50th Annual Report

The Independent Liquor Group (Suppliers) Co-operative Limited

Australia's Largest Liquor Co-operative, proudly servicing the liquor industry since 1975.

Contents

Introduction

Our Mission

We are committed to ensure the success and longevity of independents in the liquor industry, empowering you with the strength and benefits of belonging to Australia's largest member owned liquor co-operative.

Our members are the key to our success!

Our Vision

Taking a leadership position
We challenge ourselves to be the best in everything we do from procurement, marketing, education, logistics, and business excellence

Member benefit
Constantly striving to provide benefits that include shareholding rewards, retail support, co-op structure, independence, Australian-owned and operated, flexibility, innovative technology, art studio, bi-annual conference

Mutually beneficial supplier partnerships
We are continually improving the quality and effectiveness of our partnerships with Suppliers to encourage increased support and investment with the ultimate goal to make our members' business more profitable. To investigate and identify service providers that could benefit from our extensive membership base.

Best practice logistics
To continue to be recognized as the Industry leader in logistics services by seeking to always achieve flexible solution-based outcomes

Industry experience
Democratically elected Board drawn from its shareholder members that leads the business and directs management to achieve strategic and commercial objectives. The business seeks to attract and retain the best available and experienced talent.

Co-operative Principles

1. Voluntary and open membership
Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic member control
Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are organised in a democratic manner.

3. Member economic participation
Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

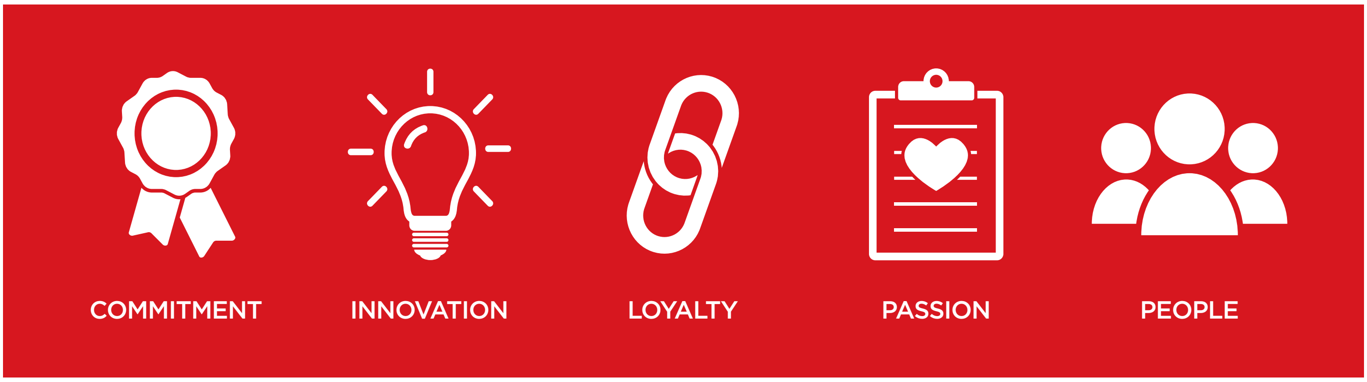
4. Autonomy and independence
Co-operatives are autonomous, self help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, training and information
Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operation.

6. Co-operation among co-operatives
Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for the community
While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

Our Values



Registered Trademarks

BOTTLER Your local liquor specialist

SUPERCELLARS YOUR TASTE. OUR SPECIALTY.

FINE WINE, SPIRITS & BEER FLEET STREET MERCHANTS

PUBmart

CLUB mart

liquorSTOP warehouse YOUR ONE STOP LIQUOR SHOP

Other Brands

EXPRESS BOTTLER

EXPRESS SUPERCELLARS

LIQUOR WORLD

ilgop Your Partner for On Premise Liquor

REGISTERED OFFICE
16 Tyrone Place, Erskine Park
NSW 2759

AUDITOR
Grant Thornton
Level 17, 383 Kent St
Sydney NSW 2000

BANKER
Commonwealth Bank
of Australia

ILGS MANAGEMENT

Paul Esposito
Chief Executive Officer

Karen Anderson
Chief Financial Officer

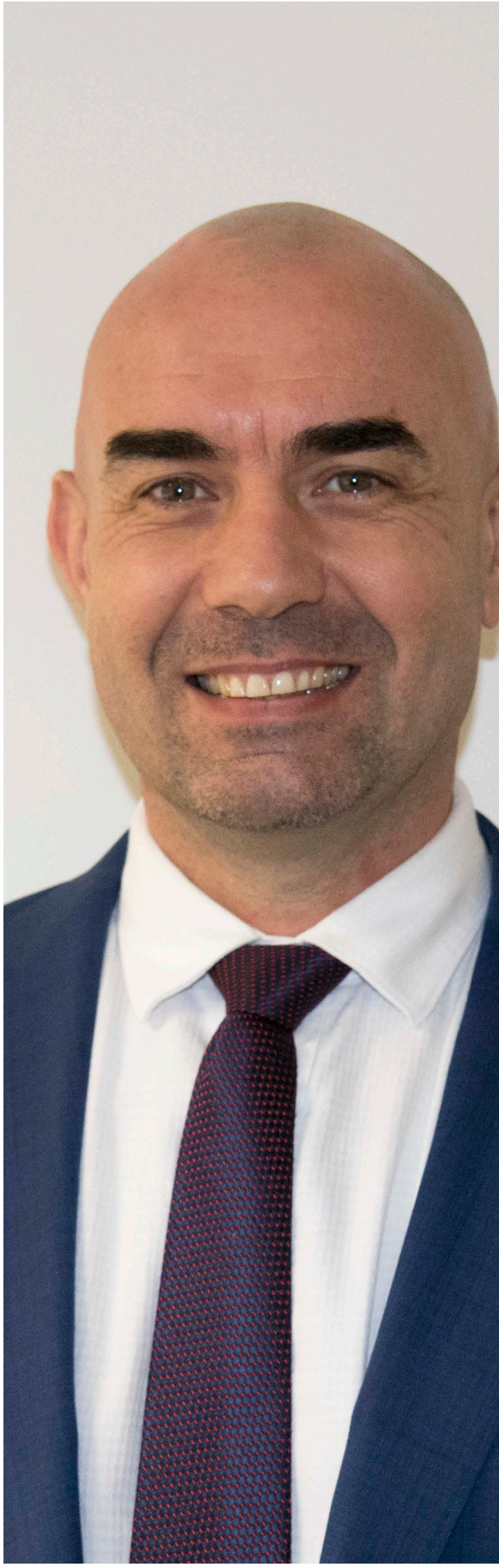
Jason Olesen
National Logistics Manager

Michael Cole
Head of IT

Maria Limsico
Corporate & Administrative
Affairs Manager

Tony Oliverio
Trading Manager

Chairman's Report



Dear Members,

The Year 2025 is a year of celebration.

50 Years of Leading and Supporting Independents in the Industry:

Before I begin, I'd like to share something personal.

My life has always been with ILG. ILG is family.

I have witnessed the Co-operative go through its highs and lows, but never once losing sight of what ILG is and what it stands for. The values, the community, and the vision have remained constant anchored in the strength of our people and the spirit of independence. This journey has been more than just professional; it has been personal, and I am proud to have walked it with you all.

We are celebrating our 50th Golden Anniversary this year. From 1975 to 2025, we have been leading and supporting independents in the liquor industry. Our strategic goals are to continue forging a comprehensive service package that keeps ILG members competitive and successful in the market. We continue to support our members to increase store sales via our e-commerce initiatives and digital marketing.

Throughout history, the Co-operative story has been proven successful. Collectively, our members now own the warehouse in Erskine Park and Townsville. This strong financial position has provided stability for the growth of ILG even in the most challenging times.

Just in time to celebrate our 50th Anniversary, our new "built-for-lease" distribution centre in Swanbank QLD is near completion, and we have now been granted early access. My special thanks to our Director Mr. Sergio Colosimo, who has tirelessly led this project from scratch to completion. With the new DC, we are confident that our QLD members will receive the best possible services from our team.

Financials:
Even faced with economic headwinds and lower consumer confidence, we've maintained steady growth in our Group sales revenue, from $524 million last year to $530 million in FY 2025. We've paid out $14.8 million in members rebates, compared to $13.5 million last year. In addition, we've returned $4.2 million of non-cash benefit to members, including ecommerce, signage and branding services.

As communicated last year to our members, the Board and management have adopted a long-term strategy in funding ILG's growth out of working capital instead of incurring debts. As a result, the Board only anticipated a small profit for FY 2025.

• Since FY 2024, we have invested greatly in our workforce to ensure that we continue to deliver the best service to our members and to facilitate future growth.

• We continue to invest heavily in e-commerce and digital wallet/ marketing apps so that our members can enjoy the benefits of e-commerce and improve their revenue.

• With rapid membership growth in QLD, we secured a new "built-for-lease" warehouse in Swanbank QLD and our cashflow funded the fit-out works.

• The maximised membership rebate and non-cash benefit hurt our bottom-line, but they contribute to the sustainability of our members in this uncertain and difficult economy.

All of the above investments have laid a solid foundation for the future of ILG. This echoes the benefit of having a Board of all member-directors: We plan for long-term sustainability, rather than chasing short-term profit. It takes great courage to adhere to this strategy, especially when we are faced with uncertain economy. I would like to thank our membership for allowing and supporting the Board to focus on these long-term strategies. My special thanks go to CEO Paul Esposito, CFO Karen Anderson and our Executive Management Team for their leadership, commitment and contribution to ILG. Without their support, ILG would not have achieved another record year of growth.

Governance and Excellence
The Board and the CEO continued to drive for whole-of-organisational governance best practices. In July 2024, we have engaged Recovery Partners, a national safety consultancy firm to further develop our work health and safety management system in accordance with industry best practice. We have also invested and implemented an WHS online management platform- WHS Monitor to automate and modernise the way we manage WHS. People is at the centre of our value; safety and safe practice is our fundamental commitment to this value. Between October and December 2025, ILG will seek certification and recognition under ISO45001 – International Standards for Occupational Health and Safety Management System.

The Board engaged a risk and resilience consultant to facilitate and help management team to revisit and update our business continuity plan to focus on agile crisis management and response. This work started in June 2025 and will continue through October 2025, which will build the resilience capability of the Co-operative in dealing with unexpected business interruptions.

As part of the Internal Audit and Assurance Program, ILG conducted its first Cyber Security Maturity Assessment in accordance with Essential Eight Framework. We are making our best endeavours to ensure data security and privacy in our systems.

I'd like to acknowledge the leadership of my fellow directors and our Company Secretary Susie Zhong in driving these initiatives, together with the invaluable contribution and commitment from our CEO, CFO, Executive Managers and the ILG team in achieving excellence and best practice in our organisational performance.

Collaboration and Engagement:
We are extremely grateful to our suppliers for your continued contribution to the Co-operative. Without your support, we will not be able to service our members and customers across the Easten Seaboard. While we are all experiencing economic challenges in Australia, your support is invaluable to the sustainability and growth of ILG.

To our retail members, I extend my deepest gratitude for your loyalty to the Co-operative. We have gone through so much together. Your resilience and entrepreneurship are the success factors for ILG and for the independence in our industry.

Our core values: Commitment, Innovation, Loyalty, Passion, and People, are the pillars upon which our Co-operative stands for the last 50 years and there are more years to come. In closing, I would like to thank all ILG staff for their contribution and dedication to the success and longevity of independents in our industry.

Yours Faithfully,

Damien Bottero | Chairman of the Board

CEO's Report

Dear Members,

I would like to welcome you to this year's annual report. As we reflect on the past financial year, I am proud to report It has been another outstanding year for ILG. This year's results continue to highlight the success and momentum ILG has experienced over the years. These results are driven by passionate members and staff alike, with a want to build a stronger ILG.

FY25 continued to break records; highlighted by an uplift in sales revenue, record return to members and record membership. These results have been delivered on the back of a strong strategic plan to futureproof ILG.

FY25 HIGHLIGHTS

- Sales Revenue increased from $524M to a record high of $530M.
- ILG underlying EBIT reported was $14.675m before member benefits.
- Members benefits paid $14.838m
- Non-Cash Benefits to members $4.2m
- ILG welcomed 280 new members
- ILG increased sales revenue by 1.09%
- Supercellars increased sales revenue by 4.5%
- Bottler increased sales revenue by 1%
- Fleet Street increased sales revenue by 2%
- NSW increased sales revenue by 5%
- QLD decreased sales revenue by 4.6% due to changing trading with Asahi PB
- Victoria increased sales revenue by 9%.
- Ecommerce sales revenue increased by 136%

ILG total liquor sales revenue increased by 1.09% for FY25 and 21% over the last three years. This was driven by improved sales in our non-bannered channel, growth in our retail banners and new members joining the Cooperative. The ILG wholesale network currently services 1,764 members/customers. Our tier 1 banners consist of 368 Supercellars stores, 399 Bottler stores, 34 Fleet Street stores and 865 Express tier 2 stores.

While we are proud of these achievements, it's important to address the decision made regarding our financial strategy. We opted not to refinance our debt, choosing instead to utilise cash flow to invest in our strategic plan for a new site in SE QLD, , and enhance our ecommerce and digital solutions. While these investments are vital for long-term growth, along with the current economic climate they have resulted in a small profit position for F25. We believe that these strategic initiatives will better position ILG for future success.

Looking forward, even with the cost-of-living pressures, I expect momentum to continue, and we will welcome new members to ILG. Our initiatives remain clear: delivering sustainable growth while simplifying our business operations for our members.

Based on our strategic plan, our focus will be:

- Continue to grow our membership base.
- Grow revenue and volume.
- Deliver value for our members.
- Grow member benefits and provide better subsidies.
- Provide an e-commerce platform for our members free of charge.
- Expand into other markets.

I would like to thank my staff for their support, and for their commitment and contribution. I would like to also thank the ILG Board for their continued support and the assistance they provide in achieving our goals.

Most of all, I would like to thank the ILG members and supplier members for another record year and your unwavering support. Together, we will navigate the challenges ahead and we will emerge stronger and more unified.

I am looking forward to what will be another successful year for our Cooperative and thank you for being part of the journey.

Warm Regards,

Paul Esposito
Chief Executive Officer

2025 at a glance

$14.8M IN REBATES PAID TO ILG MEMBERS

REVENUE INCREASED
FROM $524M TO A RECORD HIGH OF **$530 MILLION**

ILG WELCOMED **280** **NEW MEMBERS**
WITH OVER 1900 ACCOUNTS

E-COMMERCE SALES REVENUE INCREASED BY **136%**

NON-CASH BENEFITS TO MEMBERS **$4,200,000**

EBIT
EARNINGS BEFORE INTEREST, TAXES & MEMBER BENEFITS
$14.7M

Member Benefits

Business Development Workshops

This year's workshops were a tremendous success, with an average of fifteen participants per session – the perfect size for fostering robust discussions while maintaining an intimate atmosphere. Facilitator Peter Hall ensured that everyone had the chance to voice their objectives and gain valuable insights.

We introduced an exciting update to the program this year with the addition of the ILG Digital Solutions, encouraging members to engage with their Business Development Executives (BDEs) to explore how digital tools can add value to their operations.

The retail courses covered all facets of liquor retailing, sparking fresh ideas between Peter and the participants. The hospitality courses focused on key areas such as stock control, margin boosting, expense management, and staff supervision.

These workshops attracted a diverse mix of new staff, who left feeling inspired by the insights, and current staff, who appreciated the valuable refreshers. Each session wrapped up with case studies, allowing participants to assess their own skills in real-world scenarios.

Attending these complimentary courses is not just a learning opportunity but a strategic advantage for your business. They equip your team with essential skills to improve operational efficiency, boost margins, and enhance customer service, all of which contribute directly to the bottom line. Plus, with the introduction of digital solutions, participants gain a competitive edge by staying ahead of industry trends.

These workshops are in high demand, so be sure to check upcoming dates and connect with your ILG BDE for more information. This is a member benefit and an opportunity not to be missed!

"I just wanted to extend a sincere thank you for an amazing workshop.

The trainer Peter was outstanding, and the content truly encouraged my team to view our business from a fresh perspective.

Even with 25 years in the hospitality industry, I found it incredibly valuable to be reminded of key areas I'd unintentionally shifted focus from.

I brought along my Head Chef and Restaurant Manager, and the very next day, both approached me with constructive ideas to enhance the customer experience and implement cost-saving measures.

That kind of immediate engagement speaks volumes.

Events like this show that ILG genuinely understands what matters to its customers and is committed to making a meaningful difference in the industry"

- Michael Kinahan, Grafton District Golf Club & Function Centre

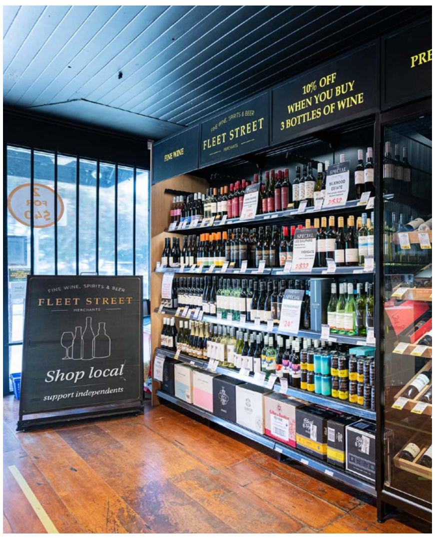
Retail Services Support

Our Retail Services Team continues to work diligently, helping more members enhance their store layouts and overall presence. We're excited by the strong response to this member benefit, which has proven to add significant value to your business.

A well-optimised store layout is more than just aesthetics; it plays a direct role in driving customer engagement, boosting sales and ensuring a smooth shopping experience. By maximizing the flow, visibility, and appeal of your store, you're not only satisfying customers but also increasing their likelihood to return.

In today's highly competitive retail environment, having a distinctive store layout gives you a crucial edge. It reinforces your brand's uniqueness and helps capture more foot traffic. This free service is a valuable tool for strengthening your business – ensuring that you're set up for success.

Take advantage of this tailored support from our team to elevate your store's appeal and create a better shopping experience for your customers! Reach out to your BDE today!



Let’s Get Together Events

ILG recognises the importance of member engagement being one of the most powerful tools for business growth. ILG’s calendar of events offers you invaluable opportunities to build and strengthen those connections. Throughout the year, our events—ranging from conferences and trade expos to social gatherings like golf days and race days—provide a platform for members to exchange ideas, share insights, and foster meaningful partnerships.

By participating in these events, you’ll have the chance to expand your professional network stay ahead of industry trends, collaborate, learn as well as strengthen relationships. Meeting like-minded fellow members, potential business partners and suppliers can help your business thrive. It keeps you updated on the latest market developments, innovations and opportunities that can benefit your business.

Our events are carefully crafted to create both formal and informal environments for learning, connecting and having fun. Make sure you take full advantage of ILG’s let’s get togethers to help grow your network and ultimately, your business.

Ownership & Security

We take delight in sharing the recent market valuations of the co-operative's distribution centres in NSW and QLD.

Built in 2007 for $18M, our Erskine Park depot in Sydney has appreciated to $45.7M. *(Based on a 2023 bank evaluation)*

Purchased in 2015 for $4.5M, our Townsville depot in Far North Queensland appreciated to $6.7M. *(Based on a 2023 bank evaluation)*

Our Board of Directors

The members voice, working closely together in the best interest of the membership

DAMIEN BOTTERO
Pittwater Cellars
Chairman of the Board

CHRIS GRIGORIOU
Fairfield West Cellars
Deputy Chairman

ROBERT MCGHEE
Hillside Hotel
Director

SERGIO COLOSIMO
Bella Vista Hotel
Director

RIPPLE PAREKH
Foodworks Lake Cargellico
Director

TRACY HATCH
Wellshot Hotel
Director

SHAUGHN MURPHY
Lucky Star Tavern
Director

The Directors' Report

The Directors present their report, together with the financial statements, on the The Independent Liquor Group (Suppliers) Co-operative Limited ("the Co-operative) for the year ended 30 June 2025.

Directors
The following persons were Directors of the Co-operative during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr D Bottero (Chairman)
Mr C Grigoriou (Deputy Chairman)
Mr P Cox (retired)
M S Colosimo
Mrs T Hatch
Mr R McGhee
Mr S Murphy
Mr R Parekh

Principal activities
During the financial year the principal continuing activities of the Co-operative during the financial year was the acquisition of liquor and related products from its members for wholesale sale. No significant change in the nature of that activity occurred during the financial year.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The profit for the Co-operative after providing for income tax amounted to $151,674 (30 June 2024: loss of $1,408,749).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Co-operative during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Co-operative's operations, the results of those operations, or the Co-operative's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Co-operative and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Co-operative.

Environmental regulation
The Co-operative is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meeting of Directors

Name	Member	Qualifications and experience	Number eligible to attend	Number attended
Mr D Bottero (Chairman)	Pittwater Cellars	Business owner	6	6
Mr C Grigoriou (Deputy Chairman)	Fairfield West Cellars	Business owner	6	6
Mr P Cox	Dorrigo Cellars	Business owner	3	3
M S Colosimo	Bella Vista Hotel	Business owner	6	5
Mrs T Hatch	Wellshot Hotel	Business owner	6	6
Mr R McGhee	Hillside Hotel	Business owner	6	5
Mr S Murphy	Lucky Star Tavern	Business owner	6	6
Mr R Parekh	Foodworks Lake Cargelligo	Business owner	6	6

Company Secretary
The company Secretary of the Co-operative is Susie Zhong.

Directors' interest
Since the end of the previous financial year, no Director of the Co-operative has received or become entitled to receive a benefit, other than a benefit included in related party transaction note shown in the accounts or the salary of an employee of the Co-operative or of a related entity, by reason of a contract made by the Co-operative or a related entity with the Director or with a firm of which the Director is a member or with an entity in which the Director has a substantial financial interest.

Indemnity and insurance of officers
The Co-operative has indemnified the Directors and executives of the Co-operative for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Co-operative paid a premium in respect of a contract to insure the Directors and executives of the Co-operative against a liabilities. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Co-operative has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Co-operative or any related entity against a liability incurred by the auditor.

During the financial year, the Co-operative has not paid a premium in respect of a contract to insure the auditor of the Co-operative or any related entity.

Proceedings on behalf of the Co-operative
No proceedings have been brought or intervened in on behalf of the Co-operative.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 278 of the Co-operatives (Adoption of National Law) Act 2012 has been received.

This Directors' report is signed in accordance with a resolution of the Board of Directors, pursuant to section 278 of the Co-operatives (Adoption of National Law) Act 2012.

On behalf of the Directors

Damien Bottero
Chairman

Christopher Grigoriou
Deputy Chairman

23 September 2025

Independent Auditor's Report

Grant Thornton

Grant Thornton Audit Pty Ltd
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Grosvenor Place
225 George Street
Sydney NSW 2000
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Queen Victoria Building NSW
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Independent Auditor's Report

To the Members of The Independent Liquor Group (Suppliers) Co-operative Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of The Independent Liquor Group (Suppliers) Co-operative Limited (the Entity), which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the Directors' declaration.

In our opinion, the accompanying financial report of the Entity is in accordance with the *Co-operatives National Law (NSW)*, including:

a giving a true and fair view of the Entity's financial position as at 30 June 2025 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Independent Auditor's Report cont.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which outlines the entity's cash and cash equivalents and financing requirements, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standard – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the *Co-operatives National Law (NSW)*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report cont.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

B Narsey

B Narsey
Partner – Audit & Assurance

Sydney, 23 September 2025

Independence Declaration

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Auditor's Independence Declaration

To the Directors of The Independent Liquor Group (Suppliers) Co-operative Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of The Independent Liquor Group (Suppliers) Co-operative Limited for the year ended 30 June 2025, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

B Narsey

www.grantthornton.com.au
ACN-130 913 594

Directors' Declaration

The Directors of The Independent Liquor Group (Suppliers) Co-operative Limited (the Co-operative) declare that:

1. The financial statements of The Independent Liquor Group (Suppliers) Co-operative Limited, comprising of the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Co-operatives National Law (NSW) including:

(a) Giving a true and fair view of the Co-operative's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and

(b) Complying with Australian Accounting Standards – Simplified Disclosure and the Co-operatives National Law (NSW); and

2. There are reasonable grounds to believe that The Independent Liquor Group (Suppliers) Co-operative Limited will be able to pay its debts as and when they become due and payable.

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

Damien Bottero
Chairman

Christopher Grigoriou
Deputy Chairman

23 September 2025

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2025

	Note	2025 $	2024 $
Revenue	3	530,180,599	524,479,930
Cost of sales		(511,021,168)	(505,918,414)
Less: supplier rebates received		10,055	38,724
Cost of sales		(511,011,113)	(505,879,690)
Gross profit		19,169,486	18,600,240
Other income	4	6,959,600	5,829,104
Expenses			
Distribution expenses		(1,029,240)	(1,070,887)
Administration expenses		(24,574,733)	(24,122,483)
Finance costs	5	(345,604)	(402,590)
Profit/(loss) before income tax expense		179,509	(1,166,616)
Income tax expense	6	(27,835)	(242,133)
Profit/(loss) after income tax expense for the year attributable to the owners of The Independent Liquor Group (Suppliers) Co-operative Limited		151,674	(1,408,749)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of The Independent Liquor Group (Suppliers) Co-operative Limited		151,674	(1,408,749)

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

Statement of Financial Position

as at 30 June 2025

	Note	2025 $	2024 $
Assets			
Current assets			
Cash and cash equivalents	7	46,382	452,623
Trade and other receivables	8	21,620,862	22,577,024
Inventories	9	40,450,670	39,701,576
Income tax refund due	6	-	44,255
Other assets	11	1,141,634	771,508
Total current assets		63,259,548	63,546,986
Non-current assets			
Financial assets		8,230	8,230
Property, plant and equipment	12	22,603,689	22,662,426
Right-of-use assets	10	1,135,082	2,290,673
Intangibles	13	1,344,238	989,715
Deferred tax	6	622,229	650,064
Total non-current assets		25,713,468	26,601,108
Total assets		88,973,016	90,148,094
Liabilities			
Current liabilities			
Trade and other payables	14	55,112,384	55,047,521
Borrowings	15	-	5,439,372
Lease liabilities	16	1,194,953	2,081,464
Employee benefits	17	1,642,567	1,577,520
Share capital repayable on demand	18	674,500	674,000
Total current liabilities		58,624,404	64,819,877
Non-current liabilities			
Borrowings	15	4,939,372	-
Lease liabilities	16	697,187	1,043,510
Employee benefits	17	103,593	148,041
Total non-current liabilities		5,740,152	1,191,551
Total liabilities		64,364,556	66,011,428
Net assets		24,608,460	24,136,666
Equity			
Building contribution fund	19	-	1,342,779
Accumulated funds		24,608,460	22,793,887
Total equity		24,608,460	24,136,666

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

Statement of Changes in Equity

for the year ended 30 June 2025

	Building contribution fund $	Accumulated funds $	Total equity $
Balance at 1 July 2023	1,052,869	24,202,636	25,255,505
Loss after income tax expense for the year	-	(1,408,749)	(1,408,749)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,408,749)	(1,408,749)
Transactions with owners in their capacity as owners:			
Contribution from members	289,910	-	289,910
Balance at 30 June 2024	1,342,779	22,793,887	24,136,666

	Building contribution fund $	Accumulated funds $	Total equity $
Balance at 1 July 2024	1,342,779	22,793,887	24,136,666
Profit after income tax expense for the year	-	151,674	151,674
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	151,674	151,674
Transactions with owners in their capacity as owners:			
Contribution from members	320,120	-	320,120
Transfer to accumulated funds	(1,662,899)	1,662,899	-
Balance at 30 June 2025	-	24,608,460	24,608,460

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

Statement of Cash Flows

as at 30 June 2025

	Note	2025 $	2024 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		589,921,056	585,261,159
Payments to suppliers (inclusive of GST)		(586,753,037)	(583,237,248)
Interest and other finance costs paid		(345,604)	(402,590)
Income taxes refunded		44,255	209,279
		2,866,670	1,830,600
Interest received		76,544	80,477
Net cash from operating activities		2,943,214	1,911,077
Cash flows from investing activities			
Payments for property, plant and equipment	12	(923,454)	(1,050,765)
Payments for intangibles	13	(354,523)	(220,285)
Proceeds from disposal of property, plant and equipment		-	7,444
Net cash used in investing activities		(1,277,977)	(1,263,606)
Cash flows from financing activities			
Proceeds from issue of shares		78,500	87,000
Proceeds from building contribution fund		320,120	289,910
Repayment of borrowings		(500,000)	(500,000)
Payments for share buy-backs		(78,000)	(61,000)
Proceeds from lease finance		405,475	1,373,578
Repayment of lease finance		(2,297,573)	(1,448,849)
Net cash used in financing activities		(2,071,478)	(259,361)
Net increase/(decrease) in cash and cash equivalents		(406,241)	388,110
Cash and cash equivalents at the beginning of the financial year		452,623	64,513
Cash and cash equivalents at the end of the financial year	7	46,382	452,623

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

Notes to the Financial Statements

for the year ended 30 June 2025

Note 1. Material accounting policy information

The accounting policies that are material to the Co-operative are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Co-operative has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Co-operative.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the other authoritative pronouncements of the Australian Accounting Standards Board and the Co-operatives National Law (NSW) and Regulations.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Co-operative's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern
For the year ended 30 June 2025, the entity had recorded a profit after tax for the year of $151,674 (2024: $1,408,749) and at year end, was in a net asset position of $24,608,460 (2024: $24,136,666). At year-end, this entity's current assets exceeded its current liabilities by $4,635,144 (2024: current liabilities exceeded current assets by $1,272,891).

This entity and The Independent Liquor Group Distribution Co-operative Limited Group ("ILGD Group") are dependent upon each other to support their respective working capital positions. At year end, ILGD Group's current assets exceeded its current liabilities by $31,065,518.

Both entities have provided each other letters of financial support committing that they will each provide the other with the necessary financial support to enable the other entity to continue as a going concern and meets its debts and the debts of both combined entities as and when they fall due for a period not less than 12 months from the date of the signing of this financial report (which is dated the same day as Distribution's 2025 financial report).

Since year end, for the period to 31 August 2025, the unaudited results indicate this entity has recorded a loss of $989,544. The entity has reviewed the relevant conditions and events surrounding its ability to continue as a going concern. The Directors are expecting to achieve an operating surplus across the two co-operatives in the year ended 30 June 2026. At year-end, the combined bank loan and working capital limit available to this entity and The Independent Liquor Group Distribution Co-operative Limited under Bank Facility Agreement was $37,939,372, of which $4,939,372 had been utilised by this entity and $31,000,000 had been utilised by The Independent Liquor Group Distribution Co-operative Limited. If required, the Directors will curb discretionary spending to ensure the cash flow of the Co-operative is within its financing facility limits. For these reasons, the Directors consider that this entity will continue to operate as a going concern.

The market rate loan of $8,000,000 and working capital facility balance of $23,000,000 in Distribution together with the market rate loan of $4,939,372 in this entity are all due to be repaid in December 2026. The Directors will seek an extension to this term.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 1. Material accounting policy information (continued)

The finance facilities of ILGD Group are subject to annual review and the combined entity's right to defer settlement is conditional on compliance with covenants. ILGD Group on a combined basis breached its Debt Service Coverage Ratio covenant for two of the four quarters in the year ended 30 June 2025. The lender waived its rights in respect of these breaches. Despite the expected surplus across the two co-operatives, there remains uncertainty around the ILGD Group's ability to meet all its covenants during the 12 months from the date of the signing of this financial report. This is particularly considering the market rate loan in this entity and the working capital facility and the market rate loan in Distribution will become current liabilities as at December 2025 and thereby impact the combined entity's ability to meet the current ratio covenant, if an extension to the term is not obtained prior to December 2025.

There is material uncertainty that the lender would continue to reserve its rights relating to future covenant breaches. Therefore, this entity and Distribution could be called upon by the lender to pay back all borrowings and that this entity and Distribution would be required to obtain alternate finance to be able to continue as a going concern. There is material uncertainty that this entity and Distribution could obtain such alternate finance. Even if the current lender continues to waive its rights in relation to any future breaches of covenants, in the event of continued losses, this entity and Distribution may need additional borrowings to support working capital. There is additional material uncertainty around this entity and Distribution's ability to obtain additional borrowings to support working capital and hence their ability to meet their respective debts as and when they fall due and continue as going concern. Hence, the entity's cash and cash equivalents balance and financing requirements give rise to a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities by the entity and the realisation of its assets and settlement of its liabilities in the ordinary course of business at the amounts stated in this financial report.

Should the entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying value amounts of the amounts of liabilities that might result should the entity be unable to continue as a going concern and meet its debts as and when they fall due.

Revenue recognition
The Co-operative recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Co-operative is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Co-operative:
- Identifies the contract with a customer;
- Identifies the performance obligations in the contract;
- Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- Recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 1. Material accounting policy information (continued)

Sale of goods
Revenue from sale of liquor and related products for a fixed price is recognised when the Co-operative has transferred control of the assets to the customer. Invoices for goods or services transferred are due upon dispatch. Where the transaction price is variable, the Co-operative estimates an amount of variable consideration using either the expected value or the most likely amount method to determine the amount of revenue to be recognised. The key variable component on the Co-operative's sales may include any rebates it provides to its customers.

Finance fees
Finance fees represent charges to customers when they are invoiced for goods supplied and are recognised as invoices are raised for sales.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when:
- It is either expected to be realised or intended to be sold or consumed in the Co-operative's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within 12 months after the reporting period; or
- The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
- It is either expected to be settled in the Co-operative's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Co-operative has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met:
(i) It is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
(ii) The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Co-operative has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 1. Material accounting policy information (continued)

Impairment of financial assets
The Co-operative recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Co-operative's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Comparatives
Where necessary, comparative figures have been reclassified to conform with the changes in presentation in the current year.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue recognition
For sale of goods, revenue is recognised when the goods are delivered as this is the point in time at which the Co-operative has transferred control of the assets to the customer, delivered its service and hence satisfied its performance obligations. The Cooperative needs to assess when it has transferred control of the assets to the customer. Where the transaction price is variable, the Co-operative estimates an amount of variable consideration using either the expected value or the most likely amount method to determine the amount of revenue to be recognised. The transaction price may be varied due to rebates and discounts offered to customers. The Co-operative may therefore have to use its judgement in determining and applying the variation in the transaction price. This may impact the revenue recognised by the Co-operative for sale of goods.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of receivables
AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Co-operative considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. The concentration of impairment is limited due to the customer base being large and unrelated. The impairment allowance for trade receivables was $21,221 at 30 June 2025 (2024: $21,221).

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The Co-operative determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Cooperative's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include:

- The importance of the asset to the Co-operative's operations;
- Comparison of terms and conditions to prevailing market rates;
- Incurrence of significant penalties;
- Existence of significant leasehold improvements; and
- The costs and disruption to replace the asset.

The Co-operative reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Co-operative estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Extension options
The Co-operative assesses at lease commencement whether it is reasonably certain to exercise extension options, and where it is reasonably certain, the extension period is included in the lease liability.

Note 3. Revenue

	2025 $	2024 $
Revenue from sale of goods	530,104,055	524,399,453
Other	76,544	80,477
Revenue	530,180,599	524,479,930

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2025 $	2024 $
Major product lines		
Internal liquor sales	524,661,903	516,482,814
Internal tobacco sales	3,067,807	5,380,129
Liquor sales	2,374,345	2,536,510
	530,104,055	524,399,453
Geographical regions		
Australia	530,104,055	524,399,453
Timing of revenue recognition		
Goods transferred at a point in time	530,104,055	524,399,453

Accounting policy for revenue recognition
The Co-operative recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Co-operative is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Co-operative:

- Identifies the contract with a customer;
- Identifies the performance obligations in the contract;
- Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- Recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 3. Revenue (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from sale of liquor and related products for a fixed price is recognised when the Co-operative has transferred control of the assets to the customer. Invoices for goods or services transferred are due upon receipt of goods. Where the transaction price is variable, the Co-operative estimates an amount of variable consideration using either the expected value or the most likely amount method to determine the amount of revenue to be recognised. The key variable component on the Co-operative's sales may include any rebates it provides to its customers.

Other
Other revenue represents charges to customers when they are invoiced for goods supplied and are recognised as invoices are raised for sales.

Note 4. Other income

	2025 $	2024 $
Management fee	3,339,574	2,487,371
Sundry income	3,620,026	3,341,733
	6,959,600	5,829,104

Management income
Management income represent the annual recharge between ILGD & ILGS for the costs of shared key staff members.

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

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 5. Expenses

	2025 $	2024 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation and amortisation expense:		
Property, plant and equipment	982,191	782,074
Right-of-use assets	1,814,854	1,371,962
Total depreciation and amortisation	2,797,045	2,154,036
Rental expenses relating to short-term and low-value leases	764,942	611,093
Finance costs		
Interest and finance charges paid/payable on borrowings	251,349	255,894
Interest and finance charges paid/payable on lease liabilities	94,255	146,696
Finance costs expensed	345,604	402,590
Superannuation expense		
Defined contribution superannuation expense	843,704	779,665
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	9,091,931	8,741,863
Write off of assets		
Allowance for expected credit losses	-	2,633

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 6. Income tax

	2025 $	2024 $
Income tax expense		
Current tax	-	(1,126,445)
Adjustment recognised for prior periods	27,835	1,368,578
Aggregate income tax expense	27,835	242,133
Income tax expense is attributable to:		
Profit/(loss) from continuing operations	27,835	242,133
Profit from discontinued operations	-	-
Aggregate income tax expense	27,835	242,133
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	141,024	1,335,009
Increase/(decrease) in deferred tax liabilities	(113,189)	33,569
Adjustment recognised for prior periods	27,835	1,368,578
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	179,509	(1,166,616)
Tax at the statutory tax rate of 30%	53,853	(349,985)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of permanent differences	-	290,955
Unders and overs in respect (to current tax) of prior years	(26,018)	301,163
Income tax expense	27,835	242,133

	2025 $	2024 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	6,366	6,366
Employee benefits	523,848	517,668
General accruals	20,390	25,014
Provision for stock obsolescence	74,352	50,788
Tax losses	-	166,144
Deferred tax asset	624,956	765,980
Movements:		
Opening balance	765,980	2,100,989
Charged to profit or loss	(141,024)	(1,335,009)
Closing balance	624,956	765,980

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 6. Income tax (continued)

	2025 $	2024 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Income accrued but not yet invoiced	2,727	115,916
Deferred tax liability	2,727	115,916
Movements:		
Opening balance	115,916	82,347
Charged/(credited) to profit or loss	(113,189)	33,569
Closing balance	2,727	115,916

	2025 $	2024 $
Net deferred tax asset		
Deferred tax asset	624,956	765,980
Deferred tax liability	(2,727)	(115,916)
Net deferred tax asset	622,229	650,064

	2025 $	2024 $
Income tax refund due		
Income tax refund due	-	44,255

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 7. Cash and cash equivalents

	2025 $	2024 $
Current assets		
Cash at bank	44,882	451,123
Cash on hand	1,500	1,500
	46,382	452,623

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Trade and other receivables

	2025 $	2024 $
Current assets		
Trade receivables	9,406,366	9,697,120
Trade receivables – related parties (note 24)	9,814,981	10,711,438
Less: Allowance for expected credit losses	(21,221)	(21,221)
	19,200,126	20,387,337
Other receivables	1,245,970	1,221,897
Other receivables - related parties (note 24)	1,174,766	967,790
	21,620,862	22,577,024

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 9. Inventories

	2025 $	2024 $
Current assets		
Finished goods - at cost	40,698,510	39,870,869
Less: Provision for impairment	(247,840)	(169,293)
	40,450,670	39,701,576

Accounting policy for inventories
Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 10. Right-of-use assets

	2025 $	2024 $
Non-current assets		
Land and buildings - right-of-use	4,162,669	4,162,669
Less: Accumulated depreciation	(3,634,904)	(2,051,611)
	527,765	2,111,058
Motor vehicles - right-of-use	859,861	200,598
Less: Accumulated depreciation	(252,544)	(20,983)
	607,317	179,615
	1,135,082	2,290,673

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings $	Motor vehicles $	Total $
Balance at 1 July 2024	2,111,058	179,615	2,290,673
Additions	-	659,263	659,263
Depreciation expense	(1,583,293)	(231,561)	(1,814,854)
Balance at 30 June 2025	527,765	607,317	1,135,082

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Co-operative expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at fair value where the Co-operative has adopted a fair value measurement basis for investment property assets.

The Co-operative has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 11. Other assets

	2025 $	2024 $
Current assets		
Prepayments	1,141,634	771,508

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 12. Property, plant and equipment

	2025 **$**	**2024** **$**
Non-current assets		
Land and buildings - at cost	26,466,053	26,426,996
Less: Accumulated depreciation	(6,482,821)	(6,056,896)
	19,983,232	20,370,100
Plant and signage - at cost	4,529,689	4,373,331
Less: Accumulated depreciation	(3,038,271)	(2,807,769)
	1,491,418	1,565,562
Motor vehicles - at cost	187,170	187,170
Less: Accumulated depreciation	(71,356)	(47,634)
	115,814	139,536
Office equipment - at cost	3,856,355	3,146,073
Less: Accumulated depreciation	(2,962,779)	(2,688,100)
	893,576	457,973
Office Furniture - at cost	584,637	566,880
Less: Accumulated depreciation	(464,988)	(437,625)
	119,649	129,255
	22,603,689	22,662,426

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings **$**	**Plant and equipment** **$**	**Motor vehicles** **$**	**Office equipment** **$**	**Office furniture** **$**	**Total** **$**
Balance at 1 July 2024	20,370,100	1,565,562	139,536	457,973	129,255	22,662,426
Additions	39,057	156,359	-	710,281	17,757	923,454
Depreciation expense	(425,925)	(230,503)	(23,722)	(274,678)	(27,363)	(982,191)
Balance at 30 June 2025	19,983,232	1,491,418	115,814	893,576	119,649	22,603,689

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of asset	*Expected useful life*
Buildings	40 years
Plant and equipment	2.5 to 20 years
Office equipment	5 to 20 years
Office furniture	8 to 20 years
Signage	5 to 10 years
Motor vehicles	8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 12. Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Co-operative. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Intangibles

	2025 $	2024 $
Non-current assets		
Software under development	1,344,238	989,715

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Software under development $
Balance at 1 July 2024	989,715
Additions	354,523
Balance at 30 June 2025	1,344,238

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit. Significant costs associated with software are deferred and amortised (once available for use) on a straight-line basis over the period of their expected benefit.

Note 14. Trade and other payables

	2025 $	2024 $
Current liabilities		
Trade payables	47,240,224	46,854,318
Other payables	1,415,980	1,760,587
Amounts payable to other related parties (note 24)	6,456,180	6,432,616
	55,112,384	55,047,521

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Co-operative prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 15. Borrowings

	2025 $	2024 $
Current liabilities		
Bank loans	-	5,439,372
Non-current liabilities		
Bank loans	4,939,372	-
	4,939,372	5,439,372

Bank loans
In 2023, the Co-operative obtained a 3-year market rate loan of $5,939,372 from the Commonwealth Bank of Australia, maturing in December 2026. The entity repaid $500,000 in 2025 (2024: $500,000). The loan is secured against the assets of this entity and the assets of The Independent Liquor Group Distribution and its subsidiaries. The bank loan is subject to annual review and the entity's right to defer settlement is conditional on compliance with covenants. The loan incurs interest at a variable market rate which is derived from the three-month BBSY and is reset every three months.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 16. Lease liabilities

	2025 $	2024 $
Current liabilities		
Lease liability	1,194,953	2,081,464
Non-current liabilities		
Lease liability	697,187	1,043,510
	1,892,140	3,124,974
Future lease payments		
Future lease payments are due as follows:		
Within one year	1,221,966	2,268,566
One to five years	706,173	1,066,565
More than five years	-	-
	1,928,139	3,335,131

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Co-operative's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 16. Lease liabilities (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- Future lease payments arising from a change in an index or a rate used;
- Residual guarantee;
- Lease term;
- Certainty of a purchase option; and
- Termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 17. Employee benefits

	2025 $	2024 $
Current liabilities		
Annual leave	1,083,761	1,015,667
Long service leave	558,806	561,853
	1,642,567	1,577,520
Non-current liabilities		
Long service leave	103,593	148,041
	1,746,160	1,725,561

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 18. Share capital repayable on demand

	2025 Shares	2024 Shares	2025 $	2024 $
Ordinary shares - fully paid	337,250	337,000	674,500	674,000

Movements in ordinary share capital

Details	**Number of shares**	**Issue price**	**$**
Balance on 1 July 2024	337,000		674,000
Shares issued less shares redeemed	250	$2.00	500
Balance on 30 June 2025	337,250		674,500

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 18. Share capital repayable on demand (continued)

Ordinary shares
The Co-operative's share capital consists of the amount of shares issued to the members by the Co-operative. From time to time, existing members leave the Co-operative and new members join the Co-operative. Members who leave the Co-operative are entitled to have their share capital amounts repaid to them. New members are required to purchase shares in the Co-operative. The Co-operative's Rules (and National Law NSW) require that when a member is not presently an active member nor has been an active member at any time during the past three years, the Co-operative must declare the membership of the member cancelled and then has twelve months within which to repay to the former member the amount of the paid up value of the former member's shares. Due to the Co-operative's above obligations, the Co-operative's share capital meets the definition of financial liabilities as per AASB 9: Financial Instruments and hence the issued paid up capital is classified as a financial liability.

Note 19. Building contribution fund

	2025 $	2024 $
Members building contribution fund	-	1,342,779

Members building contribution fund
Building contribution fund is paid by suppliers to contribute to the longer-term initiatives of the Co-operative. The balance of the funds collected up to 30 June 2025 were transferred to accumulated funds on the basis that the amounts have been utilised for these purposes.

Note 20. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Co-operative is set out below:

	2025 $	2024 $
Aggregate compensation	2,612,185	2,737,920

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Co-operative, and its network firms:

	2025 $	2024 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit of the financial statements	82,300	80,711
Other services - Grant Thornton Australia Limited		
Assistance in the compilation of financial statements	6,300	6,180
	88,600	86,891

Note 22. Commitments

The Co-operative had no commitments as at 30 June 2025 and 30 June 2024.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 23. Related party transactions

Parent entity
The Independent Liquor Group (Suppliers) Co-operative Limited is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 20.

Transactions with related parties
The following transactions occurred with related parties:

	2025 $	2024 $
Sale of goods and services:		
Sales of goods	527,729,710	521,862,943
Other income:		
Income from management fee	3,339,574	2,487,371
Income from rental or motor vehicles, equipment, and premises	66,012	66,012
	3,405,586	2,553,383
Payment for goods and services:		
Payments for management fee	502,777	431,163
Purchase of goods from ILG Retail Pty Ltd	21,081,815	16,043,284
	21,584,592	16,474,447
Other transactions:		
Transactions with director related entities - event sponsorship	20,000	15,000
Other related party transactions - Forte Information Solutions Pty Ltd	58,398	56,059
	78,398	71,059

Forte Information Solutions Pty Ltd is an entity controlled by the spouse of CEO, Paul Esposito, and in which the CEO has a minority interest. This vendor provides full customer relationship management (CRM) services and tools specifically designed for the liquor Industry. The company was initially engaged in 2014 and in September 2020, the company renewed a further contract term of three-years with ILG. This engagement has been ongoing based on the terms of the most recently executed agreement.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

	2025 $	2024 $
Current receivables (The Independent Liquor Group (Distribution) Co-Operative Limited):		
Trade receivables (note 8)	9,814,981	10,711,438
Other receivables (note 8)	1,174,766	967,790
	10,989,747	11,679,228
Current payables (The Independent Liquor Group (Distribution) Co-Operative Limited):		
Other payables (note 14)	3,716,687	5,954,182
Current payables (ILG Retail Pty Limited):		
Other payables (note 14)	2,739,493	478,434

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2025

Note 23. Related party transactions (continued)

Terms and conditions
Related party receivables and payables are due for settlement within 14 days.

Note 24. Contingent liabilities and assets

The Co-operative assets are secured against the $4,939,372 (2024: $5,439,372) Bank Loan this Co-operative has with the Commonwealth Bank of Australia and the $31,000,000 (2024: $30,000,000) Bank Finance Facility of its sister cooperative, The Independent Liquor Group Distribution Cooperative Ltd.

The entity's assets are provided as security for the guarantee from Commonwealth Bank of Australia. The balance guaranteed by Commonwealth Bank of Australia at year end was $4,164,919 (2024: $7,258,780).

The securities above are by fixed and floating charge over all their assets and uncalled capital of the Co-operative and a mortgage over its land and building.

As indicated in note 1 the Co-operative and the Independent Liquor Group Distribution Co-operative Ltd have provided each other letters of financial support indicating they will each provide the other with the necessary financial support to enable the other entity to continue as a going concern and meets its debts and the debts of both combined entities as and when they fall due for a period not less than 12 months from the date of the signing of this financial report (which is dated the same day as Distribution's annual financial report for the year ended 30 June 2025).

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Co-operative's operations, the results of those operations, or the Co-operative's state of affairs in future financial years.

(SUPPLIERS) CO-OPERATIVE LIMITED

independent liquor group

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