20 February 2026

ASX Release

1H earnings in line with AGM guidance; higher costs drive lower FY26 guidance with strong 2H uplift expected

Inghams Group Limited (ASX: ING) (Inghams, Company, Group) today announced its FY26 interim (1H26) financial results.

Key points

- Underlying EBITDA pre AASB 16 of $80.6 million, in line with 2025 AGM guidance, down 35.0% on the prior corresponding period (PCP), and Net Profit after Tax of $18.1 million, down 64.9%
- 1H26 earnings impacted by higher costs, driven by excess inventory, supply chain transition and customer on-boarding costs
- Core poultry volumes declined 0.7% versus PCP; return to volume growth in Q2 supported by new business wins driving further customer diversification
- Group Net Selling Prices (NSP) increased 1.4%, driven by improved wholesale pricing up 4.5% versus PCP
- New Zealand remained resilient, with stable and efficient operations and strong branded performance
- Reducing FY26 guidance for Underlying EBITDA pre AASB 16 to between $180.0 million and $200.0 million

Commenting on the 1H26 results, Inghams' CEO and Managing Director, Ed Alexander, said: "Pre AASB 16 earnings of $80.6 million for the first half of FY26 were disappointing, with the results impacted by the cost of managing excess inventory and supply chain transition inefficiencies as the business implemented an operational reset following customer changes experienced in FY25.

"Given the timing of these impacts, and the pace at which operational efficiency is being restored, we have updated our FY26 guidance to reflect a second half earnings outlook that, while lower than previously expected, still represents a strong uplift over the first half result.

"Importantly, the fundamentals of the business continue to strengthen. Inghams returned to volume growth in the second quarter, prices grew across Australia and New Zealand supported by improved Wholesale market fundamentals, and we have reduced inventory which is supporting a return to normalised production settings into the third quarter and improved operating efficiency.

"Measures are in place to restore operational performance and unit costs in the second half, including improved planning, supply chain stabilisation and targeted operational initiatives across farming and processing.

"With improved inventory levels and momentum returning across the core business, earnings are expected to improve through the second half and into FY27."

Key Financial Results[1]	1H26	Variance to 1H25	
		Change	%
Core Poultry Volume (kt)	232.6	(1.6)	(0.7)
Total Poultry Volume (kt)	294.1	(0.3)	(0.1)
Net Selling Price (NSP) ($/kg)	6.43	9.0c/kg	1.4
Revenue	**1,610.3**	**(1.0)**	**(0.1)**
EBITDA ($M)	**139.2**	**(71.2)**	**(33.8)**
Underlying EBITDA pre AASB 16 ($M)	80.6	(43.4)	(35.0)
Underlying EBIT pre AASB 16 ($M)	49.0	(45.3)	(48.0)
NPAT ($M)	**18.1**	**(33.4)**	**(64.9)**
Underlying NPAT pre AASB 16 ($M)	21.3	(32.5)	(60.4)
Leverage	2.4x	0.6x	-
Cash conversion (%)	113.1	18.6pp	-
Dividends (fully franked) (cps)	4.0	(7.0)	-

1. A reconciliation between As Reported and Underlying pre AASB 16 amounts is included in the 1H26 financial results investor presentation which has been lodged with the ASX and is available on the Inghams Group website.

INGHAMS GROUP

Inghams delivered 1H26 EBITDA (post AASB 16) of $139.2 million, down 33.8% versus PCP, reflecting the impact of cost headwinds primarily in the Australian operations, and conversion of growers to variable performance-based contracts over the last 18 months. Underlying EBITDA pre AASB 16 was $80.6 million, in-line with AGM guidance but down 35.0% versus PCP, while Net Profit after Tax (NPAT) was $18.1 million, down 64.9%.

Revenue was broadly in-line with PCP at $1,610.3 million. Group NSP grew 1.4% to $6.43/kg, largely offsetting a 0.7% decline in core poultry volumes versus PCP. External feed revenue declined 9.9%, driven by lower external feed sales (-4.4%) and lower feed input prices which saw selling prices decline 5.7%.

Total costs increased 5.0% (+$69.7 million) versus PCP. Key drivers of elevated costs in 1H26 included management of excess inventory ($19.0 million), incremental supply chain and logistics costs ($6.7 million), lower farming performance ($3.8 million), and Ingleburn transition inefficiencies ($1.8 million). In addition, general cost inflation was seen across labour, ingredients & cooking oil, utilities, and packaging costs, with the conversion of 68 growers to variable performance-based contracts over the last 18 months resulting in an increase in operating costs of $29.5 million versus PCP, which is largely offset by lower AASB 16 depreciation and interest charges.

The Group has made solid progress against its cost reduction program during 1H26, and internal feed costs declined further during 1H26 (-$24.9 million).

Cash conversion increased 18.6 percentage points to 113.1%, driven by an inventory reduction of $24.3 million.

AUSTRALIA

Australian revenue in 1H26 was broadly in-line with PCP at $1,354.5 million. Total poultry revenue grew 0.5%, driven by growth of 0.6% in core poultry revenue, partially offset by a decline in by-products revenue (-6.7%) due to lower market pricing for poultry tallow.

Core poultry volumes declined 0.5% versus PCP, with lower Woolworths volumes (-16.1%) offset by strong growth across non-Woolworths Retail (+16.6%) and QSR (+9.0%), reflecting new business wins. Core poultry NSP growth of 1.1% was underpinned by Retail growth of 1.5% and Wholesale growth of 3.9%.

External feed revenue for the period declined 9.1% due to lower volumes and pricing, with the decline in NSP driven by lower key feed input costs.

Total costs increased 6.4% (+$75.3 million) versus PCP. In addition to cost inflation across salaries & wages, ingredients & oil, utilities, and packaging, 1H26 cost growth reflected elevated cost-to-serve with the on-boarding of new business, supply chain transition inefficiencies, and the impact of inventory reduction measures. The conversion of further growers to variable performance-based contracts resulted in an increase in Australian operating costs of $30.8 million versus PCP, which is largely offset by lower AASB 16 depreciation and interest charges. Lower internal feed costs (-$23.8 million) reflected the sustained improvement in market pricing of key feed inputs over the past 12 months.

NEW ZEALAND

New Zealand remained resilient, with stable and efficient operations and strong branded performance.

Revenue was $255.8 million, down 0.4% versus PCP. In local currency (NZD) terms, revenue increased 1.4%. An increase in total poultry revenue of 1.0% was driven by growth in both core poultry revenue (+1.0%) and by-products revenue (+2.3%). Feed revenue declined 11.7% due to lower volumes and pricing.

Core poultry volumes declined 1.6% due to lower Other Poultry Product (OPP) sales as a result of the closure of several key export markets during the period. Excluding OPP, core poultry volumes increased 2.7% versus PCP. Core poultry NSP increased 4.4% in NZD terms, reflecting strong branded product performance.

Total costs declined by 2.5% (-$5.6 million) compared to PCP. This improvement was achieved through lower internal feed costs (-$1.1 million), and lower repairs & maintenance, consulting and contractor costs.

The appreciation in the Australian dollar during the period contributed to a decline in New Zealand EBITDA (in AUD terms) of approximately $0.8 million versus PCP.

BALANCE SHEET & DIVIDENDS

Inventories declined $24.3 million versus the FY25 year-end, reflecting the success of targeted initiatives to address elevated poultry inventory levels that built up during the second half of FY25.

Net debt increased $35.7 million to $466.1 million, broadly in line with capital expenditure of $47.6 million during the period.

Leverage at 27 December was 2.4 times Underlying EBITDA pre AASB 16, above the upper end of the Company's internal policy range of 1.0 to 2.0 times. The elevated leverage position reflects a combination of lower EBITDA pre

AASB 16 over the trailing 12 months and higher net debt from lower earnings and ongoing capital expenditure programs.

The Board has declared a fully franked interim dividend of 4.0 cents per share, representing a payout ratio of 70%, within the Company's target range of 60-80% of Underlying NPAT (post AASB 16).

FY26 GUIDANCE & OUTLOOK

Inghams is reducing its guidance for FY26 Underlying EBITDA pre AASB 16 to between $180.0 million and $200.0 million[1] (previously $215.0 million to 230.0 million).

A key driver of the guidance revision relates to the timing of the realisation of the operational improvements that are being made. The measures that have been implemented are taking longer than initially anticipated to translate into financial results and are now expected to be more heavily weighted towards the final quarter of FY26. The flat first half performance for the New Zealand business has also contributed to the revised outlook.

Inventory levels have returned to desired levels, and production settings have normalised as the Group has moved into the third quarter, supporting improved network efficiency.

There are initiatives in place to restore unit cost performance through the second half, including supply chain stabilisation measures, enhanced planning procedures, and various other targeted operational initiatives that were already underway.

With volume growth returning and operational fundamentals improving, the Company remains well positioned for improved earnings momentum through 2H26 and into FY27.

MARKET BRIEFING

Inghams will hold a market briefing at 11.00am today, 20 February, hosted by Ed Alexander (Chief Executive Officer and Managing Director) and Gary Mallett (Chief Financial and Commercial Officer).

The webcast can be viewed using the following link: https://meetings.lumiconnect.com/300-431-047-532

This announcement has been authorised by the Inghams Group Limited Board of Directors.

Marta Kielich
Company Secretary

Investors & Media
Brett Ward
brward@inghams.com.au
+61 437 994 451

[1] FY26 guidance takes into account several key factors, including current operating performance, full period effect of Woolworths Australia supply agreement, a sustained improvement in the price of key feed inputs and Wholesale channel average pricing somewhat above FY25 levels.