	(15,619)
COGS escalation	-1.0%	(6,370)

6. Earnings per share (EPS)

	Half-year December 2024 $'000	Half-year December 2023 $'000
Loss after tax attributable to owners of the company	**(2,660)**	**(30,468)**
	Number	**Number**
Weighted average number of Ordinary shares – Basic EPS	122,066,112	122,066,112
Weighted average number of shares – Diluted EPS	122,066,112	122,066,112
	Cents	**Cents**
Basic earnings per share	(2.18)	(24.96)
Diluted earnings per share	(2.18)	(24.96)

7. Financial instruments

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
December 2024				
Assets				
Biological assets	-	-	8,330	8,330
Derivatives – forward foreign exchange contracts	-	2,951	-	2,951
	-	**2,951**	**8,330**	**11,281**
June 2024				
Assets/(liabilities)				
Biological assets	-	-	6,039	6,039
Derivatives – forward foreign exchange contracts	-	(6)	-	(6)
	-	**(6)**	**6,039**	**6,033**

Derivatives for forward foreign exchange contracts totalling $2,951,000 have been presented in other assets. The balance as at June 2024 of $6,000 has been presented in trade and other payables. There were no transfers between levels during the period. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Market risk - foreign currency transaction risk

The Group transacts in currencies other than the currency of the primary economic environment in which it operates. Notably both the Australian and China operations are exposed predominately to purchases in United States Dollars (USD) with other currencies making up an immaterial amount. In order to protect against exchange rate movements, the Group enters into forward foreign exchange contracts to hedge currency risk associated with highly probable forecasted foreign currency cash flows for the ensuing financial year. The Group's current risk management policy is to hedge approximately 50% of anticipated foreign currency purchases that are forecast to be incurred over a forward 6-month period. All hedges taken out during the period were effective.

The Group's exposure to material foreign currency financial items at balance date, expressed in Australian Dollars (AUD) is as follows:

Consolidated	December 2024 USD exposure $'000	December 2024 AUD equivalent $'000	June 2024 USD exposure $'000	June 2024 AUD Equivalent $'000
Foreign currency trade payables	3,416	5,500	1,952	2,946

The sensitivity of the Group's transactional currency risk is estimated by assessing the impact of a 10% increase and a 10% decrease in the AUD / USD exchange rate would have on the profit or loss of the Group at balance date.

	Movement in AUD/USD exchange rate %	Increase/ (decrease) in profit or loss $'000
As at December 2024		
Foreign currency trade payables	+10%	(550)
	-10%	550
As at June 2024		
Foreign currency trade payables	+10%	(295)
	-10%	295

It is noted that the above sensitivity is not fully representative of the inherent transaction foreign exchange risk as the balance date exposure shown above does not reflect the foreign exchange exposure of transactions and balances during the course of the period. The above also does not reflect foreign currency risk associated with foreign subsidiaries.

Market risk – foreign currency translation risk

The Group includes certain subsidiaries located in China whose functional currency of Chinese Yuan (CNY) is different to the Group's presentation currency of AUD. On consolidation the assets and liabilities of these subsidiaries are translated into AUD at exchange rates prevailing on the balance date. The income and expense of these entities are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the foreign currency translation reserve. The Group's future reported profits/(losses) are impacted by changes in exchange rates between AUD and CNY.

Noted below is Group's loss for half-year ended December 2024 and loss for the half-year ended December 2023 attributable to Chinese Yuan (CNY):

Consolidated	December 2024 CNY exposure $'000	December 2024 AUD equivalent $'000	December 2023 CNY exposure $'000	December 2023 AUD Equivalent $'000
Chinese Yuan (CNY) loss for the period after tax	21,470	4,543	16,972	3,574

The sensitivity of the Group's translated foreign currency risk is estimated by assessing the impact that a 10% increase and a 10% decrease in the AUD / CNY exchanges rate would have on profit or loss reported for half-year ending December 2024 and December 2023:

Chinese Yuan profit or loss	Movement in annual average AUD/CNY exchange rate %	Increase/ (decrease) in profit or loss $'000
Half-year December 2024	+10%	453
	-10%	(453)
Half-year December 2023	+10%	(357)
	-10%	357

Market risk - interest rate risk

The Group's main interest rate risk arises from cash on hand and borrowings which are not presently hedged. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings as at December 2024 of $55,032,000 (December 2023: $55,150,000) are variable rate principal and interest payment loans. Minimum principal repayments of $3,309,000 (December 2023: $4,944,000) are due during the period ending December 2025. The below table considers the impact to profit or loss of a movement in the interest rates for the full current year on the outstanding borrowing balance as at December 2024:

		+ change $'000	-change $'000s
Change in interest rate	+/- 50 basis points	275	(275)

8. Dividends

Dividends paid or determined by the company to its shareholders are as follows:

	Cents per share	Total amount $000s	Date of payment
Determined after end of half-year ended December 2024			
2025 financial year – interim	5.0	6,103	19 March 2025
Declared and paid during the half-year ended December 2024			
2024 financial year - final	8.0	9,765	18 September 2024

9. Contingent liabilities

At the date of this report the Group has utilised guarantee facilities with Commonwealth Bank of Australia in respect of bank guarantees provided totalling $2,533,000. These guarantee facilities are not expected to be settled. There are no additional claims or contingent liabilities that are expected to materially impact, either individually or in aggregate, the Group's financial position or results from operations.

10. Events subsequent to reporting date

Dividends
In respect of the half-year ended December 2024, the directors have declared an interim dividend of 5.0 cents per share ($6.1m in total) franked to 100% at 30% corporate income tax. The record date of the dividend is 5 March 2025, and the dividend is expected to be paid on 19 March 2025.

Economic environment
The volatile economic environment in both Australia and China continues to impact the Group to the date of this report.

At the current time, in Australia the wider economy continues to experience a period of cautious consumer spending and elevated interest rates. This environment may affect consumer spending on discretionary items such as those offered by the Group. Some products sourced by the Group in Australia are purchased directly in foreign currency and accordingly the Group is exposed to foreign exchange rate movement. Material weakness in the AUD / USD rate can have a material adverse effect on the Group, including reduced consumer demand for products or increased costs to produce and distribute products.

In China weak consumer confidence is impacting pricing of domestic product with average domestic pricing down on prior year levels. Prolonged weakness in the China market, particularly in relation to consumption of discretionary items, may have a material impact on the Group's financial performance in future periods.

The Group notes macro-economic conditions (including consumer confidence and cost of living) is a key risk for the Group. The extent that any future impact from macro-economic conditions has on the Group's operational and financial performance will depend on certain developments, including the nature and duration of any disruptive events, any regulations imposed by governments and the impact on customers, employees, and the Group's supply chain, all of which are uncertain and cannot be predicted at this time. The Group may face difficulty in achieving business growth during and in the aftermath of economic or market volatility particularly due to the Group's relatively complex and time critical supply chain.

Other
There are no further matters which have arisen since the end of the period ended 29 December 2024 which have significantly affected or may significantly affect the operations or results of the Group or the state of affairs of the Group in subsequent financial periods.

Director’s Delcaration

The directors of Lynch Group Holdings Limited declare that, in their opinion:

- there are reasonable grounds to believe that Lynch Group Holdings Limited will be able to pay its debts as and when they become due and payable;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 29 December 2024 and of its performance for the financial half-year ended on that date; and
- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements

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

On behalf of the Directors

Patrick Elliott
Chair and Non-Executive Director

Hugh Toll
Chief Executive Officer and Managing Director

19 February 2025
Sydney

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The Board of Directors
Lynch Group Holdings Limited
8B Williamson Road
Ingleburn NSW 2565

19 February 2025

Dear Directors,

Auditor's Independence Declaration to Lynch Group Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Board of Directors of Lynch Group Holdings Limited.

As lead audit partner for the review of the half year financial report of Lynch Group Holdings Limited for the half year period ended 29 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Damien Cork
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report
to the Members of Lynch Group Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Lynch Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 29 December 2024, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes to the financial statements, including material accounting policy information and other explanatory information, 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 the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 29 December 2024 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.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities 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 29 December 2024 and 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Damien Cork
Partner
Chartered Accountants

Sydney, 19 February 2025

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Hugh Toll

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Australia Securities Exchange
Lynch Group Holdings Limited shares are quoted on the Australia Securities Exchange (ASX code: LGL)