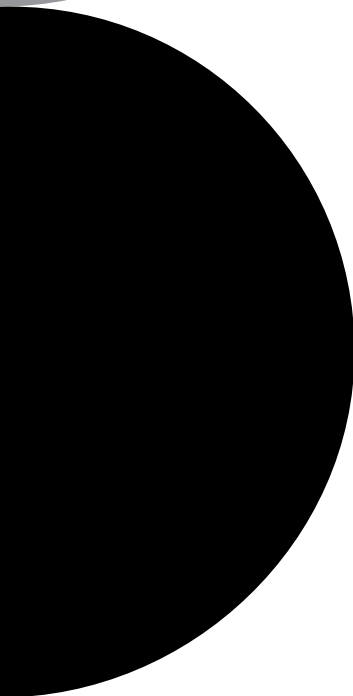
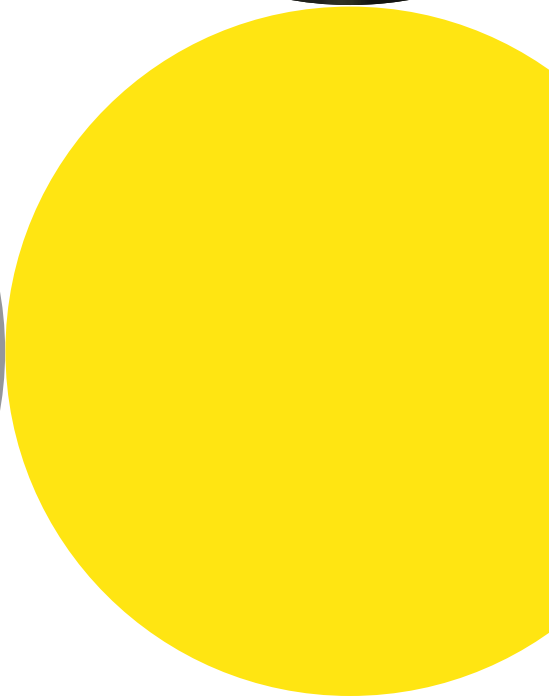


# ANNUAL REPORT 2021



INNOVATIVE  
INTEGRATED  
INTERNATIONAL



# CONTENTS

This annual report gives an overview of Wagners' business activities and financial results for FY21. It includes background on the current business environment in our sector and outlines our future strategic direction.

It is presented for the information of our shareholders and other stakeholders interested in the company's policies, achievements and corporate responsibility.

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Quad truck, Duchess,  
north-west Queensland





# GUIDING PRINCIPLES: IT'S FAIR

AT WAGNERS WE STRIVE FOR INTREPID PROGRESS  
TO ACHIEVE BENEFICIAL OUTCOMES. WE WILL:

**I**

Deal with  
**INTEGRITY**

**T**

Work  
**TOGETHER**  
to overcome  
challenges

**S**

Work in a **SAFE**  
environment

**F**

Be **FAMILY**  
conscious

**A**

Encourage and  
**ACKNOWLEDGE**  
success

**I**

Foster  
**INNOVATION**

**R**

**REQUIRE**  
quality and  
excellence



# ABOUT WAGNERS

Established in 1989 in Toowoomba, Queensland, Wagners is an ASX-listed business and leading producer of construction materials and services for Australian and international markets. We are innovative, integrated, and operate internationally.

Our diverse group of businesses work together to achieve great outcomes for our customers. We have two main business units — our Technologies business and our Construction Materials and Services business (CMS) — with separate specialist divisions vertically integrated to support and supply materials or services to each other on a timely and cost-competitive basis.

- ▶ Technologies business — creates higher-performing, more sustainable materials that reduce the impact on the environment. Our Earth Friendly Concrete® technology and Composite Fibre Technologies deliver projects globally.
- ▶ Construction Materials and Services (CMS) — includes cement, concrete, aggregates, bulk haulage services, precast concrete and reinforcing steel.
- ▶ We also have a specialist in-house engineering solutions team which provides innovative maintenance and engineering solutions across both the CMS and Technologies business divisions, further enhancing Wagners' vertical integration of its businesses.

With external and internal customers, a shared culture and strong cooperation, the business units are better able to control outcomes and manage market fluctuations.

Our Guiding Principles underpin everything we do. They push us to strive for intrepid progress to achieve beneficial outcomes for all stakeholders — our people, our customers, our community, and our shareholders. We innovate, seek value and growth, and create rewarding roles that encourage employees to deliver quality products and services.



## VALUE DRIVERS

- ▶ Highly skilled team with innovative and entrepreneurial experience
- ▶ Integrated supply chain for reliability and competitive pricing
- ▶ Agility and responsiveness
- ▶ Lean manufacturing and continuing process improvement
- ▶ Reputation for delivering quality products and services
- ▶ Strong relationships with customers and suppliers
- ▶ Innovative products that better meet market needs



## BUSINESS STRENGTHS

- ▶ Commitment to innovation — continued investment into research and development to create new products and production efficiencies
- ▶ Vertically integrated business
- ▶ Global presence — proven ability to operate globally, with diverse domestic and international market opportunities
- ▶ Our people — committed, skilled teams with a high-performing safety culture and founded on our Guiding Principles
- ▶ Sustainable approach to finance, community and environment with well-developed control mechanisms
- ▶ Targeted capital investment in facilities, people, plant and equipment to enable strategic growth
- ▶ In-house technical and manufacturing capabilities eliminating dependency on third parties



# SAFETY IS OUR NUMBER ONE COMMITMENT.

WHEREVER WE OPERATE IN THE WORLD, WE WILL NEVER COMPROMISE ON THIS COMMITMENT TO SAFETY, OUR PEOPLE AND THE COMMUNITY.



## BUSINESS DEPENDENCIES

### External

- ▶ Global economic challenges arising from COVID-19 impacts
- ▶ Supply chain inputs and costs
- ▶ Domestic and international demand for Wagners' products and services — both Composite Fibre Technologies (CFT) and Earth Friendly Concrete® (EFC®)
- ▶ Exchange rates
- ▶ Environmental legislation and community expectations to support demand for Wagners' products and technologies
- ▶ Building code reform and international certification for EFC®

### Internal

- ▶ Availability of skilled, flexible workforce with a culture committed to Guiding Principles — in Australia and internationally
- ▶ Protection and enhancement of corporate and business knowledge
- ▶ Ability to continue with research and development in all aspects of business
- ▶ Safety, quality and environmental controls
- ▶ Ability to leverage and sustain infrastructure/ mining development cycles
- ▶ Reputation — quality, safety and environmental responsibility
- ▶ Capital investment to deliver growth
- ▶ High corporate and financial governance standards

# OUR STRATEGIC FOCUS 2021–23

## PRODUCT, SERVICE OR FUNCTION

## TWO-YEAR OUTLOOK/FOCUS

### TECHNOLOGIES BUSINESS

- ▶ Manufacture and supply of innovative and environmentally sustainable construction materials products globally, including manufacture from internationally based manufacturing facilities
- ▶ Composite Fibre Technologies (CFT)
  - ▶ Continued investment and focus on new product development and innovation
  - ▶ Establish supply chain partners (e.g. hardware/landscape outlets) to distribute stock-length product to broader markets that do not currently have access to the product
- ▶ Earth Friendly Concrete® (EFC®)
  - ▶ Accelerated scaling-up of international operations
  - ▶ Standards and technical certification across multiple jurisdictions
  - ▶ Product R&D — product development, evolution of current technologies, new applications for technology/product, development of additional raw materials and focus on developing manufacturing efficiencies
  - ▶ Increased marketing and sales focus across south-east Queensland using Wagners' existing batch plant network and delivery trucks

### CONSTRUCTION MATERIALS AND SERVICES (CMS)

- ▶ Cement
- ▶ Pre-mix concrete
- ▶ Quarry materials
- ▶ Precast and prestressed concrete
- ▶ Reinforcing steel
- ▶ On-site crushing
- ▶ Transport and haulage services
- ▶ CMS (general)
  - Target opportunities for growth and acquisition that enhance vertical integration or deliver value through existing resources, skills and assets
  - Focus on production and service efficiencies
- ▶ Cement
  - Alternate raw material grinding from Pinkenba VRM (cement)
  - Expansion of product lines and geographical markets
  - Increase plant capacity to service emerging market of blended products
  - Increase bagging capability to reduce costs and increase capacity

# WAGNERS' GROWTH AND STRATEGIC PLANNING IS FOCUSED ON ACHIEVING POSITIVE PEOPLE, FINANCIAL, AND ENVIRONMENTAL OUTCOMES.

THIS CONCISE OVERVIEW OF OUR STRATEGY SHOWS THE KEY AREAS OF FOCUS.

## STRENGTHS AND DEPENDENCIES/ KEY SUCCESS FACTORS

- ▶ Strong international partnerships providing market opportunities/channels to market
- ▶ International demand for environmentally sustainable construction materials
- ▶ Shortage and price increases of traditional construction materials provide opportunity to enter new markets
- ▶ Significant capital investment required to scale-up operations
- ▶ Acceptance and adoption of EFC® as a substitute material for Ordinary Portland Cement (OPC) by international jurisdictions — international standards certification
- ▶ Product demand in both existing markets and new geographical markets
- ▶ Market conditions
- ▶ Availability of capital
- ▶ Quality of products and services
- ▶ Overall market and brand reputation
- ▶ Commitment and funding for major infrastructure projects
- ▶ Continued activity in resources sector — commodity price-dependent

## OUTPUTS DETERMINING SUCCESS

- ▶ Increased global presence with revenue generation from new geographic locations
- ▶ Increased customer demand both in Australia and globally
- ▶ Development of new product lines (R&D phase)
- ▶ Revenue generation from new product lines
- ▶ Generation of production efficiencies, increasing profitability
- ▶ Increased utilisation of two newly manufactured pultrusion machines generates revenue growth
- ▶ Strong brand presence in target markets
- ▶ International demand for EFC®
- ▶ Multiple international manufacturing sites — production centres established in target markets
- ▶ Increased demand for EFC® throughout Australia (and beyond south-east Queensland)
- ▶ Additional manufacturing sites in Australia
- ▶ Securing strategic channel partnerships — long-term supply arrangements for EFC® activator supply
- ▶ Acceptance by end-users of EFC® as a substitute material for OPC concrete
- ▶ Measured and reported reduction in carbon emissions as a result of EFC® use
- ▶ Increased revenue and profit margins as a group and from new opportunities
- ▶ Strong brand presence as a key provider of construction materials and services
- ▶ Increased revenue and profitability



# OUR STRATEGIC FOCUS 2021-23 (CONTINUED)

## PRODUCT, SERVICE OR FUNCTION

### CONSTRUCTION MATERIALS AND SERVICES (CMS) (CONTINUED)

## TWO-YEAR OUTLOOK/FOCUS

- ▶ Concrete
  - Increase in concrete volumes both from existing plants and as new plants are established
  - Increase the number of fixed plants — subject to market conditions
- ▶ Major projects
  - Targeted business development to secure international and major infrastructure opportunities

## CAPITAL INVESTMENT

- ▶ Planned investment in:
  - Scaling-up of EFC® operations in Australia and internationally
  - CFT facilities (domestically and internationally), pultrusion capacity and productivity
  - Fixed concrete plant network
  - Opportunities that deliver value to Wagners' vertically integrated business model

## PEOPLE AND CULTURE

- ▶ Continued focus on the development, training and retention of our employees

## CUSTOMER AND SUPPLIER RELATIONSHIPS

- ▶ Investment in sales and marketing team resources and training to ensure all customer experiences are best-in-class
- ▶ Long-term customer contracts that require us to invest significant capital to service specific needs
- ▶ Long-term supply contracts with key material and service providers



## STRENGTHS AND DEPENDENCIES/ KEY SUCCESS FACTORS

- ▶ Timing of project commencement
- ▶ Availability of project opportunities
- ▶ Strengths:
  - Experienced and dedicated business development team with proven success in securing projects
  - Innovation in plant, equipment and processes to reduce costs while obtaining a competitive advantage over other suppliers of similar services

## OUTPUTS DETERMINING SUCCESS

- ▶ Increased revenue and profitability
- ▶ Increase in fixed plant footprint

- ▶ Successful delivery of secured projects
- ▶ Increased tendering activity
- ▶ Revenue generation from new projects

- ▶ Increased sales and profitability
- ▶ Increased profit margins through innovative production efficiencies

- ▶ People
- ▶ Safety
- ▶ Training
- ▶ Culture
- ▶ Innovation

- ▶ Staff retention
- ▶ Improved productivity
- ▶ Customer service excellence
- ▶ Market reputation as an employer of choice

- ▶ Increased customer base
- ▶ Diversification of product demand from existing customer base
- ▶ Secure, long-term supply chain value
- ▶ Positive customer feedback metrics
- ▶ Repeat business
- ▶ Increase in scope driving larger revenue on projects



# FY21 KEY FACTS & FIGURES



**\$323 MILLION**  
group revenue



## INNOVATION

5 new CFT products commercialised

5 new CFT product lines in research and development phase







**> 6,000m<sup>3</sup>**  
EFC® batched  
and delivered



**8.4 MILLION**  
tonnes hauled



**54%**  
concrete  
volume up



**10.1 MILLION**  
kilometres  
travelled



**7**  
countries  
worked



**688**  
employees



**418,913m**  
CFT pultrusion



**> 2 MILLION TONNES**  
quarry materials crushed



Compton Road Bridge leaving  
Wellcamp manufacturing facility

# WHAT WE PROMISED FY20 — WHAT WE ACHIEVED FY21

## WHAT WE PROMISED FY20

## WHAT WE ACHIEVED FY21

### CONSTRUCTION MATERIALS AND SERVICES

- ▶ Provide long-term solutions to construction, infrastructure and resource industry projects
- ▶ Target opportunities for growth and acquisition that enhance vertical integration or new geographic regions
- ▶ Focus on production efficiencies
- ▶ Integrated supply chain — target opportunities that enhance vertical integration
- ▶ Competitive advantage over other suppliers

- ✔ Secured renewal of two long-term haulage services agreements in the north-west Queensland minerals province. Secured a new haulage services agreement in the Northern Territory. Commencement of production of precast concrete tunnel segments for the Cross River Rail Project.
- ✔ A number of acquisition opportunities were explored throughout the period.
- ✔ New blending capability established at Pinkenba. Added a double roadtrain to the fleet, increasing payloads.
- ✔ Investment in in-house capabilities and expansion of concrete network (with EFC® capabilities) enhancing vertical integration across the business providing channels to market for Wagners' Construction Materials and Services.
- ✔ Broader service offering and vertical integration through our diverse range of business units providing a 'one-stop shop' to customers.

### COMPOSITE FIBRE TECHNOLOGIES

- ▶ Manufacture and supply of innovative and environmentally sustainable construction materials and finished products globally
- ▶ New product development and innovation
- ▶ Increasing our in-house capabilities and production efficiencies
- ▶ Continued focus on global markets and opportunities for CFT — USA, UK and Middle East
- ▶ Establish USA manufacturing plant for CFT

- ✔ Pultrusion manufactured in Wagners' Wellcamp CFT facility was supplied to multiple projects internationally — US, UAE, NZ, Canada and Oman.
- ✔ Development of power and light poles with supply contracts secured. Development, marketing and sales of light poles, retaining walls and fencing solutions.
- Expansion of in-house capabilities:
  - ✔ Injection moulding now carried out in-house (rather than externally sourced) with development of testing and quality assurance requirements.
  - ✔ Site civil and installation service offering to clients now established and operational.
- ✔ Dedicated business development team established to service global markets.
- ✔ While the USA manufacturing plant was not established due to COVID-19, a freehold property in Texas was purchased during the period. Construction of the facility is now under way, with commissioning of the pultrusion machine expected in October/November 2021.



## WHAT WE PROMISED FY20

### EFC®

- ▶ Commercialisation on a global scale
- ▶ Invest in environmental credentials for EFC® internationally
- ▶ Invest in business and development teams to achieve sales growth for EFC® in international and domestic markets
- ▶ Establish international partnerships to support the distribution of EFC®

## WHAT WE ACHIEVED FY21

- ✔ EFC® supplied to projects in Australia, London, Germany and India during 2021.
- ✔ EFC® standards roadmap established for various jurisdictions, with committed investment into seeking relevant standards approval, enabling application of EFC® in multiple applications and jurisdictions.
- ✔ Australian sales team established. COVID-19 impacted the ability to get an international sales team operational. This remains a focus for FY22 with a number of positions in the UK now under recruitment.
- ✔ International supply and technology development partnerships established to enable development of the technology and distribution of EFC® to customers moving from traditional concrete to EFC® technology.

### MAJOR PROJECTS

- ▶ Focus on securing international and major infrastructure opportunities for the CMS business
- ✔ There were no major infrastructure projects secured during FY21 due to the lack of activity in this sector and delays in project commencement. Significantly impacted by COVID-19 lockdowns and travel restrictions.

### CAPITAL INVESTMENT

- ▶ Continued investment in fixed concrete plant network
- ✔ An additional plant was added to our network. New delivery trucks deployed. Upgrade completed to increase capacity at the Carrara concrete plant.
- ▶ Focused approach on investment in opportunities that deliver value to Wagners' vertically integrated business model
- ✔ Engineering Solutions Centre established and now generating revenue from external customers.
- ▶ Product development and innovation
- ✔ EFC® technology development progressed.
- ▶ Investment in CFT facilities, pultrusion capacity, and productivity
- ✔ CFT robotic manufacturing cell fully commissioned, two new pultrusion machines manufactured and ready for commissioning, new factory currently under construction to accommodate the machines. In-house injection moulding production lines now commissioned.

# CHAIRMAN'S LETTER



To my fellow shareholders of Wagners Holding Company Limited (WGN)

**The annual report for Wagners Holding Company Ltd for 2021 outlines a much better picture than we had last year. We have a positive outlook for the year ahead. Our Executive management team and staff of almost 700 dedicated employees have set a solid platform for Wagners' continued growth.**

Our commitment to safety and to our Guiding Principles, have empowered our people to make decisions — not driven specifically by profit but driven by what is best for the business in the long term. Our philosophy is very simple. If we make informed decisions in the best interests of the business, profit and prosperity will follow. As a Board, in conjunction with a large cross-section of staff, we continue to discuss and challenge the performance of the business in safety, quality and the environment. Our monthly sessions are enlightening and informative, and they serve to encourage everyone at Wagners to improve in these important areas.

Our financial results for 2021 have shown a significant improvement after a tough 2020. Business conditions are still very challenging and volatile, and unfortunately we still have the threat of disruption due to COVID-19. To date we have been able to manage this reasonably well and will continue to do so wherever possible.

Our low-carbon concrete technology is gaining momentum, both in Australia and Europe. We have had a lot of interest in the product from many different sectors. It is our intention to invest heavily in equipment, marketing and further product development to hasten the roll-out of this technology. We will also consider forming strategic alliances to enhance the growth opportunities for the Earth Friendly Concrete® (EFC®) technology.

The Composite Fibre Technologies (CFT) division has enjoyed success with the electrical infrastructure products, cross-arms, light poles and power poles. We have commissioned the new automated manufacturing facility which gives us manufacturing efficiencies and capacity increases. We did suffer with the lack of government spending on small infrastructure projects, however FY22 looks positive in this area.

The CFT expansion into North America, both with our manufacturing facility and sales, is now moving positively forward after disruptions last year with travel restrictions. The construction of our Fort Worth facility is nearing completion. Sales of our products have increased substantially in the USA and we have the opportunity for increased output and efficiency when our first pultrusion machine is commissioned in Texas.

The market for construction materials in south-east Queensland should enjoy 10 years of prosperity with infrastructure required for the 2032 Olympic Games. Housing in Queensland has been strong and in our view will remain so for some time. Large infrastructure projects such as Inland Rail are coming to fruition over the next couple of years, therefore giving us the opportunity to capitalise on our investments in our cement and our concrete operations. While the concrete market is still challenging in south-east Queensland, we are seeing that our customers are less driven by price and placing more emphasis on quality and service.

Our mining services division has enjoyed a great year with the renewal of some long-term contracts, coupled with several potential new opportunities. We are confident this business will remain strong into the future. The quarry operations in north-west and Central Queensland enhance our footprint and ability to service the mining sector.

I would like to acknowledge my fellow Board members, our executive management team and our workforce as a whole for the efforts and commitment shown during the year. My thanks must also go to the other stakeholders in Wagners, our customers, our shareholders and our suppliers for your ongoing support and commitment to our business.

Regards

**Denis Wagner**  
CHAIRMAN



OUR PHILOSOPHY IS VERY SIMPLE. IF WE MAKE INFORMED DECISIONS IN THE BEST INTERESTS OF THE BUSINESS, PROFIT AND PROSPERITY WILL FOLLOW.



Lamberts Beach  
access stairs, Mackay



# CEO'S REPORT



## INNOVATIVE, INTEGRATED, INTERNATIONAL

Following a challenging FY20, I am pleased to report that FY21 has been much more positive. We have delivered a better financial result and delivered on our promises. We have challenged ourselves through our strategic pillars of innovation, integration, and striving to be a truly international business while delivering value to all of our stakeholders — our clients, customers, employees and shareholders.

The overall group achieved a 28 per cent increase in revenue for FY21, resulting in an EBIT outcome of \$25.4 million.

In our Construction Materials and Services (CMS) business, there was growth across each of the individual business units — cement, precast, bulk haulage, concrete, reinforcing steel and quarry operations, largely due to the increased construction activity in south-east Queensland. Cement volumes increased with the expansion and maturity of our fixed concrete plant network and the return to contracted volumes for a major cement customer.

In addition to the south-east Queensland construction activity, the resources sector has continued to provide enormous opportunities for the group, particularly in our bulk haulage and quarry operations.

Our Composite Fibre Technologies (CFT) business has been impacted by the lack of committed spending and activity on pedestrian infrastructure, road bridge and marine structures due to COVID-19. While this resulted in an EBIT outcome of \$2.7 million, which was down on FY20, we are seeing a turn in this market. The cross-arms business did however experience growth, along with realising the benefits of production efficiencies following significant capital investment into manufacturing automation and optimisation. While COVID-19 has continued to present challenges to this business, we have maintained our investment in business development which we expect will yield results in the coming financial year.

Throughout the year we have continued to invest in the CFT business — we have expanded our facilities in south-east Queensland and purchased a site to establish our manufacturing facility in the USA. We also continued investment in and focus on research and development, building new product lines and achieving production efficiencies to underpin the continued growth and international expansion of this business.

Our Earth Friendly Concrete® (EFC®) business made significant progress this year, with the sale and application of our technology globally. Despite sales into some major infrastructure projects, the EBIT result reflects the significant investment the group has committed to the development and roll-out of the technology globally throughout the year. Investment into this business will continue as we expand globally, given the increasing demand for products like EFC® that demonstrate genuine environmental benefits, reducing carbon emissions while also providing some performance benefits in comparison to Ordinary Portland Cement concrete.

## FY21 SIGNIFICANT ACHIEVEMENTS

There are some significant achievements that should be acknowledged throughout the year:

### Innovation

- ▶ We have invested significantly in research and development across the business to ensure we are providing the most innovative and efficient solutions for our clients and customers. We have developed new product lines in CFT, light poles and power poles, and new profiles for pultrusion allowing a more diverse application of the product. Automation and capacity have increased in our manufacturing, providing significant benefit to the end-user.

### Integration

- ▶ The execution of our contract for the manufacture of precast concrete tunnel segments to the Cross River Rail Project throughout the year has delivered benefits across the group, integrating a number of different business units to deliver the project — precast, cement, flyash, concrete, steel and transport. This project has also been supported by our in-house engineering solutions team and National Association of Testing Authorities (NATA)-accredited laboratory technicians.
- ▶ As our fixed concrete plant network matures and continues to grow, our cement, flyash quarry and concrete delivery truck fleet will also grow. While concrete pricing in the industry has impacted profitability, we are hopeful the increased activity in the sector will have a positive impact.
- ▶ We renewed two large bulk haulage services contracts in the north-west Queensland minerals province during the period. These customers and the associated bulk haulage assets provide avenues to sales and delivery for our North Queensland quarry and mobile crushing operations.





# FY21 HAS BEEN MUCH MORE POSITIVE – FINANCIALLY, DELIVERING ON OUR PROMISES, AND CHALLENGING OURSELVES TO ACHIEVE IN OUR STRATEGIC PILLARS OF INNOVATION, INTEGRATION AND BEING A TRULY INTERNATIONAL BUSINESS.

## International

- ▶ Wagners is now firmly established as an international provider of composite products. We have been fabricating composite structures in a warehouse in Texas throughout the year. Our manufacturing facility in Cresson, Texas is now under construction, which will allow us to manufacture from the USA before the end of the calendar year. This facility means we can manufacture locally in the USA for a number of projects already secured for delivery. We have deployed staff, and equipment is ready for installation.
- ▶ Our EFC® business gained significant global traction this year. There was genuine demand throughout the UK and Europe from a number of developers and asset owners who understand the environmental benefits our technology offers. As a result of the demand throughout the year, we have decided to scale-up international operations and establish a manufacturing facility in the UK. To further accelerate this, we have also commenced a process of seeking third-party investment in the EFC® business — this would enable a rapid scaling-up of the business throughout the UK and Europe. We are hopeful of concluding a transaction on this investment later this year.
- ▶ Projects in Australia, New Zealand, USA, UK, UAE, Oman, Canada and New Zealand were delivered during the year, with sales teams present in each of those jurisdictions to ensure we are positioned to secure emerging opportunities in the global market.

## OUTLOOK

FY21 was a significant improvement on FY20 and provides a positive platform for the future of the organisation. Throughout the year we invested in our people, research and development and infrastructure, positioning us well for FY22 and beyond.

We are excited by the international opportunities provided by the outlook in CFT and EFC® in our CMS business. In our CMS business, a number of long-term contracts secured will deliver value over many years to come.

Thank you to the whole Wagners' team who have supported the business through challenging times yet demonstrated an ability to remain innovative, entrepreneurial and committed to the long-term growth of the business.

Thank you also to the Board of Directors, who continue to provide guidance and valued advice.

**Cameron Coleman**  
CHIEF EXECUTIVE OFFICER

# BUSINESS ENVIRONMENT

Like every other Australian and global business, Wagners has once again been managing the ongoing challenges arising from the COVID-19 pandemic. From an operational perspective we were well prepared to adapt again quickly when needed as we built on the lessons learned in FY20.

## OPPORTUNITIES

The strong activity in the south-east Queensland construction sector has created significant demand for construction materials and services, which we expect will remain throughout FY22 and beyond. The commitment and delivery of proposed government-funded infrastructure projects also provide a long pipeline of opportunity for the sector.

Increasing global regulatory and policy focus on emissions reduction means our Technologies business is extremely well-positioned to capitalise on the demand for sustainable building materials. With German Standards Approval Deutsches Institut für Bautechnik (DIBt) obtained for our Earth Friendly Concrete® (EFC®) and acceptance of the technology as a substitute for Ordinary Portland Cement, we are ideally placed to contribute to some of the world-leading innovative construction projects globally.

The Brisbane 2032 Olympic and Paralympic Games will generate considerable building and construction activity — upgrades to existing facilities, and new buildings and infrastructure to service the Games and host competing nations and expected tourism. Preparation for the event presents a significant opportunity right across Wagners, with anticipated demand for the products and services we supply and deliver. We also see this as an opportunity to showcase our composite fibre and EFC® technologies in various applications as the Brisbane 2032 Games will have a concerted focus on sustainability.

## CHALLENGES AND RISKS

The COVID-19 pandemic will continue to have an impact on many companies' supply chains, with many experiencing logistics delays, lack of availability of raw materials, and a resulting increase in costs of raw materials and services. These issues can cause project delivery delays and potential loss of profitability. Wagners aims to mitigate our exposure to these risks through strong relationships with our suppliers, long-term contracts with fixed pricing mechanisms for materials and logistics, and ensuring multiple supply sources are maintained from various geographical locations.

Despite the demand for construction materials and services over this reporting period, this has not been reflected in the pricing for some materials, with concrete in particular continuing to be negatively impacted. There are however some early signs of market improvement.



OUR TECHNOLOGIES BUSINESS IS EXTREMELY  
WELL-POSITIONED TO CAPITALISE ON THE DEMAND  
FOR SUSTAINABLE BUILDING MATERIALS.



Compton Road Bridge,  
Slacks Creek, Queensland



# PEOPLE, COMMUNITY & SAFETY



## FY21 AT A GLANCE

- ▶ 688 employees (includes Australia, New Zealand, Malaysia, USA)
- ▶ 24 per cent of staff have five or more years' service
- ▶ 12 per cent of staff have 10 or more years' service
- ▶ Over \$440,000 raised for prostate cancer research at Wagners' *It's a Bloke Thing* luncheons in Darwin and the Gold Coast

Wagners' culture was founded on our heritage as a family firm growing in and contributing to a vibrant regional community.

As we have evolved and diversified, so too has our culture. With our people now working in remote, rural and regional locations across Australia, in our metropolitan hubs in Toowoomba and Brisbane, and at international operations in many different countries, one thing that has not changed at Wagners is our commitment to our Guiding Principles. They have served us well as a decision-making framework at all levels, and as the heart of what it means to be part of the innovative and diverse Wagners team. Our number one commitment is safety. Regardless of where in the world we operate, we will never compromise on the safety of our people and the community.

## PEOPLE

### FY21 achievements

#### Focus groups brainstorm business improvements

Asking our teams to brainstorm practical solutions to FY20 employee survey feedback is part of an ongoing tradition of encouraging 'ownership' and innovation. Focus groups came up with ideas such as developing a buddy system in our CFT business for onboarding new starters, building a 'shadowing' program for employees who may be interested in learning about and experiencing other areas of the business, improving the delivery of toolbox talks to include more regular updates, and designing a master training matrix for each division. Wagners is supporting implementation of these ideas where possible and we look forward to reviewing success in our next employee survey, scheduled for FY22.

#### Innovative recruitment tactics

In an increasingly digital, mobile and competitive operational environment, Wagners is exploring new and creative ways to recruit new employees. With our employee survey consistently showing our team recommends Wagners as a great place to work, during the year we implemented SMS messaging to everyone notifying of current vacancies to encourage them to spread the word in their local communities. Referral bonuses were also introduced, rewarding any existing employee who introduces us to a new hire who stays with the company for a minimum of three months. These initiatives have grown our network and their success is evident in the number of new employees we welcomed during the year.





The Pinkenba team celebrates International Women's Day at an on-site barbeque

### Gender reporting

Our team has again maintained its compliance with the Workplace Gender Equality Act in FY21, completing the reporting requirements. Women currently represent 11 per cent of our employees.

### Investing in our people

Welcoming the next-generation workforce and giving them the skills they need to succeed from the outset is an important focus of our people strategy. Wagners runs a number of traineeship and apprenticeship programs across the divisions, and regularly offers opportunities for our team to gain external qualifications to build-in contemporary knowledge and technical skills.

- ▶ Our engineering solutions apprentice program continues to be hotly contested, with 723 applicants in FY21 all vying for the five apprenticeship roles.
- ▶ We rolled out a traineeship program in the concrete business, resulting in five new hires.
- ▶ We hosted many high school and university students for work experience, exposing them to engineering solutions, precast, and laboratory areas of our business.
- ▶ 22 new apprentices were given an opportunity for a career in the industry (electrical, mechanical, boilermaker, Cert III in Polymer processing, dual trades).
- ▶ 12 traineeships are in progress (Certificate III in Driving Operations, Certificate III in Business Administration, Certificate III in Laboratory Skills, Certificate II in Civil Construction).

We also encourage and support our teams to pursue external training and development opportunities. Currently, five employees are enrolled in a Certificate III in Polymer Processing, two in Polymer Processing (Injection Moulding) and two in a Diploma of Applied Technology (Automation).



## FUTURE FOCUS

Wagners has an ongoing commitment to being an employer of choice, particularly as our team continues to grow and diversify. We invest in our people, our culture, and building the resilience that will help us thrive through uncertain times. Key initiatives include:

- ▶ developing a strategy that supports the growth of the business on a global scale, focusing on career development, improving gender balance, and employee engagement
- ▶ continuing internal and external leadership development for up-and-coming leaders in the business
- ▶ providing more opportunities for employees to develop their skills through mentoring, training and development opportunities, and further development internal training programs
- ▶ establishing more health and wellbeing initiatives to support the workforce
- ▶ exploring technology enhancements to support business growth
- ▶ implementing initiatives promoting positive culture and improving staff retention.

# PEOPLE, COMMUNITY & SAFETY (CONTINUED)

## COMMUNITY

### FY21 achievements

#### Lending a hand to the Schmidt family

Wagners participated in radio station Triple M's *Lend a Hand* charity campaign by donating 15m<sup>3</sup> of Earth Friendly Concrete® (EFC®) to help build a padded deck and safe area for seven-year-old Ollie Schmidt. Ollie has a severe refractory drug-resistant epilepsy, suffering between 50 and 250 seizures per day. She has not had a seizure-free day since 2016 and is now developmentally delayed and intellectually impaired, preventing her from performing everyday activities. A large percentage of the hundreds of seizures Ollie experiences each day are atonic, meaning she loses all muscle control and drops to the ground. These cause considerable injury if she is not held by an adult or located in a soft padded space. Wagners gladly took the opportunity to make a difference for the Schmidt family, helping to build a padded deck area for Ollie to safely play outside at home.

#### Sponsorships, staff contributions and recognition events

- ▶ *It's a Bloke Thing* luncheons — held in Darwin and the Gold Coast, raising over \$440,000 for prostate cancer research.
- ▶ Sponsor of Maroochydore Swans — supporting the local A-grade rugby league team and strengthening our relationship with the Sunshine Coast community.
- ▶ Major sponsor of Downs Rugby — our partnership is now in its eighth year, encouraging participation in rugby union across the Darling Downs.
- ▶ Sponsor of Mount Isa netball team — Wagners' transport division sponsored the Under 14 and Under 17 Representative teams.
- ▶ Donated recycling pod to Tony's Community Kitchen in Toowoomba — to support the homeless and those in need, we also donate coffee, tea, sugar, disposable cups and cleaning items.
- ▶ Raised almost \$50,000 for Hear and Say — as part of the Mettle Constructions team we took part in Loud Shirt Day, raising money to support people with hearing loss.
- ▶ *International Women's Day* site barbeques — acknowledging the contribution and equality of women in our workforce and overall diversity within Wagners.
- ▶ Participation in the *Mother's Day Classic* fundraising walk in Brisbane — a five- or eight-kilometre walk to raise funds and awareness for vital breast cancer research.

- ▶ Participation in the *RSPCA Million Paws Walk* — walking to raise funds to support dogs in animal shelters and to fight animal cruelty.
- ▶ Participation in *Movember* — our Dugald River Mine crew proudly grew moustaches during November, raising funds and supporting the conversation about men's health and mental illness.
- ▶ *The Push-Up Challenge* — participated to help raise awareness and engage people in mental health through physical activity, connection and education.
- ▶ Service anniversary recognition events for our team members.

## SAFETY, ENVIRONMENT AND QUALITY (SEQ)

### FY21 achievements

#### Safety at the forefront

Since establishing a formalised safety strategy, the Safety, Environment and Quality (SEQ) team has prioritised improving visibility and reporting of risks to ensure everyone at Wagners understands the importance of safety and the role they play in keeping themselves and their colleagues safe. Part of this effort has involved simplifying safety-related documents and processes for operational workers, improving the training and competence framework, and ensuring our people understand the importance of and process for risk reporting.

Demonstrating the extent to which our safety culture is embedded at Wagners, this year 4,051 hazards were reported and we received 768 'opportunity for improvement' (OFI) forms — the highest number of hazards and OFIs Wagners has ever received in a single year. While 'highest number of hazards' may not sound like a positive, these reporting statistics show that our employees are on the lookout for safety risks and are prepared to take action. The OFI process encourages employees to put forward ideas or new processes to address potential safety risks and hazards, and is widely used.

Annual reviews of SEQ within each division were introduced, helping us to ensure compliance with SEQ policies and processes across the business. The increase in reporting combined with annual reviews help us to maintain our outstanding safety record and to innovate ways to grow and improve.





Wagners' EFC® donated to Triple M's *Lend a Hand* charity campaign for Ollie Schmidt



The Dugald River Mine crew show off their moustaches as part of *November*

### Operating in a COVID-19 environment

The COVID-19 pandemic continued to create challenges across the business in the reporting period. However, the lessons learned in the previous financial year stood us in good stead and meant we were well-equipped to respond quickly and efficiently to lockdowns and restrictions. Our reliance on company values and our Guiding Principles remained the foundation of our COVID-19 response planning, with our employees' health and safety as our main focus — particularly for those working in and travelling to and from rural and remote communities.

Some of the operational adjustments we made in FY20 continued into FY21, ensuring compliance with physical distancing and other required safety procedures. Throughout this, the SEQ team has worked closely with the Human Resources team and client contacts to minimise operational disruptions and ensure the continuity of safe operations.

Wagners is grateful to our entire team and our customers for their adaptability and support throughout this pandemic.

### International certification maintained

In FY20, Wagners was proud to achieve international accreditation of our Safety, Environment and Quality (SEQ) systems and processes. This year, SAI Global audited our SEQ framework, reviewing most of our operations to verify adequacy and effectiveness for producing quality products safely and responsibly. We achieved certification for our management of occupational health and safety (ISO 45001), environmental (ISO 14001), and quality (ISO 9001) standards. Maintaining our certification and the highest-possible operational standards are an important aspect of our commitment to our customers in Australia and overseas.



## FUTURE FOCUS

Providing a safe work environment is one of our Guiding Principles, and is at the forefront of the SEQ team's future planning. Thanks to our increased reporting and internal reviews, we have identified three key goals for the next financial year:

- ▶ implement a new quality, safety and environment information management system
- ▶ automate processes and simplify and integrate management systems
- ▶ increase and improve operational insights.

# INNOVATION

Many businesses talk about the importance of innovation, but for Wagners it is a day-to-day reality. Brought to life by the technical, environmental and research commitments we make that are shaping the future of our business, our 'Fostering Innovation' Guiding Principle is at the forefront of our planning. We are investing in innovative approaches across the business to give us a strong competitive advantage and allow us to respond proactively to increasing community expectations about sustainability.

Research and development are key drivers, focusing on new products, new markets, and embedding innovative thinking in everything we do. We constantly seek ways to differentiate our business and be more efficient, safer and more environmentally responsible.



## FY21 AT A GLANCE

- ▶ CFT composite light and power poles designed and released to market, providing an alternative to traditional steel, timber and aluminium poles.
- ▶ Innovative process-flow implemented to ensure efficient production of rail ballast at Shepton Quarry.
- ▶ Cross-arm automation cell — six state-of-the-art robots creating a custom production line for electrical cross-arms.
- ▶ Automated pre-cast production line commissioned to service the Cross River Rail project in Brisbane.
- ▶ New robotic cement-bagging equipment to generate quality, efficiency and productivity.
- ▶ Installation of injection moulding machines bringing the manufacture of CFT products in house.
- ▶ Implemented the latest in fatigue-management technology to our bulk haulage vehicles, ensuring the safest work environment for our personnel.
- ▶ State-of-the-art real-time testing equipment commissioned at our cement laboratory to ensure delivery of quality products in a timely manner.
- ▶ Designed and manufactured a new pultrusion profile, eliminating the need to bond multiple parts together to create composite bridges and boardwalks.



RESEARCH AND DEVELOPMENT ARE  
KEY DRIVERS, FOCUSING ON NEW PRODUCTS,  
NEW MARKETS, AND EMBEDDING  
INNOVATIVE THINKING IN EVERYTHING WE DO.



Cross-arm automation line  
in operation at Wellcamp  
manufacturing facility

# SUSTAINABILITY

Environmental, social and economic sustainability principles are a key commitment for Wagners in our strategic decision-making and business operations. Our involvement in a broad range of community and charitable activities, our consideration of and attention to issues such as modern slavery, our contribution to reducing emissions — particularly through ongoing emphasis on our Technologies business product innovation — and our focus on genuine development and training opportunities for our people are all valued sustainability aspects of our business model.

In practice on a day-to-day basis, we have a clear organisation-wide commitment to sustainability, and systems to support that commitment. We are taking the lead on:

- ▶ innovation and investment, improving and automating operational processes to:
  - reduce the impact of heavy construction materials on the environment
  - achieve environmental efficiencies in our use of plant, equipment and vehicles
  - reduce energy and water consumption across the organisation
  - achieve environmentally sound waste and water management
- ▶ supporting and investing in the professional growth of our people and enabling them to deliver on our sustainability and environmental principles
- ▶ applying sustainable procurement processes that consider environmental, social and economic aspects
- ▶ assessing and managing any modern slavery risks in our operations and supply chain.

Continuous improvement is an important success factor, with regular review and assessment of our commitments, compliance, and sustainability performance contributing to planning of initiatives and system development. Our sustainability-related reporting systems set measurable targets and objectives and use risk management processes to ensure beneficial strategies and controls are implemented.

In support of our commitment to sustainability, we commissioned a third-party 'cradle to gate' carbon emissions report to verify the carbon emissions in EFC® compared to that of Ordinary Portland Cement. The report confirmed that every cubic metre of EFC® used saves 250kg of carbon compared to traditional concrete.



ENVIRONMENTAL, SOCIAL AND ECONOMIC  
SUSTAINABILITY PRINCIPLES ARE A KEY  
COMMITMENT FOR WAGNERS IN OUR STRATEGIC  
DECISION-MAKING AND BUSINESS OPERATIONS.



Trade Distribution Centre  
EFC® pour, Toowoomba  
Wellcamp Airport, Queensland

# COMPOSITE FIBRE TECHNOLOGIES

## What is Composite Fibre Technology (CFT)?

CFT products, designed by Wagners, are durable construction materials that can be used in place of timber and steel in many outdoor applications. CFT products save hardwood resources, are lightweight, and resistant to rust, corrosion and chemical attack. They are increasingly being specified in Australia and overseas for boardwalks, bridges, walkways, marinas and as cross-arms for electrical distribution networks.

Our Queensland manufacturing facility is now home to four pultrusion machines and a new cross-arm automation line, using six state-of-the-art robots controlled by advanced programming technology. CFT has four injection and over-moulding machines with two additional machines to be commissioned over the next 12 months.

## FY21 achievements

### Custom-build projects: Australia and the Middle East

Wagners has a dedicated custom-build project team, with work undertaken on the supply of CFT for bridges, walking tracks, and pedestrian infrastructure projects in Australia and internationally.

#### Birkenhead Bridge, Adelaide

The Birkenhead Bridge is a historic bascule bridge in Adelaide that crosses the Port River, significant for being Australia's first double bascule bridge. Commissioned in 1938 and designed with a steel frame and timber deck, the bridge's timber has required replacement numerous times. The South Australian Government sought a better, longer-term solution than timber, and after extensive testing and proof engineering Wagners supplied CFT decking panels manufactured from our pultruded sections.



## FY21 AT A GLANCE

- ▶ Revenue for FY21 of \$31.4 million, with earnings before interest and taxes (EBIT) of \$2.7 million.
- ▶ 418,913 metres of CFT pultrusion manufactured.
- ▶ Global reach — projects in Australia, USA, New Zealand, UK, Canada, UAE, Oman, Egypt, Netherlands, Germany, India.

### Castle Hill, Townsville

Wagners teamed up with specialist trail builders Enviroedge to design and construct a staircase up the steep Walker Street rock face on well-known Townsville landmark Castle Hill. The process required the team to rectify pre-existing fall hazards and build a step trail to connect Townsville City Centre to the Goat Track — one of the more popular walking tracks up the hill. To ensure the 50-metre structure stays on the cliff face through the 50 years of design life and Townsville's cyclone seasons, each foundation required three-metre embedded rock anchors to ensure founding into suitable material. To do this, we used specialist abseil contractors who drilled some of the anchors. The trail works connect to the new Wagners' CFT staircase and will soon be open to the public.

### The Corniche, Abu Dhabi

Wagners has played an important part in the development of Abu Dhabi's iconic new touristic precinct The Corniche. Our CFT team designed, manufactured, delivered and assisted with construction of seven tourist platforms in the water alongside the 3.5 kilometres of precast concrete walkway. Wagners' CFT products were specified as the construction material for the entire substructure.





Tourist viewing platform, Corniche project, Abu Dhabi



Wagners' CFT manufactured light poles, Southport, Queensland

### Wagners-owned facility takes shape in Texas, USA

Wagners' CFT continued its global expansion in FY21, with the purchase of land in USA. Our manufacturing facility in Cresson, Texas is now under construction — targeting full commissioning of the new pultrusion machine and production by late 2021. This will allow us to service the substantial markets of North America more directly and efficiently. Our international sales team continues to pursue opportunities for Wagners to manufacture and distribute from our Queensland facility until the new USA facility is fully operational.

### Automation complete

This year, the significant investment made in the design, construction and commissioning of an automated robotic cross-arm line in our new purpose-built shed at our Wellcamp CFT facility came to fruition. The robotic cross-arm line was fully commissioned and production of the first saleable cross-arm was achieved. Cross-arms are used to support power lines and other electric equipment. This robotic production cell doubles our cross-arm production capacity and significantly lowers production costs. Since achieving this milestone, we have supplied cross-arms to Australia, New Zealand, and Oman — our first time dealing in Oman.

We are also pleased to report the Australian and New Zealand business achieved a 4 per cent increase in cross-arm sales during the reporting period.

**Investment in R&D provides revenue from new markets. Throughout the year, we released our newly designed and manufactured poles to the market. Sales have been achieved for this new product line in Australia, NZ and USA. In total five new product lines were commercialised throughout the year and another five are in the research and development phase.**



## FUTURE FOCUS

Our focus for FY22 is the commissioning of two new pultrusion machines in Australia to significantly increase our production capacity. These machines have been designed and manufactured by our in-house Engineering Solutions team and have much higher capacity than our existing pultrusion machines. Our research and development engineers have created the next generation of pultrusion machines, which will increase pultrusion capacity by 60 per cent and allow us to establish a dedicated pultrusion machine for manufacturing of poles, an emerging market for composites that Wagners has recently started to service.

Additional FY22 activities include:

- ▶ continuing to grow our presence in the USA and be manufacturing out of our Texas facility by late 2021
- ▶ maintaining investment in research and development to create new products, manufacturing efficiencies, and entry into new markets
- ▶ an ongoing focus on team skills and development.

# EARTH FRIENDLY CONCRETE®

## What is EFC®?

EFC® is a new class of concrete based on geopolymer technology developed by Wagners. The geopolymer binder system is based on the chemical activation of industrial waste by-products flyash (from coal-fired power stations) and slag (from the production of steel). A study on EFC® confirmed concrete produced through this process significantly reduces carbon emissions compared to concrete produced with Ordinary Portland Cement. EFC® has better performance and durability than conventional concrete, particularly in demanding applications such as corrosive sewerage and chloride environments along with heavy load-bearing pavement applications. As this product continues to develop, it will be a major disrupter to the traditional concrete market internationally. EFC® is available from all Wagners' concrete plants across south-east Queensland.

## FY21 achievements

### Global growth and diversification

Since achieving DIBt (German Standards Approval) — which allowed us to pursue opportunities overseas — demand for EFC® has increased globally throughout FY21 and we have supplied projects in London, Germany, India, and The Netherlands. Demand is particularly high in markets where asset owners and investors value the environmental and performance benefits offered by EFC®. With this growth has also come diversification in the application of EFC® both in Australia and overseas. Applications have expanded to include footings, house slabs, artificial reef, roof tiles, pipes, and pre-cast blocks.

### World-first constructions using EFC®

In FY21, Wagners achieved two world-first titles, supplying EFC® for the construction of a residential home and multi-storey building, using EFC®.

Wagners' customer Geoff Gibson said he was thrilled with the outcome of the EFC® used throughout a new home in Ramsay, Queensland. The highest levels of environmental and low-carbon performance have been achieved as a key element for both the builder and homeowner. Wagners' zero cement EFC® geopolymer concrete is the lowest carbon emission product available in the world today and using exposed EFC® floors without coverings ensures a thermally efficient energy design. Since this initial project, Geoff Gibson Homes has committed to several upcoming residential projects in EFC® and is setting the benchmark for innovation and environmental performance in south-east Queensland.



## FY21 AT A GLANCE

- ▶ Over 6,000m<sup>3</sup> of EFC® supplied resulting in a reduction of more than 1,400 tonnes of carbon emissions.
- ▶ EFC® supplied into projects in Australia, UK, Germany, India and The Netherlands.

Wagners also supplied EFC® to new customer, Mettle, which committed to using EFC® across its six-storey development in Fortitude Valley, Brisbane. This is the world's first multi-storey development where the majority of the concrete components were completed with a zero-cement concrete.

### Exclusive international partnership with Keltbray

Leading UK construction engineering specialist Keltbray has signed a limited exclusivity licence with Wagners and Capital Concrete for the supply and placement of EFC® in the UK.

In 2019, the UK legislated the pledge to achieve net-zero carbon emissions by 2050, motivating many companies to adopt some ambitions at corporate level. This commitment by Keltbray demonstrates the interest in and demand for significant reduction in embodied carbon from the building and civil engineering sectors in the UK.

Keltbray is already a certified Wagners' EFC® provider, having installed the first-ever pile using EFC® in London in FY20 at their Nova East project at London Victoria.

Wagners is extremely proud to see its Australian innovation leading the global concrete market. Through the partnership with Keltbray and Capital Concrete, we can continue to deliver great outcomes for innovative and sustainable construction in the UK.





Wagners' largest delivery of EFC® for Australia's first floating dive attraction, Wonder Reef

### EFC® providing technical solution to marine application

Seven artificial reef structures were poured using EFC® for what will become Australia's first floating dive attraction. This application is an ideal use of EFC® as it does not suffer from the durability issues that traditional concrete is subject to when exposed to saltwater environments.

The Wonder Reef project — due to open in early 2022 — is a series of artistically designed buoyant 'sculptural reef flutes' individually tethered to the seafloor by 62 tonnes of reinforced EFC® and steel pyramids. The sculptural reef flutes will stand 16 to 20 metres above the ocean floor off Queensland's Gold Coast, with the pyramids designed to support an abundance of fish and serve as sustainable habitats for various marine flora and fauna.

Using Wagners' EFC® instead of ordinary concrete also provides significant CO<sub>2</sub> savings.

### Continuous EFC® pour saves 100 tonnes of CO<sub>2</sub>

In February 2021, Wagners completed a large continuous slab pour of geopolymer EFC®. Together, Wagners and Hutchinson Builders successfully placed 310m<sup>3</sup> in one continuous pour, saving close to 100 tonnes of embodied CO<sub>2</sub> — the equivalent of planting 95 acres of forest to absorb this quantity of embodied CO<sub>2</sub> in a year. The slab forms the foundation for a cold room storage facility that will be used for exporting fresh produce from the Darling Downs region.



### FUTURE FOCUS

- ▶ Identifying potential investment partners for the EFC® business that are dedicated to accelerating the use of green technologies, developing our technologies, and scaling-up operational capacity in global markets.
- ▶ Targeting EFC® to replace 4,000,000m<sup>3</sup> of Ordinary Portland Cement concrete per annum, with a cumulative effect of reducing carbon emissions by 1.9 million tonnes.
- ▶ Continued expansion into new geographical markets.
- ▶ Establish a physical presence in new markets with additional manufacturing facilities.
- ▶ Progressing the installation and commissioning of a production facility in London, UK.



Wagners' EFC® laboratory

# CONSTRUCTION MATERIALS AND SERVICES

Wagners' Construction Materials and Services (CMS) division manufactures and sells cement, concrete, flyash, reinforcing steel and aggregates. With a growing network of concrete plants, Wagners is a convenient source of pre-mixed concrete for projects, also providing mobile and on-site concrete batching, crushing and haulage services.

Underlining the efficiencies achieved by vertical integration and cross-division collaboration, our engineering solutions team supports other divisions on projects and ensures the efficient operation of all machinery and transport.

Our revenue for FY21 was \$288.5 million. Earnings before interest and taxes (EBIT) were \$33.4 million. During the year, we appointed joint Chief Operating Officers for the CMS division, Anthony Freer and John Stark. Together, Anthony and John's leadership and clear vision will steer this business through the next period of rapid growth. The recent announcement of Brisbane's successful bid to hold the 2032 Olympic and Paralympic Games is expected to provide future opportunity and demand for the CMS division.

## SOUTH-EAST QUEENSLAND CEMENT

### FY21 achievements

Our market-leading cement business has experienced increased sales volumes through our internal concrete plants, along with increased general activity in the sector. A busy period in the road stabilisation sector — upgrades to roads and highways — contributed to increased volumes, as did good growth in our Townsville business.

From an innovation and sustainability perspective, our targeted investments in upgrades and expansion are underpinning our future planning and collaboration with other Wagners' divisions. Our Vertical Roller Mill (VRM) is already the most energy-efficient in use, with enhanced live condition-monitoring capability now allowing earlier fault detection, increasing mill utilisation. This means throughput, energy efficiencies and performance of the mill are optimised. Investment throughout the period in the Pinkenba laboratory will reduce testing times on products, and the Pinkenba plant's control room and staff facilities have also

been upgraded. The Transport team's fleet of powder tankers has grown this year to service our cement customers' needs.

While cement makes a significant contribution to global carbon emissions, our part in the production of EFC® through the grinding and supply of slag through our energy efficient Vertical Roller Mill and the supply of flyash from our Millmerran flyash business is helping to reduce carbon emissions associated with traditional Ordinary Portland Cement consumption.

### Future focus

The outlook for the construction industry in south-east Queensland is promising, and we expect strong cement volumes in FY22 thanks to high demand for concrete and other end uses of cement. While the sector is facing increased shipping and clinker costs, which may impact this positive outlook, Wagners' cement plants are designed to deliver value for the future. For example, the cement grinding technology used at our Pinkenba site is ideally suited for grinding slag, a waste product generated by the steel industry and one of the key ingredients in EFC®.

For the year ahead, we will also continue our investment in development and production efficiencies.

## CONCRETE

### FY21 achievements

During FY21, all of Wagners' concrete sites were fully commissioned, resulting in a 55 per cent increase in sales from our concrete plants. All Wagners sites are now also capable of producing EFC® in addition to traditional concrete.

### Future focus

The outlook for the construction industry in south-east Queensland is positive and we expect this to result in stronger concrete sales in FY22. However, the concrete business continues to be impacted by existing market pressures on pricing and resulting margins. Wagners is working through these challenges to ensure the concrete business experiences strong and stable future growth.

## PRECAST

Our precast concrete and prestressed concrete facility at Wacol manufactures products such as bridge girders, deck units and parapets. This facility also has one of the only high-volume tunnel segment production lines in Queensland. Because most precast concrete products contain reinforcing steel, our integrated business model ensures that precast provides a channel to market for our steel business.





Cross River Rail pre-cast concrete segments at Wagners' Wacol facility

### FY21 achievements

Brisbane's Cross River Rail project has led to a significant increase in revenue for our precast business. During FY21, we completed more than 70 per cent of the precast concrete tunnel segments. This project is a great showcase of the vertical integration of our business with the cement, steel, precast concrete engineering solutions and transport businesses working together to successfully deliver different aspects of the overall project.

### Future focus

The Cross River Rail project will continue to contribute to the precast business revenue in the coming year. This project and the pipeline of new precast work creates a positive outlook for FY22 and beyond.

## STEEL

Wagners' reinforcing steel business in Toowoomba provides steel for building foundations to our concrete and building customers. Additionally, it services the steel requirements of our precast business.

### FY21 achievements

Wagners has supplied steel for a number of large-scale commercial and residential projects across Toowoomba and surrounds. Some key projects include the supply of concrete, reinforcing steel with pier cages, and the above-ground requirements for the Newlands Aldi store. We were also awarded the supply for TEK Fuels' new service station in Toowoomba.

### Future focus

In FY22, we intend to expand the steel business into Brisbane, establishing a facility at Northgate to enable supply to local customers.

## WAGNERS PLAYS CRITICAL ROLE IN SOUTH-EAST QUEENSLAND'S FUTURE

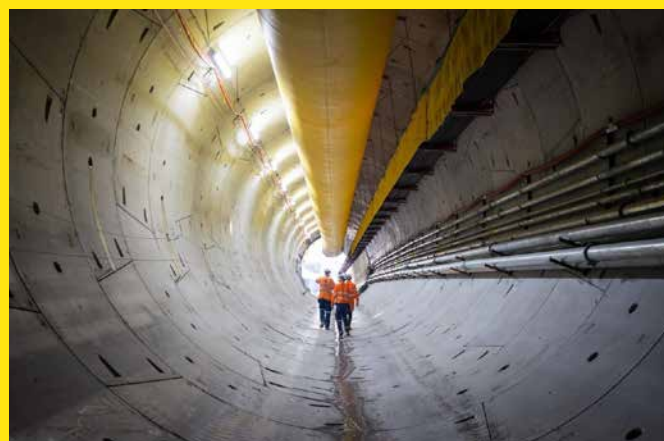
Wagners has been involved in some of Queensland's largest transport infrastructure projects in recent years, from Toowoomba's Second Range Crossing to Wellcamp Airport, and now Brisbane's Cross River Rail (CRR). CRR is a major public transport infrastructure project that will transform the way south-east Queenslanders travel. Throughout FY21, Wagners' precast, cement, steel, transport and engineering solutions teams contributed to the project.

Before Wagners' precast team could start on CRR's tunnel segments, our production facility was refurbished and upgraded to incorporate the latest technology in automated manufacturing. The engineering solutions team was an integral part of the facility upgrade, completing 6,850 working hours. This was a great demonstration of the precast and engineering solutions teams working together to deliver to the program and budget.

Following nine months of planning and preparation, our precast team cast the first tunnel segments for CRR's tunnel project early in the reporting period. Wagners is producing approximately 25,000 segments to be completed late 2021, which consumes 40,000m<sup>3</sup> of Wagners' concrete. The project has employed 70 people across two shifts for its duration.

This project has also created opportunities for cement sales with cement deliveries to CRR's Woolloongabba site being made during the period. This builds on the existing precast supply agreement with a new contract for cement and flyash blend, which will be the basis of the tunnel grout. Tunnel grouting systems fill voids between the pipe and the surrounding geological structures.

Wagners is proud of the innovation and partnership demonstrated by our teams, and the important part we are playing in this historic project for south-east Queensland.



# AUSTRALIAN PROJECTS

## QUARRIES AND CONTRACT CRUSHING

Wagners' quarries supply concrete aggregates, crusher dust, sealing aggregates, pavement material, asphalt aggregates, construction fills, road base, railway ballast and other fine crushed rock. Customers include builders, pre-mix concrete plants, road builders and regional councils, as well as Wagners' own concrete and project operations.

With quarries located across regional Queensland, our commitment to supporting local communities and contributing to regional economic prosperity is part of our heritage and an ongoing focus.

### FY21 achievements

#### Fixed quarry operations

Wagners is pleased to report that our fixed quarry operations delivered a 36 per cent increase in sales from FY20 to FY21. Our fixed quarry operations were busy throughout the year with construction and building activity remaining steady across the various regions in which we operate. The quarry team has been supported during this period from the engineering solutions and transport divisions in delivering this growth.

The South Back Creek Quarry (SBCQ) — located about 130km outside Clermont, Queensland — is supplying quarry materials for the development of roads, camps, pads, dams and mine civil works over a period of up to five years. The Wagners crushing operations at SBCQ operated throughout most of FY21 — 24 hours a day, seven days a week. Crushing and pugging operations are ongoing and over one million tonnes have been crushed and screened.

#### Mt Cuthbert mobile crushing operations

The projects team continued to crush and haul material on the Mt Cuthbert mine site, maintaining a supply of material to the mine and processing more than 300,000 tonnes of material over the project. Work was completed at Mt Cuthbert in late September 2020, with gear demobilised, serviced and ready for the next project. Wagners is pleased to have maintained consistent supply of material to our client while operating in a safe work environment in remote and challenging conditions outside of Mt Isa in Queensland.

### Future focus

- ▶ Execute secured contract crushing projects.
- ▶ Invest in production efficiencies resulting in higher productivity and lower production costs.
- ▶ Fixed quarry operations and mobile crushing equipment position us to capitalise on increased activity in the construction materials and services market.

## TRANSPORT PROJECTS

Our transport division is another key element to our vertical integration, allowing us full control over delivery of our materials to customers and to project sites. Our versatile fleet of prime movers and trailers allows us to service contracts for haulage projects throughout Australia.

### FY21 achievements

In FY21, the transport team used approximately 50 bulk haulage trucks to haul a record-breaking 8 million tonnes of product with the fleet travelling more than 10.1 million kilometres. Our fleet increased throughout the year as a result of several new haulage projects that were secured.

Our fleet vehicles proudly display the distinctive Wagners logo.

#### Glencore contract extended

The resource sector continued to provide opportunities for our transport team this year. In May 2021, after a competitive six-month tender process, our bulk haulage projects business secured the renewal of its haulage services contract with Glencore for the haulage of zinc ore and tailings between George Fisher and Lady Loretta Mines in the Mount Isa region. During the contract term, it is estimated we will cart more than 25 million tonnes of zinc ore and tailings.

Contracts such as this underpin our bulk haulage business and on completion Wagners will have provided services on this project for nine years. Securing this work reflects the high level of service delivered to date through the collective efforts of our teams.





South Back Creek Quarry, near Clermont (Qld)

### Nathan River Resources

We secured a one-year contract for the haulage of iron ore for Nathan River Resources in a remote location in the Northern Territory. This site presented some extreme logistical challenges throughout the year due to COVID-19 border restrictions. We proudly kept operations running despite the restrictions in place.

### Wagners' transport recognised at National Trucking Industry Awards

Wagners' transport was selected as one of three finalists in the category of *National Training Excellence for 2020* at the Australian Trucking Association (ATA) National Trucking Industry Awards. Held annually, there were 15 nominations for this specific award, with each nomination requiring three third-party letters of nomination. Wagners' submission was distinguished by our efforts to embed online and practical training programs, annual driving assessments for all heavy vehicle drivers, our Verification of Competencies (VOCs) program, and system reporting.

#### Future focus

- ▶ Anticipated growth in business from the resources industry will lead to increased volumes from existing projects and a pipeline of opportunities.
- ▶ Continue high utilisation of assets.
- ▶ Continue investment in assets to service existing and new contracts to deliver increased productivity and resulting margins.

## REBRANDING OF WAGNERS WORKSHOP TO ENGINEERING SOLUTIONS

Since the establishment of Wagners, our Toowoomba workshop has provided the business with an advantage over our competitors — repairing and maintaining our plant and equipment, manufacturing fit-for-purpose equipment not available from standard sources, modifying plant and equipment to better suit our operations, and working around the clock to allow mobilisation to meet customers' timeframes when others could not. From our first concrete plant in South Street, Toowoomba in 1989 to the composite pultrusion machine currently being manufactured, our workshop has been an integral part of Wagners' history and success. In recognition of its evolution, including its increased focus on servicing external customers, the facility has been re-named to 'engineering solutions' to better reflect the services the team provides to internal and external customers.

Our engineering solutions facility caters to the needs of our current valued customers and gives us the ability to engage a new and varied range of clientele. We provide services such as fabrication, machinists, steel processing, painting, panelling, sandblasting, procurement, logistics, mechanical, maintenance and electrical needs. Our design and engineering capabilities are at the forefront of the industry and engineering solutions will now play a diversified role in line with our new vision and goals. The team works hard to uphold Wagners' well-known reputation by continuing to deliver reliable, outstanding service and commitment to producing quality products, designs and solutions.



# GOVERNANCE

The Board is responsible for the overall corporate governance of Wagners, monitoring financial position and corporate performance, and overseeing business strategy, with a commitment to protecting and optimising performance and building value.

A Board Charter and governance principles provide the framework for the Board's conduct. Appropriate internal controls, risk management processes, and corporate governance policies and practices are designed to promote the responsible management and conduct of Wagners.

The Board currently has a number of committees, including:

- ▶ Audit and Risk Management Committee
- ▶ Remuneration Committee
- ▶ Nomination Committee.

Wagners also has a Risk Management Subcommittee. The Subcommittee's primary objective is to review and make recommendations to the Board in relation to the risk management policies and processes of Wagners.

A description of Wagners Holding Company Limited's current corporate governance practices is set out in the Wagners Holding Company Limited's corporate governance statement, which can be viewed on the Wagners website at <https://investors.wagner.com.au/corporate-governance/>.

## BOARD FOCUS AREAS: ADVANCING STRATEGY AND VALUE

The Board recognises that strategy, good governance and risk management are the drivers of performance and value-creation in our business. During the year, in addition to responsibilities set out in the charter documents, the Board and its committees reviewed and discussed the following matters specifically focused on future value and delivery of strategy.

VALUE CREATION	MATERIAL ISSUE	BOARD DELIBERATION/ACTION
<b>Growth</b>	<ul style="list-style-type: none"> <li>▶ Revenue growth:                             <ul style="list-style-type: none"> <li>– acquisition of businesses to provide revenue growth</li> <li>– entry into international markets — CFT US strategy and EFC® UK strategy</li> <li>– concrete strategy — continued expansion of construction materials business.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ A number of acquisition opportunities were investigated and considered. Board considered and approved the establishment of EFC® manufacturing facility in the UK and the acquisition and development of the CFT manufacturing facility in the USA.</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>▶ Significant investment in research and development — CFT and EFC® products.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Board approval was given for the continued investment into research and development in product development, the Technologies business and operational efficiencies across all businesses.</li> </ul>
<b>Safety, quality, environment</b>	<ul style="list-style-type: none"> <li>▶ Ability to operate safely across our operations and projects.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Board engagement in safety, quality and environment sessions.</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>▶ Positive employment culture and turnover.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Regular engagement between Board and all levels of employees. Endorsement of implementation of initiatives aimed at promoting positive culture and encouraging long-term employment.</li> </ul>



## RISK MANAGEMENT

The Wagners business is subject to specific and general risk factors which might affect the future operating performance of the organisation and the value of an investment in Wagners. Through the company's governance structure of Board members, Risk Management Committee and senior management, risks are assessed, categorised and monitored as part of a regular strategic and operational planning cycle. Appropriate mitigation responses are actioned as needed, including through ongoing investment in systems and training, and implementation of new processes as required.

RISK	DETAIL OF POTENTIAL RISK	MITIGATION
<b>Decreases in capital investment and construction activity in the Australian infrastructure sector</b>	<ul style="list-style-type: none"> <li>▶ Reduced demand for Wagners' products and services resulting from reduction in or delays in current levels of capital investments and construction activity in the Australian and international infrastructure sector may materially and adversely affect Wagners' revenue, profitability and growth.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Multi-disciplinary exposure to a broad range of revenue sectors — residential, commercial, infrastructure, resources, oil and gas, renewable energy, defence.</li> </ul>
<b>Manufacturing and product quality</b>	<ul style="list-style-type: none"> <li>▶ Failure to continuously comply with applicable regulatory requirements or to take satisfactory action in response to an adverse inspection could result in enforcement actions such as shutdowns of, or restrictions on, manufacturing operations, delay in the approval of products, refusal.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Recruitment of qualified personnel.</li> <li>▶ Investment in NATA-accredited laboratory and highly skilled laboratory team.</li> <li>▶ Safety, Environment and QA system embedded.</li> <li>▶ Internal auditors conduct scheduled compliance checks.</li> <li>▶ Insurance coverage.</li> </ul>
<b>Workplace health and safety</b>	<ul style="list-style-type: none"> <li>▶ Workplace accidents and incidents resulting in employee injury may result in penalties under relevant work health and safety legislation, and harm reputation and financial performance.</li> </ul>	<ul style="list-style-type: none"> <li>▶ SEQ compliance system.</li> <li>▶ Ongoing safety training and communication.</li> </ul>
<b>Supplier contracts</b>	<ul style="list-style-type: none"> <li>▶ Disruption in local and international supply contracts (electricity, shipping, raw materials) could cause product delays and potential loss of profitability.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Long-term contracts secured.</li> <li>▶ Strong relationships with suppliers.</li> <li>▶ Multiple supply sources from various geographical locations.</li> </ul>
<b>Operational</b>	<ul style="list-style-type: none"> <li>▶ Failure to sell products or meet production demand.</li> <li>▶ Unanticipated manufacturing problems, plant breakdowns or mechanical failures.</li> <li>▶ Cost and availability of raw material.</li> <li>▶ Adverse weather conditions.</li> <li>▶ All of the above may have an adverse effect on Wagners' profitability and ability to service customers.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Commitment to implementation of business strategy.</li> <li>▶ Multiple product lines, agility to enter into new markets/products.</li> <li>▶ Maintain surplus capacity beyond contractual obligations.</li> <li>▶ Back-up plant and machinery to deal with breakdowns, with regular repairs and maintenance programs.</li> <li>▶ Securing long-term fixed-price supply contracts.</li> <li>▶ Force Majeure clauses in contracts.</li> </ul>

# GOVERNANCE (CONTINUED)

## RISK MANAGEMENT (CONTINUED)

RISK	DETAIL OF POTENTIAL RISK	MITIGATION
<b>Environmental claims</b>	<ul style="list-style-type: none"> <li>▶ Environmental issues may potentially delay contract performance or result in a shutdown of a project, causing a deferral or preventing receipt of anticipated revenues.</li> <li>▶ Environmental risks may give rise to remediation obligations, civil claims and criminal penalties.</li> <li>▶ Any potential liability or penalty could result in a significant financial loss.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Strong focus on and commitment to the environment.</li> <li>▶ SEQ compliance.</li> <li>▶ Environment Manager with specialist skills.</li> <li>▶ Internal audits ensure each site complies with authorities to operate; external audits.</li> <li>▶ Strong reporting culture — potential environmental hazards reported monthly.</li> </ul>
<b>People, training and skills</b>	<ul style="list-style-type: none"> <li>▶ Ability to attract and retain qualified key personnel, including key members of Wagners' senior management team, and maintain a motivated, engaged workforce.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continued investment in the recruitment, training and development of our people to attract, retain and grow the best people.</li> <li>▶ Industry-based training is provided through internal and external programs for all personnel.</li> <li>▶ Enterprise Agreements with employees.</li> </ul>
<b>Remote locations</b>	<ul style="list-style-type: none"> <li>▶ Difficulties of remote-area operations for plant, equipment and materials, and related inherent risk to personnel.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Demonstrated ability to mobilise quickly and efficiently — large mobile operations successfully completed globally.</li> <li>▶ Proven track-record of safe operation in harsh/remote locations.</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>▶ Intense competition in Australia and internationally means other companies may be pursuing or have existing products/ services that target the same markets as Wagners.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Strong business model and growth underpinned by continued investment in research and development across new/ existing divisions.</li> <li>▶ Diverse range of products and services to limit exposure in extremely competitive markets.</li> </ul>
<b>Relationships with related parties may deteriorate</b>	<ul style="list-style-type: none"> <li>▶ Wagners has various related-party arrangements with Wagner Corporation (leases, licences, wharf services agreement) of key operational sites. Breakdown of relationships could destabilise harmony between parties leading to less-than-optimal usage and occupancy of site.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Secure long-term leases of sites on market terms.</li> </ul>
<b>Debt covenants may be breached if performance declines</b>	<ul style="list-style-type: none"> <li>▶ Factors such as a decline in Wagners' operational and financial performance could lead to a breach of its banking covenants.</li> <li>▶ If a breach occurs, Wagners' financiers may seek to exercise enforcement rights under the debt facilities, including requiring immediate repayment, which may have a materially adverse effect on Wagners' future financial performance and position.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Compliance system ensures covenants are maintained, with auditing/reporting to the Board monthly.</li> <li>▶ Work well within Board-approved operational/capital budgets to ensure covenants are not breached.</li> </ul>



## RISK MANAGEMENT (CONTINUED)

RISK	DETAIL OF POTENTIAL RISK	MITIGATION
<b>Growth</b>	<ul style="list-style-type: none"> <li>▶ There is a risk that the company may be unable to manage its future growth successfully, and no guarantee Wagners can maintain or grow project volume or pipeline — including potential negative impacts from factors beyond Wagners' control (e.g. decline in industry growth, lack of/slow market acceptance of Technologies business products, lack of available sites to establish ready-mix concrete plants, inability to obtain requisite approvals for quarry operations).</li> </ul>	<ul style="list-style-type: none"> <li>▶ Diversify business so that there are multiple revenue streams through a broad range of industry sectors.</li> </ul>
<b>Reliance on third parties</b>	<ul style="list-style-type: none"> <li>▶ Problems caused by third parties may affect Wagners' financial performance and prospects.</li> <li>▶ No guarantee that current operations will be carried out or managed in accordance with its preferred direction or strategy, subject to inability to control the actions of third parties.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Due diligence/appropriate contractual documentation setting out key responsibilities/expectations for subcontractors.</li> </ul>
<b>Financial risk</b>	<ul style="list-style-type: none"> <li>▶ Credit risk, liquidity risk and market risk consisting of interest-rate risk, foreign-currency risk and other price risk — see pages 101 to 105 for further detail and analysis.</li> </ul>	<ul style="list-style-type: none"> <li>▶ See pages 101 to 105 for detail on mitigation strategies to manage these risks.</li> </ul>

Wagners' senior management and those charged with governance regularly assess material matters. A matter is considered material if they believe it could significantly impact the value created and delivered in the short, medium and long term. Wagners manages material matters through:

- ▶ capturing feedback through engagement and research during the financial year from key external stakeholders including investors, analysts and other relevant groups
- ▶ engagement with the Board
- ▶ ensuring the business strategy and trends influencing strategic direction are aligned with and relevant to the information collected above.

# DIRECTORS



## DENIS WAGNER

### Non-executive Chairman

- ▶ Co-founder of Wagners — involved in the business since its inception
- ▶ Instrumental in developing Wagners into one of the leading construction materials producers in south-east Queensland
- ▶ Over 30 years' experience in the construction materials industry
- ▶ Fellow of the Australian Institute of Company Directors



## JOHN WAGNER

### Non-executive Director

- ▶ Co-founder of Wagners — involved in the business since its inception
- ▶ Instrumental in developing Wagners into one of the leading construction materials producers in south-east Queensland
- ▶ Over 30 years' experience in the construction materials industry
- ▶ Inaugural Chair of Darling Downs Tourism
- ▶ Inaugural Chair of the Toowoomba and Surat Basin Enterprises



## ROSS WALKER

### Independent Non-executive Director

- ▶ Appointed as part of Wagners' Initial Public Offering
- ▶ Specialises in working with small- to medium-sized companies
- ▶ Currently a Non-executive Director of RPM Global and Sovereign Cloud Holdings Limited
- ▶ Over 30 years' public accounting experience as a partner at Pitcher Partners, Brisbane
- ▶ Bachelor of Commerce, University of Queensland
- ▶ Fellow of the Institute of Chartered Accountants in Australia and New Zealand



## LYNDA O'GRADY

### Independent Non-executive Director

- ▶ Appointed as part of Wagners' Initial Public Offering
- ▶ Previous senior roles at Executive/Managing Director level at Telstra, including as Chief of Product
- ▶ Prior roles include as Commercial Director of Australian Consolidated Press (the publishing subsidiary of PBL), and General Manager of Alcatel Australia
- ▶ Inaugural Chairman of the Aged Care Financing Authority (retired 30 April 2018)
- ▶ Non-executive Director of Domino's Pizza Enterprises Ltd and Avant Group
- ▶ Member of the Advisory Board of Jamieson Coote Bonds, and Council of Southern Cross University
- ▶ Previous service on the Council of Bond University, boards of Screen Queensland, National Electronic Health Transition Authority (NEHTA) and TAB Queensland, and on the IT&T Board of Advisors to the New South Wales Treasurer
- ▶ Bachelor of Commerce (Hons), University of Queensland
- ▶ Fellow of the Australian Institute of Company Directors

## JOE WAGNER

- ▶ Appointed alternate Director to John Wagner
- ▶ Instrumental in developing Wagners into one of the leading construction materials producers in south-east Queensland
- ▶ Over 20 years' experience in the construction materials industry



# EXECUTIVE TEAM

## CAMERON COLEMAN

### Chief Executive Officer

- ▶ Appointed Chief Executive Officer in July 2012
- ▶ Employed by Wagners for over 25 years
- ▶ Experience across all areas of the business
- ▶ Oversees more than 680 employees
- ▶ Integral in Wagners' journey, and has created a culture that has enabled Wagners to differentiate itself from its competitors
- ▶ Completed the General Management Program at Harvard Business School in 2012

## FERGUS HUME

### Chief Financial Officer

- ▶ Joined Wagners in February 2016 as Chief Financial Officer
- ▶ Over 20 years' experience in chartered accounting and corporate financial roles
- ▶ Previously Financial Controller at Caltex Australia Ltd and Namoi Cotton Co-operative Ltd
- ▶ Chartered Accountant
- ▶ Bachelor of Commerce, University of Queensland

## KAREN BROWN

### Company Secretary and General Counsel

- ▶ Appointed Company Secretary and General Counsel in November 2017
- ▶ Over 20 years' experience in the legal sector
- ▶ Solicitor of the Supreme Court of Queensland
- ▶ Bachelor of Laws and Bachelor of Commerce, University of Queensland
- ▶ Graduate Diploma in Applied Corporate Governance

## JOHN STARK

### Chief Operating Officer, Construction Materials and Services (Joint)

- ▶ Appointed General Manager of Construction Materials and Services in January 2013
- ▶ Appointed Chief Operating Officer, Construction Materials and Services (Joint) in June 2021
- ▶ Over 25 years' experience in management roles at Wagners, including as Chief Executive Officer of Wagners' Joint Venture with Wood Group
- ▶ Oversees performance of Wagners' quarries and contract crushing, concrete projects, transport and maintenance workshops
- ▶ Mechanical trade qualification
- ▶ Completed AICD Company Directors Course

## ANTHONY FREER

### Chief Operating Officer, Construction Materials and Services (Joint)

- ▶ Appointed General Manager of Cement in October 2016
- ▶ Appointed Chief Operating Officer, Construction Materials and Services (Joint) in June 2021
- ▶ 20 years' experience in management positions
- ▶ Prior to General Manager appointment, assisted with Wellcamp Airport and Business Park construction for Wagners, coordinating utility services and contract administration
- ▶ Bachelor of Financial Administration, University of New England

# EXECUTIVE TEAM (CONTINUED)

## MICHAEL KEMP

**Executive General Manager —  
Technologies Business**

- ▶ Appointed General Manager of CFT in March 2017 and Technologies business in January 2020
- ▶ Employed by Wagners for over 17 years
- ▶ Over 20 years' experience in the construction materials industry, including management/design/installation of the first composite fibre road bridge in Australia (Grafton NSW), as well as the first in Queensland (D'Aguilar Highway, Blackbutt)
- ▶ Bachelor of Engineering, University of Adelaide

## HUGH STONE

**Head of Safety, Environment and Quality**

- ▶ Joined Wagners as Head of Safety, Environment and Quality in February 2020
- ▶ Over 20 years' experience as a Health, Safety and Environment professional
- ▶ Previous roles include Risk and Systems Manager with Energy Queensland and Ergon Energy, Operations and Protection Manager with Forests NSW
- ▶ Bachelor of Science (Forestry), Australian National University
- ▶ Graduate Certificate Health Science (Health & Safety), Queensland University of Technology

## RACHEL ALLAN

**Group Human Resources Manager**

- ▶ Appointed Human Resources Manager in August 2010
- ▶ Employed by Wagners for 13 years
- ▶ Oversees recruitment, training and payroll functions
- ▶ Over 15 years' experience in human resources, manufacturing, industrial relations, and hospitality prior to joining Wagners

## MATT GRULKE

**General Manager —  
Concrete, Reinforcing Steel and Precast**

- ▶ Appointed General Manager in 2019
- ▶ Employed by Wagners for over 17 years in roles throughout Australia and internationally in the global division in Russia, New Caledonia and Papua New Guinea
- ▶ Experience in technical/laboratory, project management and internationally as country manager

## JASON ZAFIRIADIS

**General Manager — Earth Friendly Concrete®**

- ▶ Joined Wagners as General Manager of EFC® in March 2020
- ▶ 19 years' experience across industrial markets in the areas of sales, marketing, strategy and leadership
- ▶ Bachelor of Business (Marketing and Economics), Queensland University of Technology
- ▶ Currently completing an Executive MBA at Queensland University of Technology



# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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# DIRECTORS' REPORT

The Directors of Wagners Holding Company Limited (Wagners, the 'Company') and its controlled entities (the 'Group'), present their report together with the consolidated financial statements for the year ended 30 June 2021.

## DIRECTORS

The following persons were directors of the Group during the period and until the date of this report, unless otherwise stated:

<b>DIRECTOR</b>	<b>ROLE</b>	<b>DATE OF APPOINTMENT</b>	<b>DATE OF RETIREMENT</b>
Denis Wagner	Non-executive Chairman	2 November 2017	
John Wagner	Non-executive Director	2 November 2017	
Lynda O'Grady	Non-executive Director	8 November 2017	
Ross Walker	Non-executive Director	2 November 2017	

<b>ALTERNATE DIRECTOR</b>	<b>ROLE</b>	<b>DATE OF APPOINTMENT</b>
Joseph Wagner	Non-executive Director	13 March 2018

## PRINCIPAL ACTIVITIES

The principal activities of the Group consist of construction materials and services and new generation building materials.

Construction materials and services supplies a large range of construction materials and services to customers in the construction, infrastructure and resources industries. Key products include cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel. Services include project specific mobile and on-site concrete batching, contract crushing and haulage services.

New generation building materials provides innovative and environmentally sustainable building products and construction materials through Composite Fibre Technologies (CFT) and Earth Friendly Concrete® (EFC®).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The appeal judgement with respect to the 'Cement Supply Agreement' with Boral Limited was handed down on 23 April 2021. The Cement Supply Agreement remains binding on both parties until 2031, requiring Boral to take a contracted volume of cement in the form of a take-or-pay arrangement, on an annual basis.

There are no other significant changes in the state of affairs that impact the Consolidated Entity for the year ended 30 June 2021.

## DIVIDENDS

	<b>CONSOLIDATED GROUP</b>	
	<b>30 JUN 2021</b>	<b>30 JUN 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
No final fully franked dividend paid during period (2020: Nil)	—	—
No interim dividend paid during period (2020: Nil)	—	—

# DIRECTORS' REPORT

## OPERATING AND FINANCIAL REVIEW

### Group financial results

Statutory net profit after tax (NPAT) of \$10,001,000 increased compared to the 2020 result (30 June 2020: \$17,000 loss).

### Non-IFRS measures

Throughout this report, Wagners has included certain non-IFRS financial information, including Earnings before Interest, Depreciation & Amortisation (EBITDA), and pro forma equivalents of IFRS measures such as net profit after tax. These non-IFRS measures may provide useful information to recipients for measuring the underlying operating performance of the Group.

### Statutory results

Statutory results are provided for the financial year ended 30 June 2021 to allow shareholders to make a meaningful comparison with the results for the year ended 30 June 2020 and to assess the Group's performance as a listed company.

<b>TABLE 1: STATUTORY RESULTS ACTUAL COMPARED TO THE PRIOR FINANCIAL YEAR</b>	<b>30 JUN 2021 \$'000</b>	<b>30 JUN 2020 \$'000</b>
Revenue	320,650	249,668
Direct material and cartage costs	(136,326)	(108,073)
<b>Gross profit</b>	<b>184,324</b>	<b>141,595</b>
Other income	2,446	2,311
Operating expenses	(138,490)	(116,292)
<b>Earnings before interest, tax, depreciation, and amortisation</b>	<b>48,280</b>	<b>27,614</b>
Depreciation & amortisation	(22,882)	(18,987)
<b>Earnings before interest and tax</b>	<b>25,398</b>	<b>8,627</b>
Net finance costs	(10,950)	(8,840)
<b>Net profit before tax</b>	<b>14,448</b>	<b>(213)</b>
Income tax expense	(4,447)	196
<b>Net profit after tax</b>	<b>10,001</b>	<b>(17)</b>



# DIRECTORS' REPORT

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Group financial results (continued)

#### Statutory results (continued)

##### STATUTORY RESULTS 2021 VS 2020

FY21 experienced increased cement sales with a full year of stable volumes following the resolution of a dispute with a major cement customer. The performance of the Cross River Rail tunnel segment project, strong volumes across our long-term bulk haulage contracts, increased quarry and contract crushing volumes as well as increased concrete volumes have contributed to the higher revenue in 2021. This increased activity has resulted in higher direct material and cartage costs and increased operating expenses reflecting the scope and scale of the work involved.

CFT crossarm sales have increased by 4.2%. However, sales have decreased in the pedestrian infrastructure and road bridge segment, which has been impacted by delays in customer spend and market activity due to the impacts of COVID-19. The combined impact is a decrease 6.6% in overall sales in the CFT division.

Depreciation expense has been impacted by accelerated depreciation rates on bulk haulage and contract crushing equipment in line with the increased utilisation of these assets.

#### Operating results by segment

SEGMENT (\$'000)	30 JUNE 2021		30 JUNE 2020		CHANGE	
	REVENUE	EBIT	REVENUE	EBIT	REVENUE	EBIT
Construction, Materials and Services	288,519	33,407	215,836	18,646	72,683	14,761
Composite Fibre Technologies	31,438	2,683	33,659	3,460	(2,221)	(777)
EFC® — Carbon Reducing Technologies	306	(1,985)	143	(1,282)	163	(703)
Other/Eliminations	387	(8,707)	30	(12,197)	357	3,490
<b>Total</b>	<b>320,650</b>	<b>25,398</b>	<b>249,668</b>	<b>8,627</b>	<b>70,982</b>	<b>16,771</b>

#### CONSTRUCTION MATERIALS AND SERVICES

Construction Materials and Services revenue growth of 33.7% includes increased revenues across cement, precast (Cross River Rail tunnel segments), bulk haulage, concrete and quarry operations.

Cement volumes have increased as result of the higher concrete volumes in our fixed concrete plants, growth of existing and new customers and the return to contracted volumes for a major cement customer.

Precast has benefited from the Cross River Rail tunnel segment project, with approximately 75% of the projected volumes delivered in 2021.

Transport revenue increased from long term bulk haulage contracts in the North West mineral province of Queensland and Northern Territory in the resources sector.

Concrete revenues have increased with the expansion of the south-east Queensland fixed plant network and growth in volumes.

Increased supply of quarry materials, as a result of the project at the Carmichael mine, the acquisition of the Shepton Quarry near Emerald in June 2020 and ongoing supply from the Wellcamp and Castlereagh quarries.

EBIT growth in the year resulted from the increased activity in these business units.

# DIRECTORS' REPORT

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Operating results by segment (continued)

#### COMPOSITE FIBRE TECHNOLOGIES

The crossarms business achieved an increase in revenue of 4.2% and increase in EBIT of over 29% due to manufacturing efficiencies resulting in lower production costs.

The Composite Fibre Technologies revenue decrease of 6.6% is due to decreased sales of pedestrian infrastructure, short span road bridge and marine infrastructure which had a 14.8% decrease in revenue in FY21. This was mainly due to deferred customer projects and general lack of activity as a result of the impacts of COVID-19. The business development investment in Australia, USA, UK, Middle East and New Zealand was maintained throughout the year.

#### EFC® — CARBON REDUCING TECHNOLOGIES

There has been increased demand for EFC® globally throughout FY21 with EFC® being deployed in projects or trials in London, Germany, Netherlands, India and south-east Queensland.

EBIT was impacted by increased investment in research and development and business development costs in Australia, UK, Europe and India.

#### OTHER/ELIMINATIONS

The difference in EBIT is mainly due to lower legal costs following the appeal judgement in FY21 and award of costs. These were partially offset by increased insurance costs during the 2021 financial year.

#### FINANCIAL POSITION

	30 JUN 2021 \$'000	30 JUN 2020 \$'000	CHANGE \$'000
Current assets	97,181	84,552	12,629
Non-current assets	244,601	245,438	(837)
Total assets	341,782	329,990	11,792
Current liabilities	72,317	64,295	8,022
Non-current liabilities	156,512	163,288	(6,776)
Total liabilities	228,829	227,583	1,246
<b>Net assets/(liabilities)</b>	<b>112,953</b>	<b>102,407</b>	<b>10,546</b>

The group increased its Net asset position in 2021 due to the improved performance of the business.

Increased cash as a result of timing of creditor payments at 30 June 2021 has driven the increase in Current assets.

Non-current assets have decreased due to the investment in plant and equipment being lower than the depreciated portion of assets.

Total liabilities have increased slightly, with the increase in Current liabilities due to the timing of the trade creditor payment being made after the balance date, the decrease in the Non-current liabilities is due to the company continuing to reduce debt partially offset by increased right of use asset liabilities due to new leases and a calculation change.

# DIRECTORS' REPORT

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Strategy and future prospects

Wagners remains focused on delivering future growth through the following strategies:

#### Composite Fibre Technologies (CFT):

The Group will continue to focus in domestic and international markets leveraging opportunities for a broad range of applications, particularly in the US, UK, New Zealand, Europe and Middle Eastern markets. Revenue growth is expected from:

- ▶ USA — Wagners US CFT facility in Texas is currently under construction with manufacturing expected to commence later this year. With an operational manufacturing facility in the USA, combined with increased investment in our CFT international operations, marketing and sales team, increased demand is expected from local US utility providers for crossarms and power poles and customised solutions provided to pedestrian infrastructure and warehouse asset owners.
- ▶ Australia/New Zealand Custom Build — while we saw a decrease in committed funding for these assets during FY21, increased tendering activity in the later months of FY21 indicates that activity in this sector is set to rebound in FY22 as COVID-19 restrictions ease and public sector funding is directed to state and local infrastructures. A full sales complement is in place across all states to respond to these opportunities.
- ▶ Manufacturing Optimisation — the Group continues to invest in automation and increased production capacity at the Group's CFT facilities resulting in higher productivity and lower costs of production. An additional three pultrusion machines will be commissioned during FY22 (1 in Texas USA and 2 in Toowoomba Australia) positioning the Group to manufacture new products developed by the R&D team, including power poles.
- ▶ Research and Development — continued investment in R&D will continue to identify new products, leverage new markets and yield production efficiencies.

#### Earth Friendly Concrete® (EFC®):

- ▶ EFC® is now being employed in domestic construction in Australia in FY21, in residential and commercial applications.
- ▶ Domestically, the Group will continue to increase the sales focus to leverage the Group's concrete batch plant network to supply EFC® throughout south-east Queensland. The Group will also look for opportunities to service new markets, throughout Australia and New Zealand and supply EFC® through third party owned concrete plants.
- ▶ Successful trials have been performed with roof tile manufacturers, pipe manufacturers and precast manufacturers across Europe. The technology has also been successfully used in many projects in London, England including the HS2 project.
- ▶ The Group is committing significant funds to the expansion of the EFC® operations globally. While some revenue growth is expected in FY22 as demand increases for the technology and a presence is established in these international markets, the initial expansion into these markets is going to require significant investment of funds. The funds will predominantly be used to establish manufacturing capabilities and engage along with operational and marketing staff in the UK.
- ▶ The Group will continue its investment in R&D to enable a broader application of EFC®.
- ▶ With increasing international demand for the technology, the Group has commenced a process to identify a strategically compatible investment partner to assist with the further development of the technology and scaling of operational capacity in its identified global markets. If successful, the investment is not likely to result in a significant increase in revenue in FY22 due to the timing of any transaction. However, any investment is expected to deliver significant medium and long term benefits to the Group.
- ▶ Irrespective of any third party investment, the global EFC® strategy will progress during FY22.



# DIRECTORS' REPORT

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Strategy and future prospects (continued)

#### Quarries:

- ▶ Continued growth is expected in the quarry business with five (5) quarries now operational and contributing to the Group's financial performance. There are also a number of contracts secured for the Group's contract crushing services business. The Group's fixed quarry operations and available mobile crushing equipment position means the Group is well positioned to increase activity in the construction materials and services market. The Group will continue to explore investment opportunities that will add long term value to the fixed quarry operations including the development of existing greenfield sites.

#### Transport:

- ▶ While there are a number of longer term contracts secured in the Group's bulk haulage business, additional contracts are expected over time in line with the significant activity in the resources sector. The Group will continue to invest in assets to service existing and new contracts that will deliver increased productivity and resulting margins.

#### Cement:

- ▶ Strong cement volumes are expected throughout FY22 in line with the current activity in the SEQ construction sector. With a dedicated sales team in the region, the Group will continue to expand its customer base in south-east Queensland and to develop new product offerings and service new geographical markets.

#### Continued expansion of ready-mix concrete plants:

- ▶ As previously reported, the Group will continue to expand its ready-mix concrete plant network, providing the Group's cement and quarry businesses with a secure and growing sales channel. This will also provide additional exposure to the increased activity in south-east Queensland's construction materials and services market with current strong activity expected to continue into FY22.

## ENVIRONMENT REGULATION

The Group is subject to particular and significant environmental regulations. All relevant authorities have been provided with regular updates, and to the best of the directors' knowledge all activities have been undertaken in compliance with or in accordance with a process agreed with the relevant authority.

Wagners recognises and accepts that proper care of the environment is a fundamental part of its corporate business strategy and concerns for the environment must be integrated into all management programs. Wagners employs a number of substantial internal environmental policies, procedures and monitoring processes, including the Board participation in monthly Environmental Quality and Safety reviews with a large number of employee participants from throughout the Group.

Wagners believes that it must conduct business in an environmentally responsible manner that leaves the environment healthy, safe and does not compromise the ability of future generations to sustain their needs. Our environmental performance is assured annually by SAI Global through our compliance to ISO 14001:2015. Wagners is also subject to the *National Greenhouse and Energy Reporting Act 1997* and is required to report on the energy consumption and greenhouse gas emissions of its Australian operations.

# DIRECTORS' REPORT

## CORPORATE GOVERNANCE

Wagners Holding Company Limited is committed to achieving and demonstrating the effective standards of corporate governance. The Group has reviewed its corporate governance practices against the *Corporate Governance Principles and Recommendations (3rd edition)* published by the ASX Corporate Governance Council.

A description of Wagners Holding Company Limited's current corporate governance practices is set out in the Wagners Holding Company Limited's corporate governance statement, which can be viewed on the Wagners website at <https://investors.wagner.com.au/corporate-governance/>.

## INDEMNITIES AND INSURANCE OF OFFICERS AND AUDITORS

### Indemnification

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001* every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as officer or agent of the Company in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Group has not entered into any agreement to indemnify their auditor, BDO Audit Pty Ltd for any liabilities to another person (other than the Company) that may arise from their position as auditor.

### Insurances

During the reporting period and since the end of the reporting period, the Company has paid premiums in respect of a contract insuring directors and officers of the Group in relation to certain liabilities. In accordance with normal commercial practices under the terms of the insurance contracts, the nature of liabilities insured against and the amounts of premiums paid are confidential.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 66 and forms part of the Directors' Report for financial year ended 30 June 2021.

# DIRECTORS' REPORT

## NON-AUDIT SERVICES

The following non-audit services were provided by the Group's auditor, BDO Audit Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. This assessment has been confirmed to the Board by the Audit & Risk Committee.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related firms:

	2021 \$	2020 \$
Tax compliance, advisory and other services	–	13,000
Due diligence services	–	–
	–	13,000

## ROUNDING

The Company is a kind referred to in *Australian Securities & Investment Commission (ASIC) Legislative Instrument 2016/191*, and in accordance with that instrument all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

## EVENTS OCCURRING AFTER THE REPORTING DATE

The directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the financial year ended 30 June 2021.

In addition, while the COVID-19 situation remains concerning, between 30 June 2021 the date of this report, there has been no COVID-19 impacts on the operations of the Group. However, due to the fluid nature of this pandemic the Group will continue to monitor the unfolding situation and adjust operations for minimal impacts where required.



# DIRECTORS' REPORT

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

### Construction Materials and Services

The Group is in a strong position to benefit from the large pipeline of infrastructure work in south-east Queensland over the coming decade. This will provide significant benefit to the construction materials and services offered by the Group, and will also provide opportunities for the use of the New Generation Building Materials.

The continual establishment of permanent concrete plants in south-east Queensland, with six currently operational, with two additional sites identified, delivers on the strategy outlined in the prospectus. This, together with the development of a greenfield quarry site acquired in south-east Queensland, which, unless the market improves is not expected to be operational within the next year, strengthens the Group's position as a preferred supplier of construction materials in this market.

### Composite Fibre Technologies

The international expansion of CFT into USA, currently constructing the Group's first US CFT facility in Texas is expected to further increase the demand for CFT products. Considerable interest has also been received for the Group's newest product, CFT Power Poles, which is expected to contribute significantly in the growth of CFT in the coming years. The increased production capacity as a result of the automation will also allow the Group to competitively tender for international contracts, with supply into Asia an area of potential growth.

### Earth Friendly Concrete®

Regardless of any investment that may be secured from a third party investor the Group is committing significant funds to the expansion of the EFC® operations globally. While some revenue growth is expected in FY22 as demand increases for the technology and a presence is established in these international markets, the initial expansion into these markets is going to require significant investment of funds. The funds will predominantly be used to establish manufacturing capabilities and engage operational and marketing staff in the UK.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS AND COMPANY SECRETARY

<b>NAME</b>	<b>DENIS WAGNER</b>
<b>Title</b>	Non-executive Chairman.
<b>Qualifications</b>	FAICD
<b>Experience and expertise</b>	Denis is one of the co-founders of Wagners and has been involved in the business since its inception and has been instrumental in developing Wagners into one of the leading construction materials producers in south-east Queensland. Denis brings over 30 years' experience in the construction materials industry and is a Fellow of the Australian Institute of Company Directors.
<b>Other current directorships</b>	None.
<b>Former directorships (last 3 years)</b>	None.
<b>Special responsibilities</b>	Chair of Nomination Committee and Member of Remuneration Committee.
<b>Interests in shares</b>	36,324,048 Ordinary shares.
<b>Interests in options</b>	None.
<b>Interests in rights</b>	None.
<b>Contractual rights to shares</b>	None.
<b>NAME</b>	<b>JOHN WAGNER</b>
<b>Title</b>	Non-executive Director.
<b>Experience and expertise</b>	John is one of the co-founders of Wagners and has been involved in the business since its inception and has been instrumental in developing Wagners into one of the leading construction materials producers in south-east Queensland. John brings over 30 years' experience in the construction materials industry and was the inaugural Chair of both Darling Downs Tourism and Toowoomba and Surat Basin Enterprises boards.
<b>Other current directorships</b>	None.
<b>Former directorships (last 3 years)</b>	None.
<b>Special responsibilities</b>	Member of Audit and Risk Committee.
<b>Interests in shares</b>	36,614,431 Ordinary shares.
<b>Interests in options</b>	None.
<b>Interests in rights</b>	None.
<b>Contractual rights to shares</b>	None.
<b>NAME</b>	<b>ROSS WALKER</b>
<b>Title</b>	Independent, Non-executive Director.
<b>Qualifications</b>	BCom, FCA.
<b>Experience and expertise</b>	Ross is a Chartered Accountant, with more the 30 years' corporate and accounting experience, and a former managing partner of accounting and consulting firm, Pitcher Partners Brisbane.
<b>Other current directorships</b>	RPM Global Limited (ASX: RUL) (Appointed in 2008), Sovereign Cloud Holdings Limited (ASX: SOV) (Appointed in 2017)
<b>Former directorships (last 3 years)</b>	None.
<b>Special responsibilities</b>	Chair of Audit and Risk Committee and Member of Nomination Committee.
<b>Interests in shares</b>	117,713 Ordinary shares.
<b>Interests in options</b>	None.
<b>Interests in rights</b>	None.
<b>Contractual rights to shares</b>	None.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONTINUED)

<b>NAME</b>	<b>LYNDA O'GRADY</b>
<b>Title</b>	Independent, Non-executive Director.
<b>Qualifications</b>	BCom(Hons), FAICD.
<b>Experience and expertise</b>	Lynda has held Executive/Managing Director roles at Telstra, including Chief of Product. Prior to this Lynda was Commercial Director of Australian Consolidated Press (PBL) and General Manager of Alcatel Australia. She was Chairman of the Aged Care Financing Authority until her retirement effective 30 April 2018 and is a member of the Advisory Board of Jamieson Coote Bonds and Council of Southern Cross University.
<b>Other current directorships</b>	Domino's Pizza Enterprises Limited (ASX: DMP) (Appointed in 2015), AVANT Group (Appointed in 2019) & Musica Viva (Appointed in 2018)
<b>Former directorships (last 3 years)</b>	National Electronic Health Transition Authority — NEHTA
<b>Special responsibilities</b>	Member of Nomination Committee and Audit and Risk Committee and Chair Remuneration Committee.
<b>Interests in shares</b>	50,000 Ordinary shares.
<b>Interests in options</b>	None.
<b>Interests in rights</b>	None.
<b>Contractual rights to shares</b>	None.
<b>NAME</b>	<b>KAREN BROWN</b>
<b>Title</b>	Company Secretary.
<b>Qualifications</b>	LLB, BCom.
<b>Experience and expertise</b>	Karen is a solicitor of the Supreme Court of Queensland and was appointed as General Counsel and Company Secretary to Wagners in December 2017. Karen has over 20 years' experience in the legal sector, and is a former partner of Carter Newell Lawyers.
<b>Other current directorships</b>	None.
<b>Former directorships (last 3 years)</b>	None.
<b>Special responsibilities</b>	None.
<b>Interests in shares</b>	15,808 Ordinary shares.
<b>Interests in options</b>	None.
<b>Interests in rights</b>	None.
<b>Contractual rights to shares</b>	None.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Interests in shares' refers to shareholdings as at the date of the financial report.



# DIRECTORS' REPORT

## DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	FULL BOARD MEETINGS		AUDIT & RISK COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Denis Wagner	11	11	–	–	3	3	–	–
John Wagner*	11	10	2	2	–	–	–	–
Ross Walker	11	11	2	2	3	3	–	–
Lynda O'Grady	11	11	2	2	3	3	–	–
Joseph Wagner*	11	1	–	–	–	–	–	–

\* John Wagner appointed Joseph Wagner as his alternate Director for an interim period where he could not attend to his full duties as a Director of the Company.

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

# REMUNERATION REPORT (AUDITED)

The Directors of Wagners Holding Company Limited are pleased to present the Remuneration Report (the 'Report') for the Company and its subsidiaries (together, the 'Group') for the financial year ended 30 June 2021.

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

The Report consists of the following sections:

1. Remuneration report overview
2. Remuneration governance
3. Executive remuneration policy and practices
4. Non-executive Director remuneration policy and practices
5. Overview of Group performance
6. Employment contracts of key management personnel
7. Details of remuneration
8. Equity instruments held by key management personnel
9. Other transactions with key management personnel

## 1 REMUNERATION REPORT OVERVIEW

For the purposes of this Report, the Group's key management personnel ('KMP') are its Non-executive Directors and executives who have been identified as having authority and responsibility for planning, directing and controlling the major activities of the Group.

The table below outlines the KMP of Wagners and their movement during the financial year end 30 June 2021:

NAMES	ROLE	TERMS AS KMP
<b>NON-EXECUTIVE DIRECTORS</b>		
Denis Wagner	Non-executive Chairman	Full financial year
John Wagner	Non-executive Director	Full financial year
Lynda O'Grady	Non-executive Director	Full financial year
Ross Walker	Non-executive Director	Full financial year
<b>SENIOR EXECUTIVES</b>		
Cameron Coleman	Chief Executive Officer ('CEO')	Full financial year
Fergus Hume	Chief Financial Officer ('CFO')	Full financial year

# REMUNERATION REPORT (AUDITED)

## 2 REMUNERATION GOVERNANCE

Ultimately, the Board is responsible for the Group's remuneration policies and practices. The role of the Remuneration Committee (the 'Committee') is to assist the Board to ensure that appropriate and effective remuneration packages and policies are implemented within the Company and Group in relation to the KMP and those reporting directly to the CEO.

Wagners has several policies to support a strong governance framework. These policies include a Diversity Policy, Continuous Disclosure Policy, Whistle-blower Policy and Securities Trading Policy, and they have been implemented to promote responsible management and conduct. Further information is available on the Group's website <https://investors.wagner.com.au/corporate-governance/>

The Remuneration Committee's functions include:

- ▶ Review and evaluation of market practices and trends on remuneration matters;
- ▶ Recommendations to the Board about the Group's remuneration policies and procedures;
- ▶ Recommendations to the Board about remuneration of senior management; and
- ▶ Reviewing the Group's reporting and disclosure practices in relation to the remuneration of senior executives.

The Committee's Charter allows the Committee access to specialist external advice about remuneration structure and levels, which it intends to utilise periodically in support of its remuneration decision making process.

## 3 EXECUTIVE REMUNERATION POLICY AND PRACTICES

The Group's remuneration framework is designed to attract, retain, motivate and reward employees for performance that is competitive and appropriate for the results delivered. The framework aligns remuneration with the achievement of strategic goals and the creation of value for shareholders.

The key criteria supporting the Group's remuneration framework are:

- ▶ Competitiveness and reasonableness;
- ▶ Acceptability to shareholders;
- ▶ Performance linkage/alignment of executive compensation; and
- ▶ Transparency.

Wagner's Executive KMP remuneration consists of fixed remuneration, short-term incentives and long-term incentives plans. Executive KMP remuneration includes both fixed and variable components, with variable rewards consisting of short and long term incentives that are based on Group performance outcomes.

### (a) Fixed remuneration

Fixed remuneration for employees reflects the complexity of the individual's role and their experience, knowledge and performance. Internal and external benchmarking is regularly undertaken, and fixed remuneration levels are set with regards to comparable market remuneration.

Fixed remuneration is comprised of base salary, salary sacrificed non-monetary benefits and employer superannuation contributions, in line with statutory obligations.

Fixed remuneration is reviewed annually, taking into consideration the performance of the individual, business unit, and the Group as a whole.



# REMUNERATION REPORT (AUDITED)

## 3 EXECUTIVE REMUNERATION POLICY AND PRACTICES (CONTINUED)

### (b) Short-term incentive plan

The Company has adopted a short-term incentive (STI) plan for key employees, and is designed to motivate and align employees with the Group's financial and strategic objectives.

Non-executive Directors are not entitled to participate in the STI. Key employees identified by the Board are entitled to receive STI payments, calculated as a percentage of base salary, subject to achieving performance targets against key performance indicators agreed with the Board.

The Group's Earnings before Interest and Taxes (EBIT) has been assessed as the most suitable measure of financial performance for the STI, as EBIT aligns the Groups operating profit performance to the incentive attainable.

The following table outlines the key features of the STI Plan for the financial year ended 30 June 2021:

<b>PARTICIPANTS</b>	All KMP executives												
<b>PERFORMANCE PERIOD</b>	Financial year ending 30 June 2021												
<b>PERFORMANCE TARGET</b>	Performance was measured against a target EBIT, being the Groups operational budgeted EBIT, approved and ratified by the Board.												
<b>OPPORTUNITY<sup>1</sup></b>	<table><thead><tr><th>TARGET EBIT ACHIEVED</th><th>% OF BASE SALARY</th></tr></thead><tbody><tr><td>&lt;90%</td><td>0%</td></tr><tr><td>90%</td><td>12.5%</td></tr><tr><td>100%</td><td>25%</td></tr><tr><td>110%</td><td>37.5%</td></tr><tr><td>120%</td><td>50%</td></tr></tbody></table>	TARGET EBIT ACHIEVED	% OF BASE SALARY	<90%	0%	90%	12.5%	100%	25%	110%	37.5%	120%	50%
TARGET EBIT ACHIEVED	% OF BASE SALARY												
<90%	0%												
90%	12.5%												
100%	25%												
110%	37.5%												
120%	50%												
<b>PERFORMANCE RESULTS</b>	The Group did achieve the reported EBIT result for the financial period, satisfying the Group STI performance target.												
<b>PAYMENT METHOD</b>	100% of STI earned will be payable by way of cash in two equal tranches, over one year. Other than in certain circumstances, if the employee ceases employment with the Group, any tranches earned that have not yet been paid will be forfeited.												

<sup>1</sup> Where EBIT falls between target EBIT ranges, then % of Base Salary will be calculated on a pro rata basis between the upper and lower percentages of that range. Note that the STI payments are capped at a maximum of 50% of base salary.

# REMUNERATION REPORT (AUDITED)

## 3 EXECUTIVE REMUNERATION POLICY AND PRACTICES (CONTINUED)

### (c) Long-term incentive plan

The Company adopted a new long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (LTI).

Performance rights are issued under the LTI, and it provides for KMP to receive a number of performance rights, as determined by the Board, over ordinary shares. Performance rights issued under the LTI will be subject to performance conditions that are detailed below.

The Remuneration Committee consider this equity performance-linked remuneration structure to be appropriate as KMP only receive a benefit when there is a corresponding direct benefit to shareholders.

Details of Key Management Personnel performance rights issued, vested and expired during the financial year are set out below:

YEAR ISSUED	TRANCHE	VESTING DATE	VESTING CONDITIONS	PERFORMANCE PERIOD <sup>1</sup>	MOVEMENTS				30 JUNE 2021
					1 JULY 2020	ISSUED	EXERCISED	EXPIRED/ FORFEITED	
2020	1	31 August 2021	EPS	1 year	–	120,120	–	–	120,120
2020	2	31 August 2022	EPS	2 years	–	120,120	–	–	120,120
2020	3	31 August 2023	EPS	3 years	–	120,120	–	–	120,120
2019	1	31 August 2020	EPS	1 year	74,075	–	–	–	74,075
2019	2	31 August 2021	EPS	2 years	74,074	–	–	–	74,074
2019	3	31 August 2022	EPS	3 years	74,074	–	–	–	74,074
					<b>222,223</b>	<b>360,360</b>	–	–	<b>582,583</b>

<sup>1</sup> Represents the relevant period of time to which both the performance vesting condition is measured and the period of time the recipient must remain employed with the Group.

# REMUNERATION REPORT (AUDITED)

## 3 EXECUTIVE REMUNERATION POLICY AND PRACTICES (CONTINUED)

### (c) Long-term incentive plan (continued)

#### Vesting Conditions

##### 2020 ISSUED PERFORMANCE RIGHTS

1	<b>VESTING DATES</b>	Tranche 1 — 31 August 2021 Tranche 2 — 31 August 2022 Tranche 3 and Remainder Performance rights — 31 August 2023
2	<b>VESTING CONDITIONS</b>	<b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.9c</b>  <b>TRANCHE 1</b> On the Tranche 1 Vesting Date, if the earnings per share ( <b>EPS</b> ) of the Company as at 30 June 2021 ( <b>Tranche 1 EPS</b> ) is: (a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or (b) at least 10% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or (c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest.  <b>TRANCHE 2</b> On the Tranche 2 Vesting Date, if the earnings per share ( <b>EPS</b> ) of the Company as at 30 June 2022 ( <b>Tranche 2 EPS</b> ) is: (a) at least 5% (but less than 10%) higher than the Tranche 1 EPS, 50% of the Tranche 2 Performance rights shall vest; or (b) at least 10% (but less than 15%) higher than the Tranche 1 EPS, 75% of the Tranche 2 Performance rights shall vest; or (c) at least 15% higher than the Tranche 1 EPS, 100% of the Tranche 2 Performance rights shall vest.  <b>TRANCHE 3</b> On the Tranche 3 Vesting Date, if the earnings per share ( <b>EPS</b> ) of the Company as at 30 June 2023 ( <b>Tranche 3 EPS</b> ) is: (a) at least 5% (but less than 10%) higher than Tranche 2 EPS, 50% of the Tranche 3 Performance rights shall vest; or (b) at least 10% (but less than 15%) higher than the Tranche 2 EPS, 75% of the Tranche 3 Performance rights shall vest; or (c) at least 15% higher than the Tranche 2 EPS, 100% of the Tranche 3 Performance rights shall vest.  <b>ADDITIONAL VESTING TERMS</b> Any Tranche 1 or 2 Performance rights which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively ( <b>Remainder Performance rights</b> ) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Tranche 2 EPS.
3	<b>EXPIRY DATE</b>	5 years from the date the Performance rights were issued.



# REMUNERATION REPORT (AUDITED)

## 3 EXECUTIVE REMUNERATION POLICY AND PRACTICES (CONTINUED)

### (c) Long-term incentive plan (continued)

#### Vesting Conditions (continued)

##### 2019 ISSUED PERFORMANCE RIGHTS

1	VESTING DATES	Tranche 1 — 31 August 2020 Tranche 2 — 31 August 2021 Tranche 3 and Remainder Performance rights — 31 August 2022
2	VESTING CONDITIONS	<p><b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 7.9c</b> <b>AMENDED EARNINGS PER SHARE (AMENDED EPS) OF 4.5c</b></p> <p><b>TRANCHE 1</b> On the Tranche 1 Vesting Date, if the earnings per share (<b>EPS</b>) of the Company as at 30 June 2020 (<b>Tranche 1 EPS</b>) is:</p> <ul style="list-style-type: none"><li>(a) at least 10% (but less than 12.5%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or</li><li>(b) at least 12.5% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or</li><li>(c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest.</li></ul> <p><b>TRANCHE 2</b> On the Tranche 2 Vesting Date, if the earnings per share (<b>EPS</b>) of the Company as at 30 June 2021 (<b>Tranche 2 EPS</b>) is:</p> <ul style="list-style-type: none"><li>(a) at least 10% (but less than 12.5%) higher than the Amended EPS, 50% of the Tranche 2 Performance rights shall vest; or</li><li>(b) at least 12.5% (but less than 15%) higher than the Amended EPS, 75% of the Tranche 2 Performance rights shall vest; or</li><li>(c) at least 15% higher than the Amended EPS, 100% of the Tranche 2 Performance rights shall vest.</li></ul> <p><b>TRANCHE 3</b> On the Tranche 3 Vesting Date, if the earnings per share (<b>EPS</b>) of the Company as at 30 June 2022 (<b>Tranche 3 EPS</b>) is:</p> <ul style="list-style-type: none"><li>(a) at least 10% (but less than 12.5%) higher than Amended EPS, 50% of the Tranche 3 Performance rights shall vest; or</li><li>(b) at least 12.5% (but less than 15%) higher than the Amended EPS, 75% of the Tranche 3 Performance rights shall vest; or</li><li>(c) at least 15% higher than the Amended EPS, 100% of the Tranche 3 Performance rights shall vest.</li></ul> <p><b>ADDITIONAL VESTING TERMS</b> Any Tranche 1 or 2 Performance rights which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively (<b>Remainder Performance rights</b>) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Amended EPS.</p>
3	EXPIRY DATE	5 years from the date the Performance rights were issued.

# REMUNERATION REPORT (AUDITED)

## 3 EXECUTIVE REMUNERATION POLICY AND PRACTICES (CONTINUED)

### (c) Long-term incentive plan (continued)

#### Fair value of performance rights granted

The assessed fair value at the date of grant of performance rights issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of performance right, the underlying share's expected volatility, expected dividends and risk free interest rate for the expected life of the instrument.

Details of performance rights over ordinary shares in the company provided as remuneration to each of the key management personnel of the group are set out below. When exercisable, each performance right is convertible into one ordinary share of Wagners Holding Company Limited.

The value of the performance rights were calculated using the inputs shown below:

#### 2020 ISSUED PERFORMANCE RIGHTS

INPUTS INTO PRICING MODEL	TRANCHE 1	TRANCHE 2	TRANCHE 3
Grant Date	19 November 2020	19 November 2020	19 November 2020
Exercise Price	\$0.00	\$0.00	\$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$1.59	\$1.59	\$1.59
Expiry date	19 November 2025	19 November 2025	19 November 2025
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	\$1.41	\$1.39	\$1.34

#### 2019 ISSUED PERFORMANCE RIGHTS

INPUTS INTO PRICING MODEL	TRANCHE 1	TRANCHE 2	TRANCHE 3
Grant Date	20 November 2019	20 November 2019	20 November 2019
Exercise Price	\$0.00	\$0.00	\$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$2.10	\$2.10	\$2.10
Expiry date	20 November 2024	20 November 2024	20 November 2024
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	\$1.88	\$1.83	\$1.78

# REMUNERATION REPORT (AUDITED)

## 4 NON-EXECUTIVE DIRECTOR REMUNERATION POLICY AND PRACTICES

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration Committee, and reflects the market salary for a position and individual of comparable responsibility and experience whilst considering the Group's stage of development.

Non-executive Directors' fees were fixed, and they did not receive any performance based remuneration. Under the Company's Constitution the amount paid or provided for payments to Directors as a whole must not exceed the maximum aggregate amount of \$750,000. The current Independent Non-executive Directors fees are \$100,000 per annum and Directors may also be reimbursed for all travelling and other expenses incurred in connection with their Company duties. Non-executive Chairman fees are \$200,000 per annum.

## 5 OVERVIEW OF GROUP PERFORMANCE

Since the Company was not a disclosing entity prior to the financial year ended 30 June 2018, the relationship between remuneration policy and Group performance is only assessed for the prior three and the current financial year.

	30 JUN 2021	30 JUN 2020	30 JUN 2019	30 JUN 2018
Revenue (\$'000)	320,650	249,668	236,888	231,530
EBITDA (\$'000)	48,280	27,614	37,893	48,824
EBIT (\$'000)	25,398	8,627	24,850	38,005
NPAT (\$'000)	10,001	(17)	12,779	24,807
Dividends paid (cents per share)	0.0	0.0	5.7	1.5
Basic Earnings per share (cents)	5.3	(0.0)	7.9	17.1
Share price movement (cents per share)	111	(69)	(254)	164

## 6 EMPLOYMENT CONTRACTS OF KEY MANAGEMENT PERSONNEL

The Company has entered into standard employment agreements (fixed remuneration and equity-based incentives) with all senior management. None of the Non-executive directors have employment contracts with the Company.

Key terms of the employment agreements for the executive KMP members are as follows:

EXECUTIVE KMP	ROLE	CONTRACT DURATION	NOTICE PERIOD	TERMINATION PAYMENTS APPLICABLE	ANNUAL BASE SALARY (EXCLUSIVE OF SUPERANNUATION) \$
Cameron Coleman	CEO	Unlimited	12 months (Wagner's notice)/ months (employee's notice)	Applicable notice period	500,000
Fergus Hume	CFO	Unlimited	6 months	Notice period	300,000



# REMUNERATION REPORT (AUDITED)

## 7 DETAILS OF REMUNERATION

### (a) Performance against STI plan

For the executive KMP members, the applicable STI award payable against the performance of the Group's EBIT for the financial year ended 30 June 2021 was:

EXECUTIVE KMP	MAXIMUM 'AT-RISK'	% OF MAXIMUM STI AWARDED/PAYABLE	% OF STI FORFEITED	EXPIRED/ FORFEITED	ESTIMATE OF MAXIMUM TOTAL VALUE \$
Cameron Coleman	50% of base salary	55.9%	44.1%	139,733	364,114
Fergus Hume	50% of base salary	55.9%	44.1%	83,840	218,469

### (b) Director & executive KMP remuneration

Details of the remuneration of Directors and other key management personnel of the Company in respect to their terms as a KMP outlined above, for the financial years ended 30 June 2021 & 30 June 2020 are set out in the tables on the following pages:

# REMUNERATION REPORT (AUDITED)

## 7 DETAILS OF REMUNERATION (CONTINUED)

### (b) Director & executive KMP remuneration (continued)

FINANCIAL YEAR ENDED	SHORT-TERM		NON-CASH BENEFITS	POST-EMPLOYMENT	LONG SERVICE LEAVE <sup>3</sup>	EQUITY BASED BENEFITS	TOTAL REMUNERATION	PERFORMANCE RELATED
	SALARY AND FEES <sup>1</sup>	STI AWARDED <sup>2</sup>		SUPER-ANNUATION		SHARE BASED PAYMENTS <sup>5</sup>		
30 JUNE 2021	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>								
Denis Wagner <sup>5</sup>	200,000	–	–	–	–	–	200,000	–
John Wagner	100,000	–	–	–	–	–	100,000	–
Lynda O'Grady	100,000	–	–	–	–	–	100,000	–
Ross Walker	100,000	–	–	–	–	–	100,000	–
<b>Executive KMP's</b>								
Cameron Coleman	538,438	139,733	7,682	25,000	10,278	100,039	821,171	29.2
Fergus Hume	328,225	83,840	10,718	25,000	2,450	60,024	510,257	28.2
<b>Total Directors' and Executive remuneration</b>	<b>1,366,663</b>	<b>223,573</b>	<b>18,400</b>	<b>50,000</b>	<b>12,728</b>	<b>160,063</b>	<b>1,831,427</b>	<b>20.9</b>

1 Amount includes the value of annual leave accrued during the year.

2 STI bonus is for performance during the respective financial year using the criteria set out on page 56. STI's awarded is paid in two equal tranches over a one-year period, with outstanding amounts forfeited should the employee terminate their contract.

3 Amount includes the value of long service leave accrued during the year.

4 Increased rate of Directors fees for the role of Chairman.

5 This reflects the value of performance rights issued in 2019 & 2020 expected to meet the hurdle rates.

FINANCIAL YEAR ENDED	SHORT-TERM		NON-CASH BENEFITS	POST-EMPLOYMENT	LONG SERVICE LEAVE <sup>3</sup>	EQUITY BASED BENEFITS	TOTAL REMUNERATION	PERFORMANCE RELATED
	SALARY AND FEES <sup>1</sup>	STI AWARDED <sup>2</sup>		SUPER-ANNUATION		SHARE BASED PAYMENTS		
30 JUNE 2020	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>								
Denis Wagner <sup>4</sup>	200,000	–	–	–	–	–	200,000	–
John Wagner	100,000	–	–	–	–	–	100,000	–
Peter Crowley <sup>5</sup>	25,000	–	–	–	–	–	25,000	–
Lynda O'Grady	100,000	–	–	–	–	–	100,000	–
Ross Walker	100,000	–	–	–	–	–	100,000	–
<b>Executive KMP's</b>								
Cameron Coleman	501,899	–	8,028	25,000	9,641	23,586	568,154	4.2%
Fergus Hume	303,389	–	16,433	24,452	2,051	14,152	360,477	3.9%
<b>Total Directors' and Executive remuneration</b>	<b>1,330,288</b>	<b>–</b>	<b>24,461</b>	<b>49,452</b>	<b>11,692</b>	<b>37,738</b>	<b>1,453,631</b>	<b>2.6%</b>

1 Amount includes the value of annual leave accrued during the year.

2 STI bonus is for performance during the respective financial year using the criteria set out on page 56. STI's awarded is paid in two equal tranches over a one-year period, with outstanding amounts forfeited should the employee terminate their contract.

3 Amount includes the value of long service leave accrued during the year.

4 Increased rate of Directors fees for the role of Chairman.

5 Peter Crowley resigned on 24th September 2019.

6 This reflects the value of performance rights earned in Tranche 2 and 3 as the Tranche 1 performance rights did not meet the hurdle rate of the performance rights issued in 2020.

# REMUNERATION REPORT (AUDITED)

## 8 EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

### (a) Ordinary shares

The movement in number of ordinary shares in Wagners Holding Company Limited held directly, indirectly, or beneficially, by each key management person during the 2021 financial year, is as follows:

KEY MANAGEMENT PERSON	OPENING BALANCE	PURCHASES ON MARKET	PURCHASES OFF MARKET	RIGHTS ISSUE	SHARE DISPOSALS	CLOSING BALANCE
Denis Wagner	36,324,048	–	–	–	–	36,324,048
John Wagner	36,614,431	–	–	–	–	36,614,431
Lynda O'Grady <sup>1</sup>	50,000	–	–	–	–	50,000
Ross Walker	117,713	–	–	–	–	117,713
Cameron Coleman	83,223	–	–	–	–	83,223
Fergus Hume	1,713	–	–	–	–	1,713

<sup>1</sup> The closing balance includes 28,598 shares held by Lynda O'Grady's spouse.

### (b) STI/LTI instrument granted and issued during the year

The following LTI performance rights were issued during the financial year ended 30 June 2021 (2020: 222,223).

KEY MANAGEMENT PERSON	MOVEMENTS				30 JUNE 2021
	1 JULY 2020	GRANTED	EXERCISED	EXPIRED/FORFEITED	
Cameron Coleman	138,889	225,225	–	–	364,114
Fergus Hume	83,334	135,135	–	–	218,469

No performance rights were exercisable at 30 June 2021 (2020: none).

The total values of the LTI performance rights granted during the financial year for the key management personnel were as follows:

KEY MANAGEMENT PERSON	30 JUN 2021 \$	30 JUN 2020 \$
Cameron Coleman	310,811	254,167
Fergus Hume	186,486	152,501

# REMUNERATION REPORT (AUDITED)

## 9 OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

### (a) Loans to key management personnel and their related parties

There were no loans issued to any key management personnel, or their related parties during the financial year ended 30 June 2021.

### (b) Other transactions with key management personnel and their related parties

#### Directors and related parties

All transactions between the Group and any Director and their related parties are conducted on the basis of normal commercial trading terms and conditions as agreed upon between the parties as per normal arms-length business transactions. Such transactions with Director and their related parties are detailed as follows:

DESCRIPTION	2021 REVENUE/(COST) \$	2020 REVENUE/(COST) \$
Sale of materials and services <sup>1</sup>	1,147,166	7,937,690
On charge of costs processed by the Group	109	5,342
Indemnity of losses on prior onerous contract <sup>2</sup>	(1,411,888)	–
Payments for rent of property and plant, material royalties and other costs	(9,297,456)	(8,083,706)

- 1 The sale of materials and services includes amounts recognised over time under AASB 15 for contracts to fabricate, construct and install concrete batch plants on sites owned by related parties.
- 2 This amount was re-distributed to the related party as part of the onerous contract indemnity agreement noted in the prospectus after a dispute settlement was reached with the third-party client. The cumulative effect of these transactions therefore made no change to both the Groups profit or loss and cash position.

#### This ends the Audited Remuneration Report.

The Directors' Report is signed in accordance with a resolution of the directors made pursuant to s298(2) of the *Corporations Act 2001*.



MR DENIS WAGNER  
Chairman

Dated at Toowoomba, Queensland on 25 August 2021.



## DECLARATION OF INDEPENDENCE BY C K HENRY TO THE DIRECTORS OF WAGNERS HOLDING COMPANY LIMITED

As lead auditor of Wagners Holding Company Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Wagners Holding Company Limited and the entities it controlled during the period.



**C K Henry**  
Director

**BDO Audit Pty Ltd**

Brisbane, 25 August 2021

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	CONSOLIDATED GROUP	
		30 JUN 2021 \$'000	30 JUN 2020 \$'000
Revenue from contracts with customers	3(a)	320,650	249,668
Other income	3(b)	2,446	2,311
Direct material and cartage costs		(136,326)	(108,073)
Employee benefits expense	4	(58,505)	(48,069)
Depreciation — right-of-use assets	10(a)	(5,875)	(4,821)
Depreciation and amortisation expense — other	9(a)+11(a)	(17,007)	(14,166)
Finance costs — lease liabilities	15	(4,208)	(3,636)
Net finance cost — other	4(b)	(6,742)	(5,204)
Fuel		(5,390)	(3,799)
Contract work and purchased services		(13,869)	(10,918)
Freight and postal		(1,619)	(1,876)
Legal and professional		(928)	(2,374)
Rent and hire		(6,367)	(5,293)
Repairs and maintenance		(38,502)	(27,245)
Travel and accommodation		(6,585)	(6,218)
Utilities		(4,217)	(3,380)
Fair value adjustment on derivative instruments	16	1,133	(1,065)
Impairment of trade receivables — gain/(loss)	7(a)	(270)	(545)
Other expenses		(3,371)	(5,510)
<b>Profit/(Loss) before income tax</b>		<b>14,448</b>	<b>(213)</b>
Income tax (expense)/credit	5	(4,447)	196
<b>Profit/(Loss) attributable to equity holders of the parent</b>		<b>10,001</b>	<b>(17)</b>
<b>OTHER COMPREHENSIVE INCOME (NET OF TAX)</b>			
<i>Items that may be reclassified to profit or loss</i>			
Adjustment from translation of foreign controlled entities, net of tax	19	11	126
		11	126
<b>Total comprehensive income attributable to equity holders of the parent</b>		<b>10,012</b>	<b>109</b>
<b>EARNINGS PER SHARE</b>		<b>CENTS</b>	<b>CENTS</b>
Basic earnings per share	21	5.3	(0.0)
Diluted earnings per share	21	5.3	(0.0)

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	CONSOLIDATED GROUP	
		30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	22,240	3,436
Trade and other receivables	7	50,015	55,586
Inventories	8	24,308	21,755
Derivative instruments	16	–	216
Current tax assets		–	2,986
Other assets		618	573
<b>Total Current Assets</b>		<b>97,181</b>	<b>84,552</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets		7	7
Property, plant and equipment	9	141,508	143,702
Right-of-use assets	10	93,739	92,489
Intangible assets	11	2,402	2,521
Deferred tax assets	12	6,945	6,719
<b>Total Non-current Assets</b>		<b>244,601</b>	<b>245,438</b>
<b>TOTAL ASSETS</b>		<b>341,782</b>	<b>329,990</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	43,077	33,575
Borrowings	14	8,450	18,715
Lease liabilities	15	6,666	2,372
Derivative instruments	16	3,849	3,215
Current tax liabilities		1,105	–
Provisions	17	9,170	6,418
<b>Total Current Liabilities</b>		<b>72,317</b>	<b>64,295</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	62,638	67,759
Lease liabilities	15	93,269	93,061
Derivative instruments	16	46	2,029
Provisions	17	559	439
<b>Total Non-current Liabilities</b>		<b>156,512</b>	<b>163,288</b>
<b>TOTAL LIABILITIES</b>		<b>228,829</b>	<b>227,583</b>
<b>NET ASSETS</b>		<b>112,953</b>	<b>102,407</b>
<b>EQUITY</b>			
Issued capital	18	410,915	410,915
Pre IPO distributions to related entities		(354,613)	(354,613)
Reserves	19	386	(159)
Retained earnings		56,265	46,264
<b>TOTAL EQUITY</b>		<b>112,953</b>	<b>102,407</b>

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED GROUP						
	NOTE	SHARE CAPITAL \$'000	PRE IPO DISTRIBUTIONS TO RELATED ENTITIES \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000
<b>Balance at 1 July 2019</b>		<b>371,334</b>	<b>(354,613)</b>	<b>(397)</b>	<b>46,281</b>	<b>62,605</b>
Profit for the financial year		–	–	–	(17)	(17)
Exchange differences from translation of foreign controlled entities, net of tax		–	–	126	–	126
<b>Total comprehensive income for the financial year</b>		<b>–</b>	<b>–</b>	<b>126</b>	<b>(17)</b>	<b>109</b>
<i>Transactions with owners in their capacity as owners:</i>						
– Recognition of share-based payments	19	–	–	112	–	112
– New shares issued (net of share issue costs)		39,581	–	–	–	39,581
<b>Balance at 30 June 2020</b>		<b>410,915</b>	<b>(354,613)</b>	<b>(159)</b>	<b>46,264</b>	<b>102,407</b>
Profit for the financial year		–	–	–	10,001	10,001
Exchange differences from translation of foreign controlled entities, net of tax		–	–	11	–	11
<b>Total comprehensive income for the financial year</b>		<b>–</b>	<b>–</b>	<b>11</b>	<b>10,001</b>	<b>10,012</b>
<i>Transactions with owners in their capacity as owners:</i>						
– Recognition of share-based payments	19	–	–	534	–	534
<b>Balance at 30 June 2021</b>		<b>410,915</b>	<b>(354,613)</b>	<b>386</b>	<b>56,265</b>	<b>112,953</b>

The accompanying notes form part of these financial statements



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	CONSOLIDATED GROUP	
		30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		359,676	260,554
Payments to suppliers and employees (inclusive of GST)		(295,962)	(247,647)
Interest received		102	71
Dividends received		1,005	967
Finance costs		(11,139)	(5,123)
Income tax paid		(582)	(7,681)
<b>Net cash provided by operating activities</b>	22(a)	<b>53,100</b>	<b>1,141</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		1,230	900
Payments for property, plant and equipment		(15,480)	(30,536)
Payments for acquired businesses		(2,050)	(2,050)
<b>Net cash used in investing activities</b>		<b>(16,300)</b>	<b>(31,686)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	22(b)	3,845	16,943
Proceeds from share issue		–	40,023
Share issue costs		–	(442)
Repayment of lease liabilities	22(b)	(2,623)	(1,877)
Repayment of borrowings	22(b)	(19,231)	(26,891)
<b>Net cash (used in)/provided by financing activities</b>		<b>(18,009)</b>	<b>27,756</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>18,791</b>	<b>(2,789)</b>
Cash at beginning of financial year		3,436	6,101
Effect of currency translation on cash and cash equivalents		13	124
<b>CASH AT END OF FINANCIAL YEAR</b>	6	<b>22,240</b>	<b>3,436</b>

The accompanying notes form part of these financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Wagners Holding Company Limited and its subsidiaries (together, the 'Group') for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 24 August 2021.

Wagners Holding Company Limited (the 'Company') is a for-profit company limited by shares incorporated on 2 November 2017 and domiciled in Australia.

The principal activities of the Group during the year consisted of the production and sale of construction materials and its new generation building materials, including the provision of ancillary services.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) and the *Corporations Act 2001*, including interpretations issued by the Australian Accounting Standards Board (AASB). The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

### (i) Basis of measurement and reporting convention

Except for cash flow information, the consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### (ii) Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

Areas where assumptions and estimates are significant to the financial statements, or involving a higher degree of judgement due to complexity are as follows:

- ▶ The determination of revenue recognition on contract with customers (Note 3);
- ▶ The determination of long service leave provision (Note 17 and Note 1(i));
- ▶ The determination of depreciation rates on property, plant and equipment (Note 9 and Note 1(h)); and
- ▶ The incremental borrowing rate and estimated exercise of option terms in relation to the calculations of right-of-use assets (Note 10) & lease liabilities (Note 15); and
- ▶ The assessment of any impairment indications and calculation of CGU's value in use.

### (iii) New and revised accounting standards adoption

There were no new or revised accounting standards adopted that had any impact on the group's accounting policies and required retrospective adjustments.

### (b) Principles of consolidation

#### Subsidiaries

The consolidated financial statements incorporate all of the assets, liabilities and results of the Group and all of its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Revenue recognition

#### Sale of materials and goods

The Group derives revenue from the sale of cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel.

Sale of construction and new generation building materials contains only one performance obligation, with revenue recognised at the point in time when the material or good is transferred to the customer.

#### Provision of services

The Group derives revenue from the provision of services including project specific mobile and on-site concrete batching, contract crushing and haulage services.

#### INFRASTRUCTURE & MINING PROJECT SERVICES

Revenue from infrastructure and mining project services is recognised when the performance obligation to the customer has been satisfied, which is generally when the service is performed on site.

#### CONSTRUCTION CONTRACTS

For fixed-price construction contracts, mainly concerning the Group's New Generation Building Materials division and the construction of concrete batch plants, revenue is recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is measured by reference to actual labour hours incurred and actual costs incurred, relative to the total expected inputs to the satisfaction of the individual performance obligations. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

#### DIVIDENDS AND INTEREST

Dividend revenue is recognised when the right to receive a dividend has been established, and interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

### Contract assets and contract liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract assets are balances due from customers under contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the entity's right to consideration for the services transferred to date. Amounts are generally reclassified to contract receivables when these have been certified or invoiced to a customer. Contract liabilities arise where payment is received prior to work being performed.

### (d) Financial instruments

#### Classification

The group classifies its financial assets in the following measurement categories:

- ▶ those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss), and
- ▶ those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value through Other Comprehensive Income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value through Profit or Loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Measurement of cash and cash equivalents and trade and other receivables are measured at amortised cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Financial instruments (continued)

#### Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- ▶ Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.
- ▶ Fair Value through Profit or Loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### Impairment

The Group's accounting for impairment losses relating to financial assets is on a forward looking basis using the Expected Credit Losses (ECL) approach. For trade receivables and contract assets, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the Group's historical credit losses against the receivables ageing profile.

#### Derivatives

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### (e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on

the applicable income tax rate for each jurisdiction where the Company's subsidiaries operate and generate taxable income, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and prior period adjustments (where applicable).

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income. In which case, the tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, at the tax rates expected to apply when the asset is realised or the liability is settled, 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 other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss; or
- ▶ When the taxable temporary differences relate to interests in subsidiaries, associates or joint ventures, and the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; or

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Tax consolidation group

Wagners Holding Company Limited, the ultimate Australian controlling entity, and its Australian subsidiaries, have implemented the tax consolidation legislation.

Wagners Holding Company Limited and its subsidiaries in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Wagners Holding Company Limited, the ultimate Australian controlling entity, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated Group.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Income tax (continued)

Assets or liabilities arising under tax funding arrangements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Under the tax funding arrangement, the members of the tax consolidated Group compensate Wagners Holding Company Limited for any current tax payable assumed, and are compensated by Wagners Holding Company Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Wagners Holding Company Limited.

### (f) Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (g) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of manufactured products includes direct costs & direct labour, costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the necessary costs to make the sale.

### (h) Intangibles

Licenses and accreditations acquired as part of a prior business combination are recognised separately from goodwill. The licenses and accreditations are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which was estimated at 23 years.

### (i) Property, plant and equipment

All property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised through profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

#### DEPRECIATION

The depreciable amount of all fixed assets including land improvements & buildings, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Estimated useful lives for each class of depreciable asset are as follows:

Land improvements & buildings	5–30 years
Plant and equipment	2–30 years
Motor vehicles	4–15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Impairment of non-financial assets

Non-financial assets are tested at the end of each reporting period for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment test is carried out on an asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

### (k) Business combinations and goodwill

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The consideration transferred for the acquisition of a business comprises of the:

- ▶ Fair values of the assets transferred;
- ▶ Liabilities incurred to the former owners of the acquired business;
- ▶ Equity interests issued by the Group;
- ▶ Fair value of any asset or liability resulting from a contingent consideration arrangement; and
- ▶ Fair value of any pre-existing equity interest in the business.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred and the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

### (l) Foreign currency transactions and balances

#### (i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars, which is Wagners Holding Company Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

#### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy), whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

- ▶ Assets and liabilities in the statement of financial position are translated at the closing exchange rate at the reporting date of the reporting period; and
- ▶ Income and expenses in the statement of profit or loss and other comprehensive income are translated at average exchange rates for the reporting period.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Employee benefits

#### (i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is presented as provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### (ii) Other long-term employee benefits

The liabilities for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The Group's obligations for long-term employee benefits are presented as non-current provision for employee benefits the consolidated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as a current provision for employee benefits.

#### (iii) Retirement benefit obligations

All Australian-resident employees of the Group are entitled to receive a superannuation guarantee contribution, currently 9.5% of the employee's average ordinary salary, to the employee's superannuation fund of choice. All superannuation guarantee contributions are recognised as an expense when they become payable. All obligations for unpaid superannuation guarantee contributions at the end of the reporting period are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Other amounts charged to the financial statements in this respect represents the contribution made by the consolidated entity to employee retirement benefit funds in other jurisdictions.

#### (iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

#### (v) Short-term incentive scheme

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the earnings of the Group after certain adjustments, subject to Board approval.

#### (n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### (o) 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, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

#### (p) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Trade and other receivables (continued)

at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows where those cashflows represent solely payments of principal and interest and therefore measures them subsequently at amortised cost using the effective interest method.

### (q) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. Trade and other payables are presented as current liabilities and are normally paid within 45 days of recognition, unless payment is not due within 12 months after the reporting period where they are recognised as non-current liabilities.

### (r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs not previously mentioned are expensed as incurred.

### (s) Contributed equity

Ordinary shares are classified as equity.

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

### (t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

### (u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### (v) Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest thousand dollars where noted (\$'000), or in certain cases the nearest dollar, under the option available to the Company under ASIC *Legislative (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

### (w) Parent entity financial information

The financial information for the parent entity, Wagner Holding Company Limited, has been prepared on the same basis as the consolidated financial statements. Investments in subsidiaries are carried at cost.

### (x) Leases

As a lessee, the Group recognises right-of-use assets and lease liabilities for most leases in the Consolidated Statement of Financial Position, representing its obligation to make lease payments.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (x) Leases (continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in a rate, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use asset is initially measured at the amount of lease liability plus any lease payments made before commencement less any lease incentives received. It also includes and direct costs and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases with terms less than twelve months with no renewal options, and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

### (y) New accounting standards for application in future periods

New accounting standards and interpretations have been issued by the AASB that are not yet mandatory for the 30 June 2021 reporting periods and have not been early adopted by the Group. The Group has assessed the impact of these new standards and interpretations and does not expect that there would be any material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 2 SEGMENT REPORTING

AASB 8 Operating Segments requires the Group to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the Group to allocate resources and assess performance. In the case of the Group, the chief operating decision maker is the Board of Directors.

An operating segment is a component of the Group that engages in business activity from which it may earn revenues or incur expenditure, including those that relate with other Group components. Each operating segment's results are reviewed regularly by the Board to make decisions about resources to be allocated to the segments and assess its performance. The Board monitors the operations of the Group based on the following three segments:

- ▶ **Construction Materials & Services (CMS):** supplies a range of construction materials and services predominantly to customers in the construction, infrastructure, and resources industries. Key products include cement, flyash, ready-mix concrete, precast concrete products, aggregates and reinforcing steel. Services include mobile concrete, crushing and haulage services, and are typically provided via medium to long-term contracts both domestically and internationally.
- ▶ **Composite Fibre Technology (CFT):** provides an innovative and environmentally sustainable new generation building material, Composite Fibre Technology (CFT).
- ▶ **Earth Friendly Concrete® (EFC®):** provides an innovative and environmentally sustainable new generation building material, Earth Friendly Concrete® (EFC®) technology.

Corporate amounts reflect corporate costs incurred by the Group, as well as the financing and investment activities of the Group.

Segment performance is evaluated based on profit before interest and tax. Inter-segment pricing is determined on an arm's length basis and inter-segment revenue is generated from the sales of materials and services between operations.

Operating segments have changed due to the increased investment and focus on our New Generational Building Materials CFT & EFC®, with the Board monitoring the performance of these segments now individually (rather than collectively as prior). Comparative disclosures have been restated to align with the current reportable segment presentation.

Allocations of assets and liabilities are not separately identified in internal reporting so are not disclosed in this note.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 2 SEGMENT REPORTING (CONTINUED)

### Reconciliations of reportable segment revenues & profit or loss

YEAR ENDED 30 JUNE 2021	CMS \$'000	CFT \$'000	EFC® \$'000	CORPORATE¹ \$'000	TOTAL \$'000
Segment revenue	289,329	31,443	424	1,369	322,565
Inter-segment elimination	(810)	(5)	(118)	(982)	(1,915)
<b>Revenue from contracts with customers</b>	<b>288,519</b>	<b>31,438</b>	<b>306</b>	<b>387</b>	<b>320,650</b>
Other income	1,278	93	–	1,075	2,446
<b>Total revenue for the year</b>	<b>289,797</b>	<b>31,531</b>	<b>306</b>	<b>1,462</b>	<b>323,096</b>
<b>Profit/(loss) before interest &amp; income tax</b>	<b>33,407</b>	<b>2,683</b>	<b>(1,985)</b>	<b>(8,707)</b>	<b>25,398</b>
Finance costs					(11,052)
Interest income					102
Income tax expense					(4,447)
<b>Profit for the year</b>					<b>10,001</b>

YEAR ENDED 30 JUNE 2020	CMS \$'000	CFT \$'000	EFC® \$'000	CORPORATE¹ \$'000	TOTAL \$'000
Segment revenue	217,054	33,665	170	988	251,877
Inter-segment elimination	(1,218)	(6)	(27)	(958)	(2,209)
<b>Revenue from contracts with customers</b>	<b>215,836</b>	<b>33,659</b>	<b>143</b>	<b>30</b>	<b>249,668</b>
Other income	1,678	(4)	243	394	2,311
<b>Total revenue for the year</b>	<b>217,514</b>	<b>33,655</b>	<b>386</b>	<b>424</b>	<b>251,979</b>
<b>Profit/(loss) before interest &amp; income tax</b>	<b>18,646</b>	<b>3,460</b>	<b>(1,282)</b>	<b>(12,197)</b>	<b>8,627</b>
Finance costs					(8,911)
Interest income					71
Income tax expense					196
<b>Profit for the year</b>					<b>(17)</b>

1 The considerably lower Corporate segment loss in the current financial year was significantly impacted from a positive costs order from the 'Cement Supply Agreement' appeal judgement and accrual reversal of legal fees from the original judgement recognised in the prior financial year. The prior financial year also had substantial legal costs from the prior mentioned dispute, which are not regular recurring operational costs.

### Major customers

The Group has a number of customers to whom it provides both materials and services. The Group supplies three external customers (2020: two) in the CMS segment who account for 33% of external revenue (2020: 27%).

### Geographical information

Refer to note 3(c) for disclosure of geographical information on revenue.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 3 INCOME

### (a) Revenue from contracts with customers

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Sale of goods	209,548	163,899
Sale of services	111,102	85,769
<b>Total revenue from contracts with customers</b>	<b>320,650</b>	<b>249,668</b>

There were no partly satisfied performance obligations at the end of the previous reporting period for which revenue was recognised in the current period.

### (b) Other income

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Profit on sale of property, plant and equipment	443	321
Dividends received	1,005	967
Rent and hire received	159	458
Gain on bargain purchase	–	355
Other income	839	210
<b>Total other income</b>	<b>2,446</b>	<b>2,311</b>

### (c) Disaggregation of revenue

The Group earns revenue from several geographical location, the net revenue presented below is based on the selling entity.

	30 JUNE 2021				30 JUNE 2020			
	CMS \$'000	CFT \$'000	EFC® \$'000	CORPORATE \$'000	CMS \$'000	CFT \$'000	EFC® \$'000	CORPORATE \$'000
<b>AUSTRALIA<sup>1</sup></b>	286,469	17,616	306	387	206,209	16,986	143	30
– Point-in-time	1,751	13,086	–	–	9,098	16,244	–	–
– Over-time	–	–	–	–	–	–	–	–
<b>UNITED STATES OF AMERICA</b>	–	206	–	–	–	240	–	–
– Over-time	–	–	–	–	–	–	–	–
<b>NEW ZEALAND</b>	–	455	–	–	–	189	–	–
– Point-in-time	–	–	–	–	–	–	–	–
– Over-time	–	75	–	–	–	–	–	–
<b>PNG &amp; MALAYSIA</b>	299	–	–	–	529	–	–	–
– Point-in-time	–	–	–	–	–	–	–	–
<b>Total point-in-time</b>	<b>286,768</b>	<b>18,071</b>	<b>306</b>	<b>387</b>	<b>206,738</b>	<b>16,986</b>	<b>143</b>	<b>30</b>
<b>Total over-time</b>	<b>1,751</b>	<b>13,367</b>	<b>–</b>	<b>–</b>	<b>9,098</b>	<b>16,673</b>	<b>–</b>	<b>–</b>

1 Australia NGBM has also earned export revenue from several geographical locations in 2021, including United Arab Emirates \$2,282,000 (2020: \$2,148,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 4 PROFIT OR LOSS ITEMS

Profit for the following year included the following specific items:

### (a) Expenses

	NOTE	CONSOLIDATED GROUP	
		30 JUN 2021 \$'000	30 JUN 2020 \$'000
Employee benefits expense (i)		53,729	44,276
Defined contributions plans (ii)		4,242	3,681
Performance rights expense (iii)	26	534	112
Business combination costs (iv)		–	216

(i) Employee benefits has increased in the period. This excludes the Groups defined contributions paid for its employees (ii) and performance rights (iii).

(ii) Defined contributions plan is the compulsory superannuation payable on employee salaries and wages.

(iii) Performance rights expense is recognised based on probability of vesting conditions being met.

(iv) Costs associated to acquire the Shepton Quarry were recognised in the profit or loss in FY20.

### (b) Net finance costs

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Interest income	(102)	(71)
Interest costs and facility fees	5,798	5,468
Other finance costs/(income)	1,046	(193)
	<b>6,742</b>	<b>5,204</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 5 INCOME TAX

### (a) Income tax expense

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
The components of income tax expense comprise:		
Current tax on profits for the year	4,452	1,165
Adjustments for current tax of prior periods	221	5
Deferred tax expense/(benefit)	(226)	(1,366)
	<b>4,447</b>	<b>(196)</b>

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>Profit from continuing activities before income tax expense</b>	<b>14,448</b>	<b>(213)</b>
Prima facie tax payable using Australian tax rate of 30% (2020: 30%)	4,334	(64)
<i>Adjusted for:</i>		
– Foreign tax rate differential	62	43
– Current year tax losses and temporary differences not brought to account	330	78
– Business combination tax impacts	–	(43)
– Other net non-deductible/(non-assessable) items	(278)	(122)
– Under/(over) provision from prior years	(1)	(88)
<b>Income tax expense</b>	<b>4,447</b>	<b>(196)</b>

### (c) Tax amounts recognised directly in equity

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
The following deferred tax amounts were (charged)/credited directly to equity during the year in respect of:		
Net exchange difference taken to equity	–	–
Listing costs attributed to share capital	–	189
<b>Recognised in comprehensive income</b>	<b>–</b>	<b>189</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 6 CASH AND CASH EQUIVALENTS

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Cash on hand	8	6
Cash at bank	22,232	3,430
	<b>22,240</b>	<b>3,436</b>

## 7 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>CURRENT</b>		
Trade receivables	49,985	48,050
Provision for expected credit loss of trade receivables	(759)	(844)
	<b>49,226</b>	<b>47,206</b>
Contract assets (i)	767	1,110
Other receivables	22	7,270
	<b>50,015</b>	<b>55,586</b>

(i) Contract assets has decreased due to the Group's recognition of revenue over time under AASB 15 *Revenue from contracts with customers* and the completion of those contracts in the financial year ended 30 June 2021.

### (a) Provision for expected credit losses of trade receivables

Movement in the allowance for expected credit losses of trade receivables is as follows:

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Balance at beginning of period	844	299
– Impairment expense/(credit) recognised during the year	270	545
– Receivables (written off)/recouped during the year as uncollectable	(355)	–
<b>Balance at end of period</b>	<b>759</b>	<b>844</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 7 TRADE AND OTHER RECEIVABLES (CONTINUED)

### (b) Ageing of trade receivables and contract assets

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

The Group has considered the collectability and recoverability of trade receivables and contract assets. An allowance for expected credit loss is recognised for the specific irrecoverable trade receivable amounts. The ageing of trade receivables are outlined for the current and prior financial periods as follows:

TRADE RECEIVABLE AGEING AS AT 30 JUNE 2021	CONSOLIDATED GROUP		
	EXPECTED LOSS RATE	GROSS TRADE RECEIVABLE AND CONTRACT ASSET \$'000	LOSS ALLOWANCE \$'000
Current	0.5%	41,605	183
1 to 30	1.0%	5,632	56
31 to 60	5.0%	1,283	64
61 to 90	20.0%	922	184
90+	50.0%	543	272
Contract assets	0%	767	–
<b>Balance at end of period</b>		<b>50,752</b>	<b>759</b>

### TRADE RECEIVABLE AGEING AS AT 30 JUNE 2020

Current	0.5%	42,734	214
1 to 30	1.0%	3,458	35
31 to 60	5.0%	530	26
61 to 90	20.0%	314	62
90+	50.0%	1,014	507
Contract assets	0%	1,110	–
<b>Balance at end of period</b>		<b>49,160</b>	<b>844</b>

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to the Group's right to consideration for performance complete to date before payment is due and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 7 TRADE AND OTHER RECEIVABLES (CONTINUED)

### (b) Ageing of trade receivables and contract assets (continued)

The expected loss rates are based on the payment profiles of sales over the last 3 years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, country specific unemployment rates and the outlook for customer industries as the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

While the COVID-19 situation remains fluid and has seen a number of industries severely economically impacted, the Group has not adjusted its expected loss rate in the financial year ended 30 June 2021 due to it seeing no current trend with its customers extending outside payment terms. In addition, the Group foresees significant Government backed spending in the construction and infrastructure sectors in the coming financial periods.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses. Subsequent recoveries of amounts previously written off are credited against the same line item.

## 8 INVENTORIES

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
AT COST		
Raw materials and stores	11,894	19,725
Work in progress	747	940
Finished goods	11,667	1,090
	<b>24,308</b>	<b>21,755</b>

The Group recognised \$104,494,000 of inventory through profit or loss for the financial year ending 30 June 2021 (2020: \$77,365,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 9 PROPERTY, PLANT & EQUIPMENT

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>LAND IMPROVEMENTS &amp; BUILDINGS</b>		
Land improvements & buildings — at cost	22,231	19,722
Less accumulated depreciation	(5,722)	(5,014)
	<b>16,509</b>	<b>14,708</b>
<b>PLANT &amp; EQUIPMENT</b>		
Plant & equipment — at cost	159,203	155,570
Less accumulated depreciation	(78,059)	(68,398)
	<b>81,144</b>	<b>87,172</b>
<b>MOTOR VEHICLES</b>		
Motor vehicles — at cost	50,422	52,272
Less accumulated depreciation	(24,829)	(21,296)
	<b>25,593</b>	<b>30,976</b>
<b>ASSETS UNDER CONSTRUCTION — AT COST</b>		
	<b>18,262</b>	<b>10,846</b>
<b>Total property, plant &amp; equipment</b>	<b>141,508</b>	<b>143,702</b>

### (a) Movements in carrying amounts

FINANCIAL YEAR ENDED 30 JUNE 2021 \$'000	LAND IMPROVEMENTS & BUILDINGS	PLANT & EQUIPMENT	MOTOR VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
Opening net book value	14,708	87,172	30,976	10,846	143,702
Additions	2,508	3,588	1,968	7,416	15,480
Transfers	—	(116)	116	—	—
Exchange differences	—	8	—	—	8
Depreciation	(707)	(9,177)	(7,005)	—	(16,889)
Disposals	—	(331)	(462)	—	(793)
<b>Closing net book value</b>	<b>16,509</b>	<b>81,144</b>	<b>25,593</b>	<b>18,262</b>	<b>141,508</b>

#### FINANCIAL YEAR ENDED 30 JUNE 2020 \$'000

Opening net book value	14,776	76,543	26,289	5,912	123,520
Additions	406	13,935	10,369	5,826	30,536
Transfers from under construction	42	850	—	(892)	—
Business combination assets	155	4,052	67	—	4,274
Depreciation	(671)	(7,784)	(5,594)	—	(14,049)
Disposals	—	(424)	(155)	—	(579)
<b>Closing net book value</b>	<b>14,708</b>	<b>87,172</b>	<b>30,976</b>	<b>10,846</b>	<b>143,702</b>

As at 30 June 2021 the value of the Group's assets pledged as security was \$22,521,000 (2020: \$31,083,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 10 RIGHT-OF-USE ASSETS

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Land & buildings	104,315	97,310
Less accumulated depreciation	(10,576)	(4,821)
<b>Total right-of-use assets</b>	<b>93,739</b>	<b>92,489</b>

### (a) Movements in carrying amounts

FINANCIAL YEAR ENDED 30 JUNE 2021 \$'000	LAND & BUILDINGS	TOTAL
Opening net book value 1 July 2020	92,489	92,489
Additions	4,719	4,719
Modifications	2,406	2,406
Depreciation to profit or loss	(5,875)	(5,875)
<b>Closing net book value</b>	<b>93,739</b>	<b>93,739</b>

FINANCIAL YEAR ENDED 30 JUNE 2020 \$'000	LAND & BUILDINGS	TOTAL
Opening net book value 1 July 2019	–	–
Recognition on initial application	76,484	76,484
Additions	20,826	20,826
Depreciation to profit or loss	(4,821)	(4,821)
<b>Closing net book value</b>	<b>92,489</b>	<b>92,489</b>

## 11 INTANGIBLE ASSETS

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
LICENSES		
Licenses — at cost	2,740	2,740
Less accumulated amortisation	(338)	(219)
	<b>2,402</b>	<b>2,521</b>
<b>Total intangible assets</b>	<b>2,402</b>	<b>2,521</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 11 INTANGIBLE ASSETS (CONTINUED)

### (a) Movements in carrying amounts

FINANCIAL YEAR ENDED 30 JUNE 2021

\$'000	LICENSES	TOTAL
Opening net book value	2,521	2,521
Amortisation	(119)	(119)
<b>Closing net book value</b>	<b>2,402</b>	<b>2,402</b>

FINANCIAL YEAR ENDED 30 JUNE 2020

\$'000	LICENSES	TOTAL
Opening net book value	2,638	2,638
Amortisation	(117)	(117)
<b>Closing net book value</b>	<b>2,521</b>	<b>2,521</b>

## 12 DEFERRED TAX ASSETS AND LIABILITIES

### (a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

\$'000	NET ASSETS		LIABILITIES		NET ASSETS/(LIABILITIES)	
	30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
Inventories	98	38	(216)	(233)	(118)	(195)
Property, plant & equipment	–	1,123	(554)	–	(554)	1,123
Expected credit loss	227	253	–	–	227	253
Employee benefits	2,444	1,978	–	–	2,444	1,978
Derivative financial instruments	1,169	1,573	(183)	(427)	986	1,146
Provisions	799	65	–	–	799	65
Leases	29,981	28,630	(28,122)	(27,747)	1,859	883
Contract liabilities	839	500	–	–	839	500
Contract assets	–	–	(230)	(297)	(230)	(297)
Other items	879	1,496	(186)	(233)	693	1,263
Deferred tax assets/(liabilities)	36,436	35,656	(29,491)	(28,937)	6,945	6,719
Set off deferred taxes	(29,491)	(28,937)	29,491	28,937	–	–
<b>Net deferred tax assets</b>	<b>6,945</b>	<b>6,719</b>	<b>–</b>	<b>–</b>	<b>6,945</b>	<b>6,719</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 12 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

### (b) Movement in temporary difference during the year

The movement in deferred tax balances for the Group are shown in the tables below:

YEAR ENDED 30 JUNE 2021 \$'000	OPENING BALANCE	CHARGED TO INCOME	CHARGED TO EQUITY	EXCHANGE DIFFERENCES	CLOSING BALANCE
Inventories	(195)	77	–	–	(118)
Property, plant & equipment	1,123	(1,677)	–	–	(554)
Expected credit loss	253	(26)	–	–	227
Employee benefits	1,978	466	–	–	2,444
Derivative financial instruments	1,146	(160)	–	–	986
Provisions	65	734	–	–	799
Leases	883	976	–	–	1,859
Contract liabilities	500	339	–	–	839
Contract assets	(297)	67	–	–	(230)
Other items	1,263	(570)	–	–	693
<b>Net deferred tax assets</b>	<b>6,719</b>	<b>226</b>	<b>–</b>	<b>–</b>	<b>6,945</b>

YEAR ENDED 30 JUNE 2020 \$'000	OPENING BALANCE	CHARGED TO INCOME	CHARGED TO EQUITY	EXCHANGE DIFFERENCES	CLOSING BALANCE
Inventories	(340)	145	–	–	(195)
Property, plant & equipment	1,593	(470)	–	–	1,123
Expected credit loss	89	164	–	–	253
Employee benefits	1,747	231	–	–	1,978
Derivative financial instruments	647	499	–	–	1,146
Provisions	121	(56)	–	–	65
Leases	–	883	–	–	883
Contract liabilities	–	500	–	–	500
Contract assets	–	(297)	–	–	(297)
Other items	1,685	(233)	(189)	–	1,263
<b>Net deferred tax assets</b>	<b>5,542</b>	<b>1,366</b>	<b>(189)</b>	<b>–</b>	<b>6,719</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 13 TRADE AND OTHER PAYABLES

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Trade payables	17,298	10,797
Contract liabilities <sup>1</sup>	3,076	1,665
Sundry payables and accrued expenses <sup>2</sup>	22,703	21,113
	<b>43,077</b>	<b>33,575</b>

The carrying amounts of trade and other payable are presumed to be at their fair values due to their short-term nature.

- Contract liabilities have increased due to the CFT and Precast Concrete divisions receiving advanced payments as part of a number of secured contracts, totaling \$1,413,000 and \$713,000 respectively. Revenue of \$1,665,000 was recognised during the year that was in contract liabilities at the beginning of the period (2020: \$nil)
- The Groups sundry payables and accrued expenses can be broken up into the following overarching categories:

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Accrued expenses	6,144	8,060
Goods Received Not Invoiced payables	10,013	5,822
GST/VAT payables	343	2,935
Payroll accruals and payables <sup>3</sup>	6,203	4,296
	<b>22,703</b>	<b>21,113</b>

- As part of COVID-19 support the QLD Office of State Revenue granted payment deferral for a number of monthly payroll tax liabilities, allowing full payment of liabilities upon submission of Annual Payroll Tax Return.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 14 BORROWINGS

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>CURRENT</b>		
<i>Secured liabilities</i>		
Finance facility	–	7,050
Chattel mortgages	8,450	11,665
	<b>8,450</b>	<b>18,715</b>
<b>NON-CURRENT</b>		
<i>Secured liabilities</i>		
Finance facility	56,500	56,500
Chattel mortgages	6,138	11,259
	<b>62,638</b>	<b>67,759</b>
<b>TOTAL CURRENT AND NON-CURRENT SECURED LIABILITIES:</b>		
Finance facility <sup>1</sup>	56,500	63,550
Chattel mortgages <sup>2</sup>	14,588	22,924
	<b>71,088</b>	<b>86,474</b>

- 1 On 28 June 2021, the Group secured an extension with its current banks NAB & HSBC to its existing finance facilities, with an expiry date of 1 July 2024.

The products within the finance facility bear interest at the Bank Bill Swap Rate plus a predetermined margin. Rates vary across the two club banks who cover the Groups finance facilities, and are affected by a number of factors including prior covenant ratios, date range within the facility agreements and the sub-facility being utilised.

As part of the extended facility agreement the Group must adhere to three covenants, a fixed charge cover ratio, debt to EBITDA ratio and a capitalisation ratio covenant. All covenants have been complied with during the financial years ended 30 June 2021 & 30 June 2020.

A general security interest has been granted to NAB as security trustee, over all of the assets and undertakings of the Company. In addition, mortgages have been granted over each of the real property leases.

- 2 The Group enters into agreements to fund certain plant and equipment purchases; these are assessed on a case by case basis. The underlying plant and equipment is held as security over each Chattel mortgage until repayments are made in full.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 15 LEASE LIABILITIES

	NOTE	CONSOLIDATED GROUP	
		30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>CURRENT</b>			
Lease liabilities		6,666	2,372
<b>NON-CURRENT</b>			
Lease liabilities		93,269	93,061
<b>Total current and non-current lease liabilities</b>	<b>22(b)</b>	<b>99,935</b>	<b>95,433</b>

### (a) Movements in carrying amounts

#### FINANCIAL YEAR ENDED 30 JUNE 2021 \$'000

	TOTAL
Opening net book value 1 July 2020	95,433
Additions	4,719
Modifications	2,406
Interest expense	4,208
Lease repayments	(6,831)
<b>Closing net book value</b>	<b>99,935</b>

#### FINANCIAL YEAR ENDED 30 JUNE 2020 \$'000

	TOTAL
Opening net book value 1 July 2019	76,484
Additions	20,826
Interest expense	3,636
Lease repayments	(5,513)
<b>Closing net book value</b>	<b>95,433</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 15 LEASE LIABILITIES (CONTINUED)

(b) Amounts recognised in profit or loss

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Interest expense on lease liabilities	4,208	3,636
Rent & hire expense — low value assets	407	7
Rent & hire expense — short-term	4,834	4,543
<b>Total</b>	<b>9,449</b>	<b>8,186</b>

### (c) Extension options

Extension options are included in a number of premises leases across the Group, these are used to maximise operational flexibility in terms of managing assets in the Group's operations. In determining the lease term, the Group considers all facts and circumstances available at the time. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The majority of the Group's premises leases still have a considerable number of years left until expiry, as such no extension options on premises leases have been included in the calculation of lease liabilities.

## 16 DERIVATIVE INSTRUMENTS

	NOTE	30 JUNE 2021		30 JUNE 2020	
		CURRENT \$'000	NON-CURRENT \$'000	CURRENT \$'000	NON-CURRENT \$'000
<b>ASSETS</b>					
Foreign exchange forward contracts		–	–	216	–
<b>LIABILITIES</b>					
Foreign exchange forward contracts		(1,612)	–	(1,266)	–
Interest rate swap contracts		(2,237)	(46)	(1,949)	(2,029)
		<b>(3,849)</b>	<b>(46)</b>	<b>(3,215)</b>	<b>(2,029)</b>
<b>Total derivative assets/(liabilities)</b>	23	<b>(3,849)</b>	<b>(46)</b>	<b>(2,999)</b>	<b>(2,029)</b>
<b>Total movement in Derivatives recognised through Profit or Loss</b>		<b>1,133</b>		<b>(1,065)</b>	



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 17 PROVISIONS

### (a) Provision balances

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>CURRENT</b>		
Employee benefits (i)	6,501	5,271
Other (ii)	2,669	1,147
	<b>9,170</b>	<b>6,418</b>
<b>NON-CURRENT</b>		
Employee benefits (i)	559	439
<b>Total Provision</b>	<b>9,729</b>	<b>6,857</b>

(i) Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data and the expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and conditions which match, as closely as possible, the estimated future cash outflows. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(m).

(ii) Other provisions is made up of various cost provisions to allow for repairs & maintenance on plant and machinery and the provision of engineering services.

### (b) Movements in provisions

YEAR ENDED 30 JUNE 2021 \$'000	EMPLOYEE BENEFITS	OTHER	TOTAL
Opening balance	5,710	1,147	6,857
Charged to profit or loss	4,621	1,522	6,143
Amounts used during the period	(3,271)	–	(3,271)
<b>Closing balance</b>	<b>7,060</b>	<b>2,669</b>	<b>9,729</b>

YEAR ENDED 30 JUNE 2020 \$'000	EMPLOYEE BENEFITS	OTHER	TOTAL
Opening balance	4,970	548	5,518
Charged to profit or loss	4,017	599	4,616
Amounts used during the period	(3,277)	–	(3,277)
<b>Closing balance</b>	<b>5,710</b>	<b>1,147</b>	<b>6,857</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 18 ISSUED CAPITAL

### (a) Share capital

	30 JUN 2021 SHARES	30 JUN 2020 SHARES	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Ordinary shares	187,196,887	187,196,887	410,915	410,915

### (b) Movement in share capital

DATE	DETAILS	NO. OF SHARES	\$'000
1 July 2019	Opening balance	161,375,590	371,334
22 November 2019	Shares issued — renounceable entitlement offer (i)	25,821,297	40,023
22 November 2019	Renounceable entitlement offer costs — net of tax	—	(442)
<b>30 June 2020</b>	<b>Closing balance</b>	<b>187,196,887</b>	<b>410,915</b>
<b>30 June 2021</b>	<b>Closing balance</b>	<b>187,196,887</b>	<b>410,915</b>

(i) On 29 October 2019 the Company issued a notice for a fully underwritten renounceable entitlement offer to its shareholders entitling them to subscribe for 1 new ordinary share for every 6.25 existing ordinary shares held, at a price of \$1.55. As the entitlement offer was fully underwritten, all 25,821,297 ordinary shares available as part of the entitlement offer were issued on 22 November 2019.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### (c) Other securities issued

As part of the previously disclosed Long Term Incentive Plan (Omnibus Incentive Plan) for Company employees, the Company issued 1,216,458 performance rights on 19 November 2020 (2020: 657,095) with more information to be found in Note 26.

### (d) Pre IPO distributions of equity

Prior to listing on the ASX, transactions with other entities within the previous consolidated Group were recognised as a distribution of equity to related parties.

### (e) Capital risk management

The Board's policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital as well as considers the potential of future dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 19 RESERVES

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Share based payment reserve	646	112
Foreign exchange reserve	(260)	(271)
	<b>386</b>	<b>(159)</b>

### (a) Movement in each class of reserve

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>SHARE BASED PAYMENT RESERVE</b>		
Opening balance	112	–
Share based payments fair value recognised in profit or loss	534	112
<b>Closing balance</b>	<b>646</b>	<b>112</b>
<b>FOREIGN EXCHANGE RESERVE</b>		
Opening balance	(271)	(397)
Exchange differences on translation of foreign operations, net of tax	11	126
<b>Closing balance</b>	<b>(260)</b>	<b>(271)</b>

### (b) Details of reserves

#### (i) Share based payment reserve

The share-based payment reserve arises on the grant of performance rights to executives under the Long Term Incentive Plan (LTI). Further information about LTI is made in note 26 to the financial statements. The Group settled the Wagner Limited Employee Share Trust to manage the share option plan.

#### (ii) Foreign exchange reserve

The foreign currency translation reserve records exchange differences arising on the translation of foreign controlled subsidiaries, as described in note 1(l).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 20 DIVIDENDS

### (a) Dividends paid

There were no dividends paid in both the current and prior financial years ended 30 June 2021 & 30 June 2020 respectively.

### (b) Dividends proposed

There are no dividends proposed to be paid as at the date of this report.

### (c) Franking credits

The franking account balance available to the shareholders of the Company at year-end is \$11,328,000 (2020: \$10,750,000). This balance includes adjustments made for franking credits arising from the payment of estimated provision for 2021 income tax.

## 21 EARNINGS PER SHARE

EARNINGS USED IN CALCULATING EARNINGS PER SHARE	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Profit attributable to the ordinary equity holders of the Company	10,001	(17)
WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR	30 JUN 2021 NO. '000	30 JUN 2020 NO. '000
Weighted average number of ordinary shares used in calculating basic earnings per share	187,196,887	176,967,138
Adjustment for calculation of diluted EPS: – Performance rights on issue	1,873,553	657,095
Weighted average number of ordinary and potential ordinary shares used in calculating diluted earnings per share	189,070,440	177,624,233
BASIC & DILUTED EARNINGS PER SHARE	30 JUN 2021 CENTS	30 JUN 2020 CENTS
Basic earnings per share	5.3	(0.0)
Diluted earnings per share	5.3	(0.0)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 22 CASH FLOW INFORMATION

### (a) Reconciliation of cash flow from operation with profit/(loss) after income tax

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Profit/(loss) after income tax	10,001	(17)
<b>NON-CASH FLOWS IN PROFIT</b>		
– Depreciation of property, plant & equipment	16,888	14,049
– Depreciation of right-of-use assets	5,875	4,821
– Amortisation of intangible assets	119	117
– Fair value adjustment on derivative instruments	(1,133)	1,066
– Net (gain)/loss on disposal of non-current assets	(443)	(321)
– Performance rights expense	534	112
– Gain on bargain purchase	–	(355)
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>		
– (Increase)/decrease in trade and other receivables	5,568	(12,924)
– (Increase)/decrease in other assets	(45)	(94)
– (Increase)/decrease in inventories	(2,553)	(2,083)
– Increase/(decrease) in trade and other payables	11,551	3,310
– Increase/(decrease) in income taxes payable	4,091	(6,700)
– Increase/(decrease) in deferred taxes payables	(226)	(1,177)
– Increase/(decrease) in provisions	2,873	1,337
<b>Net cash provided by operating activities</b>	<b>53,100</b>	<b>1,141</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 22 CASH FLOW INFORMATION (CONTINUED)

### (b) Reconciliation of financial liabilities to cash flows from financing activities

YEAR ENDED 30 JUNE 2021 \$'000	LEASE LIABILITIES	HIRE PURCHASE & CHATTEL MORTGAGES	FINANCE FACILITY	DERIVATIVES HELD TO HEDGE BORROWINGS	TOTAL
Opening balance	95,433	22,924	63,550	5,244	187,151
Cash inflows	–	3,845	–	–	3,845
Cash outflows	(2,623)	(12,181)	(7,050)	–	(21,854)
<i>Non-cash flows in financial liabilities</i>					
Fair value change in derivatives	–	–	–	(1,349)	(1,349)
Lease liability changes	7,125	–	–	–	7,125
<b>Closing balance</b>	<b>99,935</b>	<b>14,588</b>	<b>56,500</b>	<b>3,895</b>	<b>174,918</b>

YEAR ENDED 30 JUNE 2020 \$'000	LEASE LIABILITIES	HIRE PURCHASE & CHATTEL MORTGAGES	FINANCE FACILITY	DERIVATIVES HELD TO HEDGE BORROWINGS	TOTAL
Opening balance	–	16,422	80,000	4,330	100,752
Cash inflows	–	16,943	–	–	16,943
Cash outflows	(1,877)	(10,441)	(16,450)	–	(28,768)
<i>Non-cash flows in financial liabilities</i>					
Fair value change in derivatives	–	–	–	914	914
Lease liability changes	97,310	–	–	–	97,310
<b>Closing balance</b>	<b>95,433</b>	<b>22,924</b>	<b>63,550</b>	<b>5,244</b>	<b>187,151</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 23 FAIR VALUE MEASUREMENTS

The Group measures and recognises certain financial assets and liabilities at fair value on a recurring basis after initial recognition, currently being only derivative financial instruments. The Group subsequently does not measure any other assets or liabilities at fair value on a non-recurring basis.

### (a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels as follows:

- ▶ **Level 1:** measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- ▶ **Level 2:** measurements based on inputs, other than quoted prices in active markets (Level 1), which are observable for the asset or liability, either directly or indirectly. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2.
- ▶ **Level 3:** measurements based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### (b) Estimation of fair values

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group is the income approach:

**Income approach:** valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Fair value techniques and inputs are summarised as follows:

DESCRIPTION	FAIR VALUE HIERARCHY	NOTE	VALUATION TECHNIQUE & INPUTS
Derivative instruments	Level 2	16	The fair value of forward foreign exchange contracts is determined using the present value of future cash flows based on the forward exchange rates at the end of the reporting period. The fair value of interest rate swaps is determined using the present value of the estimated future cash flows based on observable yield curves.

### (c) Recurring fair value measurements

AS AT 30 JUNE 2021	NOTE	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Interest rate swap contracts	16	–	(2,283)	–	(2,283)
Foreign exchange forward contracts	16	–	(1,612)	–	(1,612)
		–	<b>(3,895)</b>	–	<b>(3,895)</b>
<b>AS AT 30 JUNE 2020</b>					
Interest rate swap contracts	16	–	(3,978)	–	(3,978)
Foreign exchange forward contracts	16	–	(1,050)	–	(1,050)
		–	<b>(5,028)</b>	–	<b>(5,028)</b>

There were no transfers between fair value hierarchies during the current and previous financial years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 24 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by a central finance department. Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Finance provides overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments in accordance with the Group's facilities agreement and company policies.

The Group uses derivative financial instruments such as foreign exchange forward contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or speculative instruments. These derivatives are not designated hedges and the Group has therefore not applied hedge accounting. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties; ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, these customers may be required to pay upfront, or the risk may be further managed through obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

### Credit risk exposures

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount of trade receivables and cash and cash equivalents. The Group does not consider there to be any significant concentration of credit risk with any single/or group of customers. The Group derives revenue from three key customers (2020: two), which accounted for 33% of revenue for the financial year ended 30 June 2021 (2020: 27%). Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality, aggregates of such amounts are detailed in note 7.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- ▶ preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- ▶ monitoring undrawn credit facilities;
- ▶ obtaining funding from a variety of sources;
- ▶ maintaining a reputable credit profile;
- ▶ managing credit risk related to financial assets;
- ▶ only investing surplus cash with major financial institutions; and
- ▶ comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider there is any material risk of termination of such facilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities. The table include both interest and principal cash flows and therefore the total may differ from their carrying amount in the statement of financial position.

AS AT 30 JUNE 2021	WITHIN 1 YEAR \$'000	1 TO 5 YEARS \$'000	OVER 5 YEARS \$'000	TOTAL \$'000
Trade and other payables	43,077	–	–	43,077
Derivative financial liabilities	3,849	46	–	3,895
Chattel mortgages	8,450	6,138	–	14,588
Finance facility	–	56,500	–	56,500
Lease liabilities	6,791	23,025	149,903	179,719
	<b>62,167</b>	<b>85,709</b>	<b>149,903</b>	<b>297,779</b>

AS AT 30 JUNE 2020	WITHIN 1 YEAR \$'000	1 TO 5 YEARS \$'000	OVER 5 YEARS \$'000	TOTAL \$'000
Trade and other payables	33,575	–	–	33,575
Derivative financial liabilities	3,215	2,029	–	5,244
Chattel mortgages	12,235	11,606	–	23,841
Finance facility	7,050	56,500	–	63,550
Lease liabilities	6,458	22,040	149,683	178,181
	<b>62,533</b>	<b>92,175</b>	<b>149,683</b>	<b>304,391</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Liquidity risk (continued)

At the end of each reporting period the Group had access to the following undrawn borrowing facilities:

	AS AT 30 JUNE 2021		AS AT 30 JUNE 2020	
	DRAWN \$'000	AVAILABLE \$'000	DRAWN \$'000	AVAILABLE \$'000
Expiring within one year	–	–	–	–
Expiring beyond one year	56,500	44,500	63,550	45,950
	<b>56,500</b>	<b>44,500</b>	<b>63,550</b>	<b>45,950</b>

### (c) Market risk

#### (i) Interest rate risk

The Group's main exposure to interest rate risk is long-term borrowings. Borrowings issued at variable rates, expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value.

Interest rate risk is managed using a mix of fixed and floating rate debt and the Group enters into interest rate swaps to convert the majority of debt to fixed rate. At 30 June 2021 88.5% (2020: 78.7%) of Group debt is at a fixed rate. It is the policy of the Group going forward to keep between 50% and 100% of debt on fixed interest rates.

#### INTEREST RATE SWAPS

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The notional principal amounts of the swap contracts approximate the Group's borrowing facilities, as described above. The net interest payment, or receipt settlements of the swap contracts occur every 30 to 90 days and correspond with interest payment dates on the borrowings.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Market risk (continued)

#### (i) Interest rate risk (continued)

At the end of the reporting period, the Group had the following outstanding interest rate swap contracts:

	NOTIONAL PRINCIPAL AMOUNT		INTEREST RATES
	30 JUN 2021 \$'000	30 JUN 2020 \$'000	
Interest rate swaps	50,000	50,000	3.78%

#### SENSITIVITY ANALYSIS

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. Profit or loss is sensitive to the change in interest rates from higher/lower interest income from cash and cash equivalents, and also the increase/decrease in fair value of derivative instruments as they are measured at fair value through profit or loss, per note 1(j).

	IMPACT ON POST TAX PROFIT	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
+100bp variability in interest rate	364	239
-100bp variability in interest rate	(364)	(239)

#### (ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales & purchases are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies is primarily the Australian dollar (AUD), with currently minor subsidiaries operating in United States dollars (USD) & Malaysian ringgit (RM).

#### FOREIGN EXCHANGE FORWARD CONTRACTS

At any point in time, the Group hedges 60% to 100% of its estimated foreign currency exposure in respect of forecast purchases in US Dollars (USD), being the main exposure, over the following 12 months. The Group uses forward exchange contracts to hedge its currency risk. These contracts commit the Group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates, most have a maturity of less than 1 year from the reporting date. The Group's current foreign subsidiaries operations is collectively immaterial, and so the Group does not hedge against these foreign currency exposures.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

The following table summarises the notional amounts of the Group's commitments in relation to foreign exchange forward contracts.

	NOTIONAL AMOUNT		AVERAGE EXCHANGE RATES	
	30 JUN 2021 \$	30 JUN 2020 \$	30 JUN 2021 \$	30 JUN 2020 \$
<b>BUY USD/SELL AUD</b>				
Settlement within six months	21,220	3,000	0.7299	0.7016
Settlement between six and twelve months	3,750	3,000	0.7801	0.7050
	<b>24,970</b>	<b>6,000</b>	<b>0.7370</b>	<b>0.7033</b>

	NOTIONAL AMOUNT		AVERAGE EXCHANGE RATES	
	30 JUN 2021 \$	30 JUN 2020 \$	30 JUN 2021 \$	30 JUN 2020 \$
<b>SELL USD/SELL AUD</b>				
Settlement within six months	12,750	–	0.7505	–
Settlement between six and twelve months	3,000	–	0.7379	–
	<b>15,750</b>	<b>–</b>	<b>0.7481</b>	<b>–</b>

#### SENSITIVITY ANALYSIS

The following table illustrates sensitivities to the Group's exposures to changes in foreign exchange rates. Profit or loss is sensitive to the change in foreign exchange rates from purchases, and also the change in fair value of derivative instruments as they are measured at fair value through profit or loss, per note 1(j).

	IMPACT ON POST TAX PROFIT	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
+10% AUD/USD exchange rate	1,186	684
-10% AUD/USD exchange rate	(1,313)	(684)

#### (iii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group's exposure to commodity price risk arises from commercial transactions required for the operations of the business. To manage its commodity price risk the Group enters into fixed price contracts with its main suppliers for raw materials in its cement business. There are no derivative asset or liabilities in relation to commodity prices at year end, and so any commodity price movement would not impact reported profit for the year ended 30 June 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 25 RELATED PARTY TRANSACTIONS

### (a) Parent entity

Wagners Holding Company Limited is the Group's ultimate parent entity.

### (b) Controlled entities

Interests in controlled entities are set out in Note 27.

### (c) Key management personnel

Compensation of key management personnel during the years was as follows:

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Short-term employee benefits	1,608,636	1,354,749
Post-employment benefits	50,000	49,452
Long-term employee benefits	12,728	11,692
Termination benefits	–	–
Share based payments	160,063	37,738
	<b>1,831,427</b>	<b>1,453,631</b>

Further disclosures relating to key management personnel compensation are set out in the Remuneration report, that can be found on pages 54 to 65 of the Directors' Report.

No loans have been provided to key management personnel by the Group throughout the financial year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 25 RELATED PARTY TRANSACTIONS (CONTINUED)

### (d) Transactions with other related parties

#### Directors and related parties

All transactions between the Group and any Director and their related parties are conducted on the basis of normal commercial trading terms and conditions as agreed upon between the parties as per normal arm's length business transactions. Such transactions and amounts owed or owing with Director and their related parties are detailed as follows:

DESCRIPTION	2021		2020	
	REVENUE/(COSTS) \$	OWED/(OWING) \$	REVENUE/(COSTS) \$	OWED/(OWING) \$
Sale of materials and services <sup>1</sup>	1,147,166	62,245	7,937,690	67,701
On charge of costs processed by the Group	109	–	5,342	–
Indemnity of losses on onerous contract <sup>2</sup>	(1,411,888)	–	–	–
Payments for rent of property and plant, material royalties & other	(9,297,456)	(197,333)	(8,083,706)	(138,447)
<b>Totals</b>	<b>(9,562,069)</b>	<b>(135,088)</b>	<b>(140,674)</b>	<b>(70,746)</b>

- 1 The sale of materials and services included amounts recognised over time under AASB 15 for contracts to fabricate, construct and install concrete batch plants on sites owned by related parties. These were all sold within the 2020 financial year, as such there were no Contract Assets or balances owing from the batch plant sales on the Groups balance sheet as at 30 June 2021.
- 2 This amount was re-distributed to the related party as part of the onerous contract indemnity agreement noted in the prospectus after a dispute settlement was reached with the third-party client. The cumulative effect of these transactions therefore made no change to both the Group's profit or loss and cash position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 26 SHARE BASED PAYMENTS

The Company adopted a new long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (LTI).

Performance rights are issued under the LTI, and it provides senior executives to receive a number of performance rights, as determined by the Board, over ordinary shares. Performance rights issued under the LTI will be subject to performance conditions that are detailed below.

The Remuneration Committee consider this equity performance-linked remuneration structure to be appropriate as senior executives only receive a benefit when there is a corresponding direct benefit to shareholders.

### Expense recognised through Profit or Loss

The total expense for share based payment recognised through Profit or Loss for the financial year 30 June 2021 was \$534,375 (2020: \$111,586). The expense was calculated based on the probability of vesting conditions being met and the fair value of options granted. There were vesting conditions met this financial year.

### Overall performance rights movement

Details of performance rights issued, vested and expired during the financial year are set out below:

YEAR ISSUED	TRANCHE	VESTING DATE	VESTING CONDITIONS	PERFORMANCE PERIOD <sup>1</sup>	MOVEMENTS				30 JUNE 2021
					1 JULY 2020	ISSUED	EXERCISED	EXPIRED/ FORFEITED	
2020	1	31 August 2021	EPS	1 year	–	405,486	–	–	405,486
2020	2	31 August 2022	EPS	2 years	–	405,486	–	–	405,486
2020	3	31 August 2023	EPS	3 years	–	405,486	–	–	405,486
2019	1	31 August 2020	EPS	1 year	219,031	–	–	–	219,031
2019	2	31 August 2021	EPS	2 years	219,031	–	–	–	219,031
2019	3	31 August 2022	EPS	3 years	219,031	–	–	–	219,031
					<b>657,095</b>	<b>1,216,458</b>	<b>–</b>	<b>–</b>	<b>1,873,553</b>

1 Represents the relevant period of time to which both the performance vesting condition is measured and the period of time the recipient must remain employed with the Group.

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 4.0 years. The performance options outstanding have no exercise price.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 26 SHARE BASED PAYMENTS (CONTINUED)

### Vesting Conditions

#### 2020 ISSUED PERFORMANCE RIGHTS

1	<b>VESTING DATES</b>	Tranche 1 — 31 August 2021 Tranche 2 — 31 August 2022 Tranche 3 and Remainder performance rights — 31 August 2023
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2	<b>VESTING CONDITIONS</b>	<b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.9c</b>
---	---------------------------	-----------------------------------------------------

#### TRANCHE 1

On the Tranche 1 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2021 (**Tranche 1 EPS**) is:

- (a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or
- (b) at least 10% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or
- (c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest.

#### TRANCHE 2

On the Tranche 2 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2022 (**Tranche 2 EPS**) is:

- (a) at least 5% (but less than 10%) higher than the Tranche 1 EPS, 50% of the Tranche 2 Performance rights shall vest; or
- (b) at least 10% (but less than 15%) higher than the Tranche 1 EPS, 75% of the Tranche 2 Performance rights shall vest; or
- (c) at least 15% higher than the Tranche 1 EPS, 100% of the Tranche 2 Performance rights shall vest.

#### TRANCHE 3

On the Tranche 3 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2023 (**Tranche 3 EPS**) is:

- (a) at least 5% (but less than 10%) higher than Tranche 2 EPS, 50% of the Tranche 3 Performance rights shall vest; or
- (b) at least 10% (but less than 15%) higher than the Tranche 2 EPS, 75% of the Tranche 3 Performance rights shall vest; or
- (c) at least 15% higher than the Tranche 2 EPS, 100% of the Tranche 3 Performance rights shall vest.

#### ADDITIONAL VESTING TERMS

Any Tranche 1 or 2 Performance rights which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively (**Remainder Performance rights**) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Tranche 2 EPS.

3	<b>EXPIRY DATE</b>	5 years from the date the Performance rights were issued.
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 26 SHARE BASED PAYMENTS (CONTINUED)

### Vesting Conditions (continued)

#### 2019 ISSUED PERFORMANCE RIGHTS

1	<b>VESTING DATES</b>	Tranche 1 — 31 August 2020 Tranche 2 — 31 August 2021 Tranche 3 and Remainder Performance rights — 31 August 2022
2	<b>VESTING CONDITIONS</b>	<p><b>OFFER EARNINGS PER SHARE (EPS) OF 7.9c</b> <b>AMENDED EARNINGS PER SHARE (AMENDED EPS) OF 4.5c</b></p> <p><b>TRANCHE 1</b> On the Tranche 1 Vesting Date, if the earnings per share (<b>EPS</b>) of the Company as at 30 June 2020 (<b>Tranche 1 EPS</b>) is:</p> <ul style="list-style-type: none"><li>(a) at least 10% (but less than 12.5%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or</li><li>(b) at least 12.5% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or</li><li>(c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest.</li></ul> <p><b>TRANCHE 2</b> On the Tranche 2 Vesting Date, if the earnings per share (<b>EPS</b>) of the Company as at 30 June 2021 (<b>Tranche 2 EPS</b>) is:</p> <ul style="list-style-type: none"><li>(a) at least 10% (but less than 12.5%) higher than the Amended EPS, 50% of the Tranche 2 Performance rights shall Vest; or</li><li>(b) at least 12.5% (but less than 15%) higher than the Amended EPS, 75% of the Tranche 2 Performance rights shall Vest; or</li><li>(c) at least 15% higher than the Amended EPS, 100% of the Tranche 2 Performance rights shall vest.</li></ul> <p><b>TRANCHE 3</b> On the Tranche 3 Vesting Date, if the earnings per share (<b>EPS</b>) of the Company as at 30 June 2022 (<b>Tranche 3 EPS</b>) is:</p> <ul style="list-style-type: none"><li>(a) at least 10% (but less than 12.5%) higher than Amended EPS, 50% of the Tranche 3 Performance rights shall Vest; or</li><li>(b) at least 12.5% (but less than 15%) higher than the Amended EPS, 75% of the Tranche 3 Performance rights shall Vest; or</li><li>(c) at least 15% higher than the Amended EPS, 100% of the Tranche 3 Performance rights shall vest.</li></ul> <p><b>ADDITIONAL VESTING TERMS</b> Any Tranche 1 or 2 Performance rights which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively (<b>Remainder Performance rights</b>) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Amended EPS.</p>
3	<b>EXPIRY DATE</b>	5 years from the date the Performance rights were issued.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 26 SHARE BASED PAYMENTS (CONTINUED)

### Fair value of performance rights granted

The assessed fair value at the date of grant of performance rights issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of performance right, the underlying share's expected volatility, expected dividends and risk free interest rate for the expected life of the instrument.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

The value of the performance rights were calculated using the inputs shown below:

#### 2020 ISSUED PERFORMANCE RIGHTS

INPUTS INTO PRICING MODEL	TRANCHE 1	TRANCHE 2	TRANCHE 3
Grant Date	19 November 2020	19 November 2020	19 November 2020
Exercise Price	\$0.00	\$0.00	\$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$1.59	\$1.59	\$1.59
Expiry date	19 November 2025	19 November 2025	19 November 2025
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	\$1.41	\$1.39	\$1.34

#### 2019 ISSUED PERFORMANCE RIGHTS

INPUTS INTO PRICING MODEL	TRANCHE 1	TRANCHE 2	TRANCHE 3
Grant Date	20 November 2019	20 November 2019	20 November 2019
Exercise Price	\$0.00	\$0.00	\$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$2.10	\$2.10	\$2.10
Expiry date	20 November 2024	20 November 2024	20 November 2024
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	\$1.88	\$1.83	\$1.78

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 27 SUBSIDIARIES AND CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Wagners Holding Company Limited and the following subsidiaries:

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING	
		30 JUNE 2021 %	30 JUNE 2020 %
Wagners Queensland Pty Ltd	Australia	100%	100%
Wagner Investments Pty Ltd	Australia	100%	100%
Wagners Flyash Pty Ltd	Australia	100%	100%
Wagners Australian Operations Pty Ltd	Australia	100%	100%
Wagners Concrete Pty Ltd	Australia	100%	100%
Wagners Quarries Pty Ltd	Australia	100%	100%
Wagners Transport Pty Ltd	Australia	100%	100%
Wagners Industrial Services Pty Ltd	Australia	100%	100%
Wagners Cement Pty Ltd	Australia	100%	100%
Wagners Charter Pty Ltd	Australia	100%	100%
Wagners International Operations Pty Ltd	Australia	100%	100%
Wagners Global Projects Sdn Bhd	Malaysia	100%	100%
Wagners Global Services (Malaysia) Sdn Bhd	Malaysia	100%	100%
Wagners Services Mozambique Limiteda	Mozambique	98.75%	98.75%
Wagners Global Ventures Sdn Bhd	Malaysia	100%	100%
Wagners Global Services Mongolia LLC	Mongolia	100%	100%
Wagners Concrete Mongolia LLC	Mongolia	100%	100%
Wagners Composite Fibre Technologies Pty Ltd	Australia	100%	100%
Wagners CFT Manufacturing Pty Ltd	Australia	100%	100%
Wagners EFC® Pty Ltd	Australia	100%	100%
Wagner USA Holding Company	United States	100%	100%
Wagners CFT LLC	United States	100%	100%
Wagners Manufacturing LLC	United States	100%	100%
Wagners Property Holdings LLC	United States	100%	100%
Wagners Holding NZ Limited	New Zealand	100%	100%
Wagners Holding Company UK Ltd*	United Kingdom	100%	0%
EFC® Green Concrete Technology UK Ltd*	United Kingdom	100%	0%

\* Entities incorporated in the financial year

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 28 CAPITAL COMMITMENTS

### Capital expenditure commitments

Capital expenditure commitments contracted for but not recognised as liabilities at the end of the financial year is as follows:

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
Within twelve months	1,986	487

## 29 CONTINGENT ASSETS AND LIABILITIES

The Group enters into arrangements in the normal course of business, whereby it is required to supply a performance guarantee to its customers. These guarantees are provided in the form of performance bonds issued by the Group's financial institution or insurance company.

The probability of having to make a payment in respect to these performance bonds is considered to be highly unlikely. As such, no provision has been made in the consolidated financial statements in respect of these contingencies.

## 30 AUDITOR'S REMUNERATION

During the financial year the following fees were paid or are payable to the Group's auditor:

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>BDO AUDIT PTY LTD &amp; RELATED COMPANIES</b>		
<b>AUDIT SERVICES</b>		
Audit and review of financial statements — <i>BDO Audit Pty Ltd</i>	250,719	225,302
<b>Total audit services</b>	<b>250,719</b>	<b>225,302</b>
<b>NON-AUDIT SERVICES</b>		
Taxation services — <i>BDO (Services) Pty Ltd</i>	–	13,000
<b>Total non-audit services</b>	<b>–</b>	<b>13,000</b>
<b>Total amount paid or payable to auditor</b>	<b>250,719</b>	<b>238,302</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 31 PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	CONSOLIDATED GROUP	
	30 JUN 2021 \$'000	30 JUN 2020 \$'000
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Current assets	141	241
Non-current assets	127,677	127,077
<b>Total assets</b>	<b>127,818</b>	<b>127,318</b>
<b>LIABILITIES</b>		
Current liabilities	19,529	18,609
Non-current liabilities	6,071	6,691
<b>Total liabilities</b>	<b>25,600</b>	<b>25,300</b>
<b>EQUITY</b>		
Issued capital	410,915	410,915
Distribution to related entities	(355,010)	(355,010)
Reserves	646	112
Retained earnings	45,667	46,001
<b>Total equity</b>	<b>102,218</b>	<b>102,018</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Total profit for the financial year	(526)	(280)
Total comprehensive income for the financial year	(526)	(280)

### (a) Contingent assets and liabilities

The parent entity does not have any contingent assets or liabilities as at 30 June 2021.

### (b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees.

### (c) Contractual commitments for the acquisition of property, plant or equipment

The parent entity had no contractual commitments for the acquisition of property, plant or equipment (2020: \$nil).

## 32 EVENTS OCCURRING AFTER THE REPORTING PERIOD

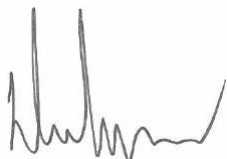
To the Directors' best knowledge, there has not arisen in the interval between 30 June 2021 and the date of this report any item, any other transaction or event of a material and unusual nature that will, or may, significantly affect the operations of the Group.

In addition, while the COVID-19 situation remains concerning, between 30 June 2021 the date of this report, there has been no COVID-19 impacts on the operations of the Group. However, due to the fluid nature of this pandemic the Group will continue to monitor the unfolding situation and adjust operations for minimal impacts where required.

# DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Wagners Holding Company Limited, the directors of the Company declare that:

- (a) the consolidated financial statements and notes, as set out on pages 67 to 114, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with the Corporations Regulations 2001 and Australian Accounting Standards and Interpretations, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - (ii) giving a true and fair view of the consolidated Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- (b) in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer, for the financial year ended 30 June 2021.



**MR DENIS WAGNER**

**Chairman**

Dated at Toowoomba, Queensland  
on 25 August 2021.

## INDEPENDENT AUDITOR'S REPORT

To the members of Wagners Holding Company Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Wagners Holding Company Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

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

#### Key audit matters

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

## Revenue recognition and measurement

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<ul style="list-style-type: none"> <li>The Group's disclosures about revenue recognition are included in Note 1(c) and Note 3, which details the accounting policies applied and disclosures relating to AASB 15 Revenue from Contracts with Customers.</li> <li>The assessment of revenue recognition was significant to our audit because revenue is a material balance in the financial statements for the year ended 30 June 2021.</li> <li>The assessment of revenue recognition and measurement required significant auditor effort.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Assessing the revenue recognition policy for compliance with AASB 15 Revenue from Contracts with Customers.</li> <li>Documenting the processes and assessing the internal controls relating to revenue processing and recognition.</li> <li>Tracing a sample of revenue transactions to supporting documentation.</li> <li>Performing detailed substantive analytical procedures on the yearly sales for each material component.</li> <li>Assessing the adequacy of the Group's disclosures within the financial statements.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

## Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

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

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

We have audited the Remuneration Report included in pages 54 to 65 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Wagners Holding Company Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

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

##### **BDO Audit Pty Ltd**



**C K Henry**  
Director

Brisbane, 25 August 2021



# ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The information is current as at 31 August 2021 unless stated otherwise.

## DISTRIBUTION SCHEDULE

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1–1,000	1,290	697,966	0.37
1,001–5,000	2,323	6,479,977	3.46
5,001–10,000	1,066	8,017,478	4.28
10,001–100,000	1,113	27,851,016	14.88
100,001 and over	84	144,150,450	77.00
<b>Rounding</b>			<b>0.01</b>
<b>Total</b>	<b>5,876</b>	<b>187,196,887</b>	<b>100.00</b>

## SHARES AND VOTING RIGHTS

All 187,196,887 shares in the Company are ordinary shares, held by 5,876 shareholders.

Voting rights for ordinary shares are:

- ▶ On a show of hands, one vote for each shareholder
- ▶ On a poll, one vote for each fully paid ordinary share.

Option holders have no rights until the options are exercised. There is no current on-market buy-back.

## SUBSTANTIAL SHAREHOLDERS

The following information is extracted from the Company's Register of Substantial Shareholders as at 31 August 2021 and as disclosed in substantial notices to the ASX and Company.

NAME	DATE OF LAST NOTICE RECEIVED	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
Denis Wagner	15 December 2017	102,957,631	55%
John Wagner	15 December 2017	103,248,014	55.15%
Neill Wagner	15 December 2017	102,957,631	55%
Joe Wagner	15 December 2017	102,957,631	55%
Wagner Property Operations Pty Ltd	25 November 2019	14,201,056	7.58%
Paradice Investment Management Pty Ltd	18 November 2020	9,617,830	5.14%

## UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$500.00 parcel at \$1.8350 per unit	273	335	50,617

# ADDITIONAL INFORMATION

## TOP 20 SHAREHOLDERS (AS AT 31 AUGUST 2021)

RANK	NAME	UNITS	% UNITS
1	DENIS PATRICK WAGNER	21,321,928	11.39
1	JOHN HENRY WAGNER	21,321,928	11.39
1	JOSEPH DOYLE WAGNER	21,321,928	11.39
1	NEILL THOMAS WAGNER	21,321,928	11.39
5	WAGNER PROPERTY OPERATIONS PTY LTD	14,201,056	7.59
6	CITICORP NOMINEES PTY LIMITED	8,501,838	4.54
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,290,831	2.29
8	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,512,784	1.88
9	NATIONAL NOMINEES LIMITED	3,450,410	1.84
10	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,324,413	1.78
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,343,360	1.25
12	ARCHERFIELD AIRPORT CORPORATION PTY LTD	1,100,000	0.59
13	JOHN WAGNER INVESTMENTS PTY LTD <JHW FAMILY A/C>	1,091,447	0.58
14	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,044,118	0.56
15	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	808,265	0.43
16	DENIS WAGNER INVESTMENTS PTY LTD <DPW FAMILY A/C>	801,064	0.43
16	NEILL WAGNER INVESTMENTS PTY LTD <NTW FAMILY A/C>	801,064	0.43
18	BRAZIL FARMING PTY LTD	725,363	0.39
19	JOE WAGNER INVESTMENTS PTY LTD <JDW FAMILY A/C>	642,643	0.34
20	GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	540,914	0.29
<b>Total Top 20 holders of ORDINARY FULLY PAID SHARES</b>		<b>132,467,282</b>	<b>70.76</b>
<b>Total Remaining Holders Balance</b>		<b>54,729,605</b>	<b>29.24</b>

## UNQUOTED OPTIONS

There are 10 holders of 1,873,553 unvested unquoted options.

# CORPORATE DIRECTORY

## **DIRECTORS**

Denis Wagner, Non-executive chairman

John Wagner, Non-executive director

Lynda O'Grady, Non-executive director

Ross Walker, Non-executive director

## **COMPANY SECRETARY**

Karen Brown

## **REGISTERED OFFICE**

Level 10, 12 Creek Street,  
Brisbane QLD 4000

## **PRINCIPAL PLACE OF BUSINESS**

11 Ballera Court,  
1511 Toowoomba-Cecil Plains Road,  
Wellcamp QLD 4350

## **SHARE REGISTER**

Computershare Investor Services Ltd

## **AUDITOR**

BDO Audit Pty Ltd

## **SOLICITORS**

McCullough Robertson Lawyers

## **BANKERS**

National Australia Bank Limited

HSBC Bank Australia Limited

Australian and New Zealand Banking Group Limited

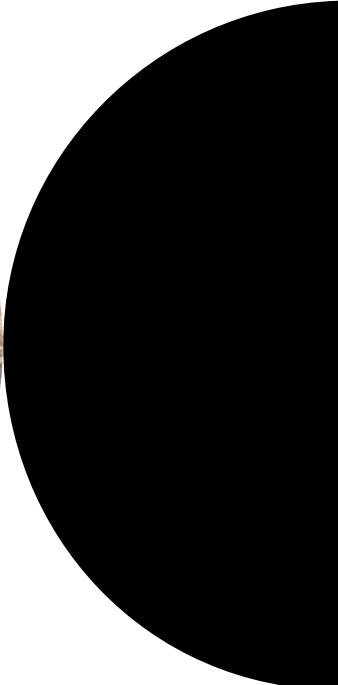
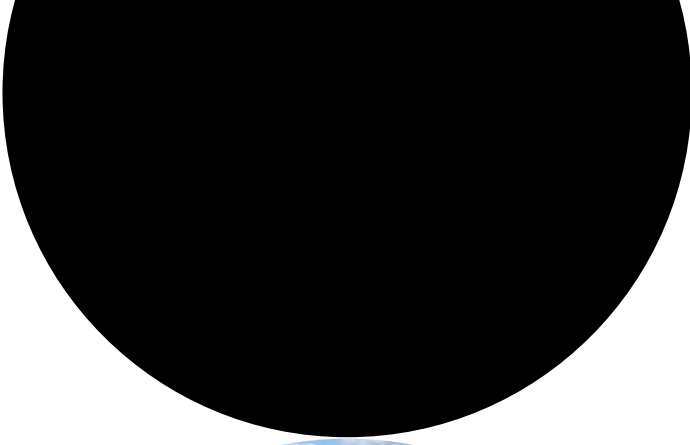
## **STOCK EXCHANGE LISTING**

Wagners Holding Company Limited shares  
are listed on the ASX (code: WGN)

**[www.wagner.com.au](http://www.wagner.com.au)**

## **CORPORATE GOVERNANCE STATEMENT**

The Company's Corporate Governance Statement for the financial year ended 30 June 2021 is available to download and access from <https://investors.wagner.com.au/corporate-governance>



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