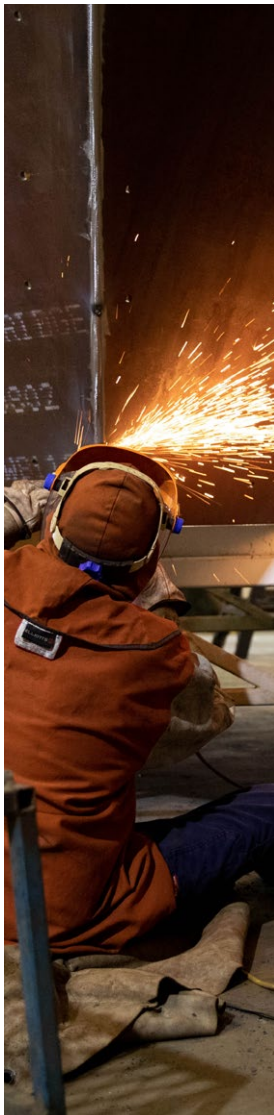


# INNOVATIVE INTEGRATED INTERNATIONAL



**2022**  
ANNUAL REPORT



# INSIDE THIS REPORT

This annual report gives a summary of Wagners' business activities and financial results for FY22. It is presented for the information of our shareholders and other stakeholders interested in the company's key achievements.

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**Established in 1989 in Toowoomba, Queensland, Wagners is an ASX-listed business and supplier of construction materials and services globally.**

We are innovative, integrated, and operate internationally. Our diverse businesses, operating under three main business units, Construction Materials and Services, Composite Fibre Technologies and Earth Friendly Concrete, work together to achieve great outcomes for our customers. Each business unit also has separate specialist vertically integrated businesses to support and supply materials or services to each other on a timely and cost-competitive basis.

- ▶ Wagners Construction Materials and Services division includes the following business units: cement, concrete, flyash, aggregates, precast concrete, reinforcing steel and bulk haulage services.

# 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

- ▶ 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 six pultrusion machines and a new cross-arm automation line, using six state-of-the-art robots controlled by advanced programming technology. Our US manufacturing facility in Cresson, Texas is now operational, with the first pultrusion machine now commissioned allowing the local manufacture and supply of CFT products to the US market.
  - ▶ EFC<sup>®</sup> is a class of zero cement 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<sup>®</sup> confirmed concrete produced through this process significantly reduces carbon emissions compared to concrete produced with Ordinary Portland Cement. EFC<sup>®</sup> 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. The EFC<sup>®</sup> activator is currently manufactured by Wagners in Brisbane and a new manufacturing facility has recently been established in London, allowing the supply to consumers of EFC<sup>®</sup> throughout the UK and Europe.
  - ▶ Wagners also have a specialist in-house engineering solutions team which provides innovative maintenance and engineering solutions across both the CMS and Technologies business divisions, evidencing the efficiencies achieved by vertical integration and cross division collaboration.
- Our Guiding Principles underpin everything we do. At Wagners, we strive for intrepid progress to achieve beneficial outcomes for all stakeholders we engage with — our people, our customers, our community, and our shareholders.
- We pride ourselves on our innovation, and always seek value and growth, and create rewarding opportunities that encourage employees to deliver quality products and services to all of our customers..

# FY22 KEY FACTS & FIGURES



**\$338M**  
group revenue



**INNOVATION**  
New product lines and markets.  
Continued R&D



**INTERNATIONAL**  
US and UK manufacturing facilities established



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



**11%**  
increase in cement sales



**7.7M**  
tonnes hauled



**18%**  
concrete volume increase



**9.8M**  
kilometres travelled



**7**  
countries worked



**820**  
employees



**430KM**  
CFT pultrusion



**>1M**  
tonnes quarry materials crushed



# CHAIRMAN'S REVIEW



Fellow shareholders of Wagners Holding Company Limited, FY22 has presented many challenges, not only for us as a Company but also for the construction materials sector. Our performance for the year has not shown the growth in our earnings that some may have expected. This, coupled with our increased investment in the new technologies, has resulted in a reduction in net profit after tax. We have delivered a result that is acknowledged will need to be significantly improved going forward to meet the expectation of all shareholders.

The safety performance throughout the year has remained positive and our continued drive to improve the safety culture of Wagners is delivering results. This also is relevant to both our environmental performance and quality outcomes. Our board has attended monthly safety, quality and environment meetings this year, which are conducted by management but also include operational staff, to encourage increased awareness and improved outcomes across safety, quality and environmental performance.

Our construction materials business has achieved an increase in revenue and we see this continuing into next year.

Our cement business continues to see volume growth and we are now seeing increased selling prices to offset increased costs.

The concrete market in south east Queensland has been plagued with unfortunate industry behaviour for some time, however we are now seeing pricing that reflects the true value of our products. We expect the trend of increased selling price to continue going forward.

The mining services business has a significant forward order book, the challenge for us is to deliver our transport and contract crushing services efficiently and profitably.

As mentioned earlier, we have continued to invest in the new technology businesses.

With Composite Fibre Technologies, we will see new products come on line through the coming year and we will also realise the benefits of the additional pultrusion machines and the investment in automation. We have delivered many signature projects through the year and the reputation and acceptance of our products for use in infrastructure sets a very good prospect for growth going forward.

Since the travel restrictions have lifted, I have been to the USA on two occasions. After personally meeting with customers and utility owners, I am extremely confident that the value we offer in our products is being recognised and will result in a significant revenue stream.

The manufacturing facility in the USA, in Cresson, Texas, is operating and our first pultrusion machine is producing. The facility in Cresson is an asset that is very capital intensive however sets a great platform to grow the USA business. It demonstrates a very high standard for both our facilities and our products.

I have also recently visited our EFC® activator manufacturing facility in Romford, outside of London in the United Kingdom. This facility will be operational in the very near future. Our capability at Romford will continue to grow over the ensuing twelve months which will give us a production capacity of 18 million litres of chemical activator, for use in EFC®. This business is primarily structured to produce and sell the chemicals that our customers, who are premixed and precast concrete producers, use to make zero cement concrete.

After attending a number of discussions with concrete producers, engineers and asset owners in London and throughout Germany, it is widely recognised that our technology in EFC® is more advanced technically with proven field results than any other zero cement technology in the world. The UK and European market is very focused on carbon reduction and specifically zero cement concrete, which puts our EFC® technology at the forefront in this space.

I am confident the investment we have made in both CFT and EFC® throughout FY22 will return shareholders value into the future.

There is an expectation that the business delivers much stronger results going forward. The Board has insisted on management and all operational staff having a renewed focus on efficiency, productivity and profitability. We will drive asset utilisation and accountability for all facets of the business to achieve an improved result.

Yours sincerely

**Denis Wagner**  
CHAIRMAN

**I AM CONFIDENT THE INVESTMENT WE HAVE MADE IN BOTH CFT AND EFC® THROUGHOUT FY22 WILL RETURN SHAREHOLDERS VALUE INTO THE FUTURE.**

# MANAGING DIRECTOR'S UPDATE



## INNOVATIVE, INTEGRATED, INTERNATIONAL

FY22 certainly presented many challenges for both our business and the industry as a whole. While we experienced a high demand for construction materials and services across the group, we and the entire industry, have been faced with increasing costs in shipping, raw materials, fuel and costs to ensure supply chain reliability. In addition to this, we've had to address the challenges associated with labour shortages, significant rainfall and lack of major Government projects or infrastructure spend to replace some of our major projects executed in FY21 which made a considerable contribution to our results in FY21.

This has all had an impact on the Group's earnings, with an inability to recover all of the additional costs or impacts these challenges presented. While we managed to achieve a 5% growth in revenue across the group, reporting a revenue result of \$338 million, we delivered an operating EBIT result for FY22 of \$21.4 million, and a statutory net profit after tax of \$7.6 million.

While the result may not have delivered the desired growth, that is not to say we haven't challenged ourselves through our strategic pillars of innovation, integration, and striving to be a truly international business, to provide a solid platform to ensure we can deliver long term value to all of our stakeholders.

## FY22 ACHIEVEMENTS

In our cement business, we delivered record volumes from our cement manufacturing facility at Pinkenba and increased revenue by 11%.

Our concrete business continued to expand, with an 18% increase in concrete volumes, an expansion of the number of fixed plants in the network and mobile concrete projects were secured and executed, particularly in the renewables sector, during the period.

We invested in the expansion of our steel business and opened a second facility in Brisbane. Revenue in this business more than doubled over the twelve months and the business now provides a significant contribution to the overall group's performance.

The resource sector has continued to provide opportunities for our bulk haulage business with a number of new projects secured during the period, allowing the business to maintain the solid revenue growth from prior periods.

Our Composite Fibre Technologies business increased its revenue by 33%, with a revenue result of \$40.1 million. A significant contribution was made from the US, with 10% of the overall sales generated from the US operations. We continued to invest in expanding our manufacturing facilities and production capacity, with a 50% increase in production capacity in Australia and our first pultrusion machine commissioned in the US.

Our EFC® technology was deployed in projects throughout Australia, UK and Europe. Strong partnerships were established with consumers of EFC® and suppliers of raw materials, securing long term off-take arrangements and supply chain reliability for the product.

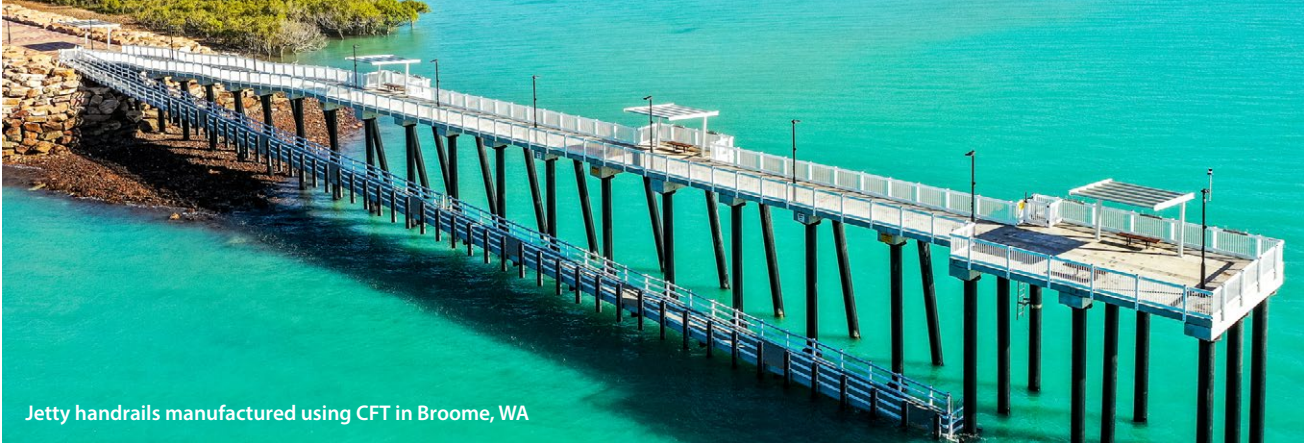
The business has invested considerably in capital throughout the period across the entire group. This will position the business to deliver growth in service offerings and markets, and increase production capacity and efficiencies, all of which will ultimately deliver improved performance and growth across all segments.

## INNOVATION

In FY 22 we continued to invest in research and development to ensure we are providing the most innovative and efficient solutions for our clients and customers.

Through this investment, new product lines were developed in CFT, providing opportunities to expand with these new products geographically. Further investment in automation and production have already resulted in production efficiencies and increased capacity.

Investment has also continued in research and development in our EFC® business in Australia, to enable the further development of the technology, broadening the number of application EFC® can be utilized in. We've also invested in trials of the technology in multiple applications in international markets throughout India and Europe, providing significant opportunities for this technology in markets that value the reduction in carbon emissions in the built environment, something that Wagners remains committed to.



Jetty handrails manufactured using CFT in Broome, WA

## INTEGRATION

In FY22 we secured the supply of over 67,000 precast concrete tunnel segments to the Sydney Metro project. While this will deliver over \$140 million in revenue to the group over a two year period, through the vertically integrated nature of our businesses, it will also provide significant value not only to the precast business, also our cement, concrete, flyash and steel businesses. This project will also be supported by our in-house engineering solutions team and our National Association of Testing Authorities (NATA)-accredited laboratory technicians.

We secured a number of mobile concrete and crushing projects throughout the period. These projects also provide benefits across our other businesses, with cement, steel and transport all contributing, due to the integrated nature in which we operate as a business.

The continued growth and expansion of our concrete batch plant network also delivered similar integrated benefits across the group. With improved pricing conditions anticipated in FY23, we are hopeful that the continued demand for construction materials will continue to have a positive impact on the downstream operations from our concrete business.

Throughout the period we have continued to pursue various project opportunities and potential acquisitions, and will continue to do so, provided they align with the overall strategy around the integration of our business units, or otherwise deliver value to our shareholders.

## INTERNATIONAL

I am pleased to be able to report that we have now established Wagners as a truly international provider of construction materials and services and New Generation Building Materials.

Following the investment of over \$5 million, our US CFT manufacturing facility became operational with the building complete and our first pultrusion machine commissioned. We expanded our team in the US to ensure we are adequately resourced to service the US market that provides enormous opportunity for the business.

We established our UK manufacturing facility for EFC® in London and increased staffing resources in the region. The production capacity of this manufacturing plant is significantly greater than our plant we have established in Brisbane, enabling us to service the growing demand for this technology internationally.

Projects, across the group, were delivered in the UK, Europe, Middle East, USA and New Zealand, demonstrating our true international presence, particularly in our CFT and EFC® businesses. We continued to pursue many other international opportunities across the business, with dedicated business development managers engaged across multiple jurisdictions to ensure we remain well positioned to secure any opportunities or projects that may present across the global market.

## OUTLOOK

While the year presented somewhat mixed results with the challenges faced throughout the period, we remain positive about the ability of the business to deliver improved performance in FY23 and beyond. The investment made in our people, plant and equipment and research and development ensures this.

I would like to thank the entire Wagners' team, which is now over 850 personnel, for their steadfast commitment to this business not just through FY22, however also the last few years that have continued to present challenges to our business, our industry and our families. This commitment will ultimately deliver the growth we aspire to achieve and I look forward to working with you all on this exciting journey. I do feel privileged to have such a dedicated and hardworking team right across the business.

Thanks also to the Board of Directors, who, as always, provide valued guidance and advice with a commitment to delivering on the overall group strategy and creating value for our stakeholders.

**Cameron Coleman**  
MANAGING DIRECTOR

**WE EXPERIENCED A HIGH DEMAND FOR CONSTRUCTION MATERIALS AND SERVICES ACROSS THE GROUP**

# DIRECTORS' REPORT

The Directors of Wagners Holding Company Limited (Wagners, the 'Company') and its controlled entities (the 'Group' or 'Consolidated Entity'), present their report together with the consolidated financial statements for the year ended 30 June 2022.

## DIRECTORS

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

DIRECTOR	ROLE	DATE OF APPOINTMENT
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
Cameron Coleman	Executive Director	1 July 2022

ALTERNATE DIRECTOR	ROLE	DATE OF APPOINTMENT
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

There are no other significant changes in the state of affairs that impact the Consolidated Entity for the year ended 30 June 2022.

## DIVIDENDS

	CONSOLIDATED GROUP	
	30 JUN 2022 \$'000	30 JUN 2021 \$'000
No final fully franked dividend paid during period (2021: Nil)	—	—
No interim dividend paid during period (2021: Nil)	—	—
	—	—



# DIRECTORS' REPORT

## OPERATING AND FINANCIAL REVIEW

### Group financial results

Statutory net profit after tax (NPAT) of \$7.632 million decreased compared to the 2021 result (30 June 2021: \$10.001 million).

### 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.

### Financial year 2022 operating results

Operating results for the financial year ended 30 June 2022 (FY22) are summarised in table 1 below with the following presentation adjustment to allow shareholders to assess the Group's performance:

- ▶ Separating the EFC® operating results down to the Group's Earnings before Interest & Tax (EBIT), providing users with the ability to assess Group operating performance outside of the significant investment being made into growing the EFC® business.
  - All line items above *Operating earnings before interest and tax (Operating EBIT)* shown in table 1 below have any EFC® impact removed, with the *Operating revenue & Operating EBIT* reconciling back to the Operating segment note.
- ▶ Also, showing the fair value changes on derivatives & impairment of trade receivable in the Group's EBIT, as management consider this to be a more appropriate reflection to assess Group operating performance.

# DIRECTORS' REPORT

## Operating and financial review (continued) Group financial results (continued) Financial year 2022 operating results (continued)

	30 JUNE 2022	30 JUNE 2021
	\$'000	\$'000
<b>FY22 RESULTS COMPARED TO THE PRIOR FINANCIAL YEAR</b>		
Revenue	336,663	320,344
Direct material and cartage costs	(153,592)	(135,905)
<b>Operating Gross profit</b>	<b>183,071</b>	<b>184,439</b>
Other income	1,863	2,445
Operating expenses	(139,246)	(137,634)
<b>Operating earnings before interest, tax, depreciation and amortisation</b>	<b>45,688</b>	<b>49,250</b>
Depreciation & amortisation	(24,258)	(22,730)
<b>Operating earnings before interest and tax</b>	<b>21,430</b>	<b>25,520</b>
EFC® – Earnings before interest and tax	(3,205)	(1,985)
Impairment of Trade Receivables	(512)	(270)
Fair value adjustment on derivative instruments	3,252	1,133
<b>Earnings before interest and tax</b>	<b>20,965</b>	<b>25,398</b>
Net finance costs	(10,505)	(10,950)
<b>Net profit before tax</b>	<b>10,460</b>	<b>14,448</b>
Income tax expense	(2,828)	(4,447)
<b>Net profit after tax</b>	<b>7,632</b>	<b>10,001</b>

FY22 showed growth in revenue from steel, cement and concrete sales on the back of increased construction activity in the SEQ market. The completion of the Cross River Rail tunnel segment project in the 1H of FY22, together with a reduction in activity in the contract crushing business compared to FY21 has partially offset these increased sales. While sales have improved compared to FY21, margins have been impacted by both increased costs and a reduction in higher margin work completed by the precast and contract crushing businesses in FY21.

CFT revenues increased by 33%, with a significant contribution from sales in the USA. Sales have also increased in the pedestrian infrastructure and road bridge segment, however the margins in this work were reduced due to material cost increases unable to be passed on to customers due to fixed price contracts.

The EFC® result reflects the investment in establishing a UK manufacturing facility (and sales network) and increased research and development in the product.

# DIRECTORS' REPORT

## Operating and financial review (continued) Group financial results (continued)

### Operating results by segment

SEGMENT (\$'000)	30 JUNE 2022		30 JUNE 2021		CHANGE	
	REVENUE	EBIT	REVENUE	EBIT	REVENUE	EBIT
Construction, Materials and Services	294,218	31,858	288,519	33,407	5,699	(1,549)
Composite Fibre Technologies	41,853	1,947	31,438	2,683	10,415	(736)
EFC® – Carbon Reducing Technologies	188	(3,205)	306	(1,985)	(118)	(1,220)
Other/Eliminations	592	(9,635)	387	(8,707)	205	(928)
<b>Total</b>	<b>336,851</b>	<b>20,965</b>	<b>320,650</b>	<b>25,398</b>	<b>16,201</b>	<b>(4,433)</b>

#### CONSTRUCTION MATERIALS AND SERVICES

Construction Materials and Services revenue growth was due to increased revenue across most of the businesses, however, the precast and contract crushing businesses had a reduction in sales.

Cement volumes increased due to expansion in the number of our fixed concrete plants and growth of existing and new customers. Shipping and fuel costs increased significantly in the second half of FY22 which due to contractual arrangements, not all incremental costs were able to be recovered from customers during the period.

Concrete revenues increased with the maturity of the expanded southeast Queensland fixed plant network delivering growth in volumes.

Steel revenue and earnings have grown significantly with the establishment of a new facility servicing the Brisbane market.

Precast has seen a reduction in revenue and margin as a result of 75% of the Cross River Rail tunnel segment project being completed in FY21 and only the balance in FY22.

Transport revenue was consistent with the prior year, with new projects replacing completed projects. Margins have reduced as a result of the increased maintenance costs along with the start up costs of new contracts secured throughout the period.

A reduction in activity in the contract crushing business has resulted in reduced revenue in the quarry business, partially offset by increased supply of quarry materials from both the Wellcamp and Castlereagh quarries compared to FY21.

#### COMPOSITE FIBRE TECHNOLOGIES

While Composite Fibre Technologies revenues increased by 33%, the result was impacted by additional investment into Research and Development and business establishment costs in the USA. Margins achieved were reduced due to material cost increases not passed on to customers with fixed price contracts.

Wagners USA facility in Cresson Texas is now manufacturing product through its first pultrusion machine.

Two additional pultrusion machines were commissioned at the Queensland facility at Wellcamp during the period with increased production capability designed to service an emerging utility pole market.

# DIRECTORS' REPORT

## Operating and financial review (continued)

### Group financial results (continued)

#### Operating results by segment (continued)

#### EFC® — CARBON REDUCING TECHNOLOGIES

There has been strong interest for EFC® globally throughout FY22 with the technology being deployed in projects or trials in London, Germany, Netherlands, India and South East Queensland.

The EFC® result reflects increased investment in UK manufacturing facilities, research and development and business development costs in Australia, UK, Europe and India.

As previously disclosed, we have run a campaign seeking external investment into EFC®. We have been unable to achieve a successful outcome throughout this process, that the Group believes would provide sufficient benefit for the Company at this stage. The Group is now committed to pursuing the strategy already in place for EFC® and remains excited by the opportunities that exist for Wagners EFC® technology.

#### OTHER

Other mostly represents corporate related income and costs. The higher net costs in FY22 is mainly due to increased insurance costs during FY22 and the award of legal costs reported in FY21.

#### FINANCIAL POSITION

	30 JUN 2022 \$'000	30 JUN 2021 \$'000	CHANGE \$'000
Current assets	128,576	97,181	31,395
Non-current assets	265,881	244,601	21,280
<b>Total assets</b>	<b>394,457</b>	<b>341,782</b>	<b>52,675</b>
Current liabilities	100,691	72,317	28,374
Non-current liabilities	172,866	156,512	16,354
<b>Total liabilities</b>	<b>273,557</b>	<b>228,829</b>	<b>44,728</b>
<b>Net assets/(liabilities)</b>	<b>120,900</b>	<b>112,953</b>	<b>7,947</b>

Current assets increased in FY22 mostly due to an increase in inventories as a result of increased pricing, due to shipping and material costs, and increased quantities on hand to ensure security of supply following supply chain disruptions in FY22.

Non-current assets have increased due to the investment in plant and equipment.

Current Liabilities have increased due to:

- ▶ higher trade creditors associated with general business and increase in inventories
- ▶ establishment costs necessary for the Sydney Metro Tunnel project.

Non-current liabilities have increased due to:

- ▶ increased borrowings to fund increase in working capital
- ▶ increased right of use asset liabilities due to new leases.

# DIRECTORS' REPORT

## Operating and financial review (continued)

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### 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. Growth is expected from:

- ▶ USA, with Wagners US CFT facility now established in Texas and servicing local markets. The business is now resourced with an expanded sales, operational and manufacturing capability.
- ▶ Australia/New Zealand Custom Build, which has a strong forward order book secured with a number of projects contracted in the pedestrian infrastructure and boardwalk markets.
- ▶ Manufacturing Optimisation – the Group will continue to invest in automation and production capacity which will result in higher productivity and lower costs of production.
- ▶ New markets – with new pultrusion machines commissioned in FY22, the Group is now able to supply products into new markets such as power poles, light poles, marine piles and conveyor rollers.
- ▶ Research and Development – continued investment in R&D will focus on identifying new products and markets along with developing production efficiencies throughout the manufacturing process.

#### Earth Friendly Concrete® (EFC®):

- ▶ Domestically, the Group will focus on sales to service the Wagners concrete batch plant network enabling the supply of EFC® throughout South East Queensland. The Group is also looking for opportunities to service new markets with EFC® through third party owned concrete plants.
- ▶ Internationally, the Group will focus on sales in the UK and Europe, through supply agreements now in place with various precast customers, including roof tile, pipe and precast manufacturers.
- ▶ The Group has established an EFC® manufacturing facility in London and is now well resourced with sales and operational expertise to manufacture and deliver the EFC® technology to various concrete manufacturers, enabling them to service their customers who are increasingly demanding products that reduce carbon emissions in the built environment.
- ▶ The Group will continue its investment in R&D to enable further development of the technology, broadening the number of applications EFC® can be utilised in.

#### Cement:

- ▶ Strong cement volumes are expected to continue throughout FY23 due to the high level of activity in the SEQ construction sector.

#### Concrete plants:

- ▶ The Group will continue to expand its ready-mix concrete plant network to service the high level of activity in South East Queensland's construction materials and services market. Increased selling pricing are expected to improve the concrete business performance in FY23.

#### Precast:

- ▶ The recently secured Sydney Metro tunnel segment project will provide \$140 million in revenue over a 2 year period, with production to commence in October 2022. The longer outlook for the precast business looks positive, with projects such as Inland Rail and the 2032 Olympic Games both presenting significant opportunities to the business.

# DIRECTORS' REPORT

## Operating and financial review (continued) Strategy and future prospects (continued)

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### Quarries:

- ▶ Continued growth in FY23 is expected from the Group's operational quarries and contracted contract crushing work in Central Queensland. 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:

- ▶ New contracts secured in the Group's bulk haulage business along with investment in assets to service secured contracts will deliver increased revenue, productivity and resulting margins.

## 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.

## 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/>.

# DIRECTORS' REPORT

## 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 38 and forms part of the Directors' Report for financial year ended 30 June 2022.

## 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:

	2022 \$	2021 \$
Tax compliance, advisory and other services	8,515	–
Due diligence services	–	–
	8,515	–

## 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.

# DIRECTORS' REPORT

## 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 2022.

## 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 composite products (CFT) and Earth Friendly Concrete® (EFC®).

The establishment of permanent concrete plants in South East Queensland, with seven currently operational and two additional sites identified, delivers on the Group's concrete strategy previously reported. This, together with the development of a greenfield quarry site acquired in South East Queensland strengthens the Group's position as a supplier of construction materials in this market.

### Composite Fibre Technologies

The international expansion of CFT into USA remains a focus. A duplicated production line is planned which will increase production capacity from the Group's first US CFT facility in Texas. This increased production capacity will also allow the Group to competitively tender for international contracts and service new markets.

Following the commissioning of two new pultrusion machines at the Group's Queensland manufacturing facility, the business is now positioned to deliver increased margins from a rapidly growing revenue base.

### Earth Friendly Concrete®

Revenue growth is expected in FY23 with the UK manufacturing facility now established and demand increases for the technology, particularly in the UK and Europe.



# DIRECTORS' REPORT

## SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares of the Company under performances at the date of this report are as follows:

CALENDAR YEAR ISSUED	TRANCHE	VESTING DATE	EXPIRY DATE	PERFORMANCE PERIOD	MOVEMENTS				30 JUNE 2022
					1 JULY 2021	ISSUED	EXERCISED	EXPIRED/ FORFEITED	
2021	1	31 August 2022	Nov 2026	1 year	–	276,095	–	–	<b>276,095</b>
2021	2	31 August 2023	Nov 2026	2 years	–	276,095	–	–	<b>276,095</b>
2021	3	31 August 2024	Nov 2026	3 years	–	276,095	–	–	<b>276,095</b>
2021	1A	31 August 2022	Nov 2023	1 year	–	438,064	–	–	<b>438,064</b>
2021	1B	31 August 2022	Nov 2024	1 year	–	405,486	–	–	<b>405,486</b>
2021	2A	31 August 2023	Nov 2024	2 years	–	608,225	–	–	<b>608,225</b>
2020	1	31 August 2021	Nov 2025	1 year	405,486	–	(202,747)	–	<b>202,739</b>
2020	2	31 August 2022	Nov 2025	2 years	405,486	–	–	–	<b>405,486</b>
2020	3	31 August 2023	Nov 2025	3 years	405,486	–	–	–	<b>405,486</b>
2019	1	31 August 2020	Nov 2024	1 year	219,031	–	–	–	<b>219,031</b>
2019	2	31 August 2021	Nov 2024	2 years	219,031	–	(219,031)	–	–
2019	3	31 August 2022	Nov 2024	3 years	219,031	–	–	–	<b>219,031</b>
					<b>1,873,551</b>	<b>2,280,060</b>	<b>(421,778)</b>	–	<b>3,731,833</b>

There have been no movements from balance date to the date of this report.

Details of performance rights granted to key management personnel are disclosed on page 34.

# 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

# DIRECTORS' REPORT

## Information on Directors and Company Secretary (continued)

<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

<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.
<b>Other current directorships</b>	Domino's Pizza Enterprises Limited (ASX: DMP) (Appointed in 2015), Rubicon Water Limited (ASX: RWL). AVANT Group (Appointed in 2019) & Musica Viva (Appointed in 2018)
<b>Former directorships (last 3 years)</b>	None
<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

# DIRECTORS' REPORT

## Information on Directors and Company Secretary (continued)

<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 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 2022, 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	–	–	2	2	–	–
John Wagner*	11	10	2	2	–	–	–	–
Ross Walker	11	11	2	2	2	2	–	–
Lynda O'Grady	11	11	2	2	2	2	–	–
Joseph Wagner*	11	2	–	–	–	–	–	–

\* 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 2022.

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 2022:

NAME	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 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 Group's 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 2022:

<b>PARTICIPANTS</b>	All KMP executives		
<b>PERFORMANCE PERIOD</b>	Financial year ending 30 June 2022		
<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>	<b>TARGET EBIT ACHIEVED</b>	<b>% OF BASE SALARY</b>	
	<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 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.

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

CALENDAR YEAR ISSUED	TRANCHE	VESTING DATE	VESTING CONDITIONS	PERFORMANCE PERIOD <sup>1</sup>	MOVEMENTS				30 JUNE 2022
					1 JULY 2021	ISSUED	EXERCISED	EXPIRED/ FORFEITED <sup>2</sup>	
2021	1	31 August 2022	FY22 EPS	1 year	–	74,861	–	–	74,861
2021	2	31 August 2023	FY23 EPS	2 years	–	74,861	–	–	74,861
2021	3	31 August 2024	FY24 EPS	3 years	–	74,861	–	–	74,861
2021	1A <sup>2</sup>	31 August 2022	FY22 EPS	1 year	–	148,149	–	–	148,149
2021	1B	31 August 2022	FY22 EPS	1 year	–	120,120	–	–	120,120
2021	2A	31 August 2023	FY23 EPS	2 years	–	180,179	–	–	180,179
2020	1	31 August 2021	FY21 EPS	1 year	120,120	–	60,061	–	60,059
2020	2	31 August 2022	FY22 EPS	2 years	120,120	–	–	–	120,120
2020	3	31 August 2023	FY23 EPS	3 years	120,120	–	–	–	120,120
2019	1 <sup>2</sup>	31 August 2020	FY20 EPS	1 year	74,075	–	–	–	74,075
2019	2 <sup>2</sup>	31 August 2021	FY21 EPS	2 years	74,074	–	74,074	–	–
2019	3 <sup>2</sup>	31 August 2022	FY22 EPS	3 years	74,074	–	–	–	74,074
					<b>582,583</b>	<b>673,031</b>	<b>134,135</b>	<b>–</b>	<b>1,121,479</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.

2 Where options of a particular calendar year offer have not met all vesting conditions, they will be forfeited in the financial year that the final vesting date of that offer has passed, therefore all the remaining options as at 30 June 2022 that have been noted will be forfeited in FY23.



# REMUNERATION REPORT (AUDITED)

## 3 Executive remuneration policy and practices (continued)

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

#### 2021 ISSUED PERFORMANCE RIGHTS

1	<b>VESTING DATES</b>	Tranche 1 – 31 August 2022 Tranche 2 – 31 August 2023 Tranche 3 and Remainder Performance rights – 31 August 2024
2	<b>VESTING CONDITIONS</b>	<p><b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.84c, BASED ON EARNINGS EXCLUDING THE EFC® INVESTMENT (OPERATING EPS)</b></p> <p><b>TRANCHE 2 TARGET EPS – 10% INCREASE ON OFFER EPS</b></p> <p><b>TRANCHE 3 TARGET EPS – 10% INCREASE ON TRANCHE 2 TARGET EPS</b></p> <p><b>TRANCHE 1</b></p> <p>On the Tranche 1 Vesting Date, if the Operating earnings per share (EPS) of the Company as at 30 June 2021 (<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> <hr/> <p><b>TRANCHE 2</b></p> <p>On the Tranche 2 Vesting Date, if the Operating earnings per share (EPS) of the Company as at 30 June 2022 (<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 Tranche 2 Target 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 Tranche 2 Target EPS, 75% of the Tranche 2 Performance rights shall Vest; or</li> <li>(c) at least 15% higher than the Tranche 2 Target EPS, 100% of the Tranche 2 Performance rights shall Vest.</li> </ul> <hr/> <p><b>TRANCHE 3</b></p> <p>On the Tranche 3 Vesting Date, if the Operating earnings per share (EPS) of the Company as at 30 June 2023 (<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 Tranche 3 Target 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 Tranche 3 Target EPS, 75% of the Tranche 3 Performance rights shall Vest; or</li> <li>(c) at least 15% higher than the Tranche 3 Target EPS, 100% of the Tranche 3 Performance rights shall Vest.</li> </ul> <hr/> <p><b>ADDITIONAL VESTING TERMS</b></p> <p>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 3 Target EPS.</p>
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)

As well as the above performance rights issued in 2021, on 26 November 2021 the Company also issued performance rights in addition to prior year's performance rights issued under the Long-Term Incentive Plan. The Company issued these additional performance rights to better reflect target EPS values due to the significant increase in investment for EFC® expansion since the original performance rights were issued. Details of these additional performance rights are shown in the following two tables.

#### 2021 ISSUED PERFORMANCE RIGHTS - ADDITIONAL 1

<b>1</b>	<b>VESTING DATES</b>	Tranche 1 and Remainder Performance rights – 31 August 2022
<b>2</b>	<b>VESTING CONDITIONS</b>	<p><b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.93c, BASED ON EARNINGS EXCLUDING THE EFC® INVESTMENT (OPERATING EPS)</b></p> <p><b>TRANCHE 1A</b></p> <p>On the Tranche 1 Vesting Date, if the Operating earnings per share (<b>EPS</b>) of the Company as at 30 June 2022 (<b>Tranche 1 EPS</b>) is:</p> <p>(a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or</p> <p>(b) at least 10% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or</p> <p>(c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest.</p> <p><b>ADDITIONAL VESTING TERMS</b></p> <p>Any Remainder Performance rights will vest on the Tranche 1 Vesting Date if the Tranche 1 EPS is at least 20% higher than the Offer EPS.</p>
<b>3</b>	<b>EXPIRY DATE</b>	3 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)

#### 2021 ISSUED PERFORMANCE RIGHTS – ADDITIONAL 2

<b>1</b>	<b>VESTING DATES</b>	Tranche 1 – 31 August 2022 Tranche 2 and Remainder Performance rights – 31 August 2023
<b>2</b>	<b>VESTING CONDITIONS</b>	<p><b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.93c, BASED ON EARNINGS EXCLUDING THE EFC® INVESTMENT (OPERATING EPS)</b> <b>TRANCHE 2 TARGET EPS – 10% INCREASE ON OFFER EPS</b></p> <p><b>TRANCHE 1B</b> On the Tranche 1 Vesting Date, if the Operating earnings per share (<b>EPS</b>) of the Company as at 30 June 2021 (<b>Tranche 1 EPS</b>) is:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or</li> <li>(b) at least 10% (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 2A</b> On the Tranche 2 Vesting Date, if the Operating earnings per share (<b>EPS</b>) of the Company as at 30 June 2022 (<b>Tranche 2 EPS</b>) is:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than the Tranche 2 Target EPS, 50% of the Tranche 2 Performance rights shall Vest; or</li> <li>(b) at least 10% (but less than 15%) higher than the Tranche 2 Target EPS, 75% of the Tranche 2 Performance rights shall Vest; or</li> <li>(c) at least 15% higher than the Tranche 2 Target EPS, 100% of the Tranche 2 Performance rights shall Vest.</li> </ul> <p><b>ADDITIONAL VESTING TERMS</b> Any Remainder Performance rights will vest on the Tranche 2 Vesting Date if the Tranche 2 EPS is at least 20% higher than the Tranche 2 Target EPS.</p>
<b>3</b>	<b>EXPIRY DATE</b>	4 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)

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

#### 2021 ISSUED PERFORMANCE RIGHTS

INPUTS INTO PRICING MODEL	TRANCHE 1	TRANCHE 2	TRANCHE 3
Grant Date	26 November 2021	26 November 2021	26 November 2021
Exercise Price	\$0.00	\$0.00	\$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$1.60	\$1.60	\$1.60
Expiry date	26 November 2026	26 November 2026	26 November 2026
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	1.7%
Risk free interest rate	0.963%	0.9631%	0.963%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model

#### 2021 ISSUED PERFORMANCE RIGHTS - ADDITIONAL

INPUTS INTO PRICING MODEL	ADDITIONAL 1 TRANCHE 1A	ADDITIONAL 2 TRANCHE 1B	ADDITIONAL 2 TRANCHE 2A
Grant Date	26 November 2021	26 November 2021	26 November 2021
Exercise Price	\$0.00	\$0.00	\$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$1.60	\$1.60	\$1.60
Expiry date	26 November 2024	26 November 2025	26 November 2025
Life of the instruments	3 years	4 years	4 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1%	1.7%
Risk free interest rate	0.963%	0.963%	0.9631%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model

# REMUNERATION REPORT (AUDITED)

## 3 Executive remuneration policy and practices (continued)

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

#### 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>	<p><b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.9c</b></p> <p><b>TRANCHE 2 TARGET EPS – 10% INCREASE ON OFFER EPS</b></p> <p><b>TRANCHE 3 TARGET EPS – 10% INCREASE ON TRANCHE 2 TARGET EPS</b></p> <p><b>TRANCHE 1</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or</li> <li>(b) at least 10% (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></p> <p>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:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than the Tranche 2 Target EPS, 50% of the Tranche 2 Performance rights shall Vest; or</li> <li>(b) at least 10% (but less than 15%) higher than the Tranche 2 Target EPS, 75% of the Tranche 2 Performance rights shall Vest; or</li> <li>(c) at least 15% higher than the Tranche 2 Target EPS, 100% of the Tranche 2 Performance rights shall Vest.</li> </ul> <p><b>TRANCHE 3</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than Tranche 3 Target EPS, 50% of the Tranche 3 Performance rights shall Vest; or</li> <li>(b) at least 10% (but less than 15%) higher than the Tranche 3 Target EPS, 75% of the Tranche 3 Performance rights shall Vest; or</li> <li>(c) at least 15% higher than the Tranche 3 Target EPS, 100% of the Tranche 3 Performance rights shall Vest.</li> </ul> <p><b>ADDITIONAL VESTING TERMS</b></p> <p>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 3 Target EPS.</p>
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)

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 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

# REMUNERATION REPORT (AUDITED)

## 3 Executive remuneration policy and practices (continued)

### (c) Long-term incentive plan (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 (OFFER EPS) OF 7.9c</b> <b>AMENDED EARNINGS PER SHARE (AMENDED EPS) OF 4.5c</b></p> <p><b>TRANCHE 1</b></p> <p>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></p> <p>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></p> <p>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></p> <p>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.

# REMUNERATION REPORT (AUDITED)

## 3 Executive remuneration policy and practices (continued)

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

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

#### 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

## 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 \$115,000 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 \$230,000 per annum.



# REMUNERATION REPORT (AUDITED)

## 5 OVERVIEW OF GROUP PERFORMANCE

The relationship between remuneration policy and Group performance is assessed for the current year and the prior four financial years.

	30 JUN 2022	30 JUN 2021	30 JUN 2020	30 JUN 2019	30 JUN 2018
Revenue (\$'000)	336,851	320,650	249,668	236,888	231,530
EBITDA (\$'000)	45,379	48,280	27,614	37,893	48,824
EBIT (\$'000)	20,965	25,398	8,627	24,850	38,005
NPAT (\$'000)	7,659	10,001	(17)	12,779	24,807
Dividends paid (cents per share)	0.0	0.0	0.0	5.7	1.5
Basic Earnings per share (cents)	4.1	5.3	(0.0)	7.9	17.1
Share price movement (cents per share)	(101)	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)/ 6 months (employee's notice)	Applicable notice period	588,511
Fergus Hume	CFO	Unlimited	6 months	Notice period	363,650

The salary shown on the following page 'Details of remuneration' 7(b) and above for Cameron Coleman differs as there was a base salary increase only effected late in the current financial year.

# 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 2022 was:

EXECUTIVE KMP	MAXIMUM 'AT-RISK'	% OF MAXIMUM STI AWARDED/PAYABLE	% OF STI FORFEITED	ESTIMATE OF MAXIMUM TOTAL VALUE \$
Cameron Coleman	50% of base salary	56.7%	43.3%	141,744
Fergus Hume	50% of base salary	56.7%	43.3%	99,221

### (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 2022 & 30 June 2021 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-TERM	EQUITY BASED BENEFITS	TOTAL REMUNERATION	PERFORMANCE RELATED
	SALARY AND FEES <sup>1</sup>	STI AWARDED <sup>2</sup>		SUPER-ANNUATION	LONG SERVICE LEAVE <sup>3</sup>	SHARE BASED PAYMENTS <sup>5</sup>		
30 JUNE 2022	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>								
Denis Wagner	215,000	–	–	–	–	–	215,000	–
John Wagner	107,500	–	–	–	–	–	107,500	–
Lynda O'Grady	107,500	–	–	–	–	–	107,500	–
Ross Walker	107,500	–	–	–	–	–	107,500	–
<b>Executive KMP's</b>								
Cameron Coleman	551,118	141,744	12,602	27,500	10,779	58,246	801,989	24.9
Fergus Hume	369,525	99,221	21,808	27,340	11,824	37,004	566,722	24.0
<b>Total Directors' and Executive remuneration</b>	<b>1,458,143</b>	<b>240,965</b>	<b>34,410</b>	<b>54,840</b>	<b>22,603</b>	<b>95,250</b>	<b>1,906,211</b>	<b>17.6</b>

1 Amount includes the movement in annual leave provision during the year.

2 STI bonus is for performance during the respective financial year using the criteria set out on page 21. STI's awarded is paid in two equal tranches over a one-year period, with outstanding amounts forfeited should the employee terminate their contract. The STI will be payable in the 2023 financial year.

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

4 This reflects the value of issued performance rights expected to meet the hurdle rates and those that have vested.

FINANCIAL YEAR ENDED	SHORT-TERM		NON-CASH BENEFITS	POST-EMPLOYMENT	LONG-TERM	EQUITY BASED BENEFITS	TOTAL REMUNERATION	PERFORMANCE RELATED
	SALARY AND FEES <sup>1</sup>	STI AWARDED <sup>2</sup>		SUPER-ANNUATION	LONG SERVICE LEAVE <sup>3</sup>	SHARE BASED PAYMENTS <sup>4</sup>		
30 JUNE 2021	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>								
Denis Wagner	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 movement in annual leave provision during the year.

2 STI bonus is for performance during the respective financial year using the criteria set out on page 21. 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 This reflects the value of performance rights issued in 2019 & 2020 expected to meet the hurdle rates.

# 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 2022 financial year, is as follows:

KEY MANAGEMENT PERSON	OPENING BALANCE	PURCHASES ON MARKET	PURCHASES OFF MARKET	LTI RIGHTS EXERCISED	SHARE DISPOSALS	CLOSING BALANCE
Denis Wagner	36,324,048	87,141	–	–	–	36,411,189
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	–	–	83,834	–	167,057
Fergus Hume	1,713	–	–	50,301	–	52,014

<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 2022 (2021: 360,360).

KEY MANAGEMENT PERSON	MOVEMENTS				30 JUNE 2022
	30 JUNE 2021	GRANTED	EXERCISED	EXPIRED/FORFEITED	
Cameron Coleman	364,114	412,388	(83,834)	–	692,668
Fergus Hume	218,469	260,643	(50,301)	–	428,811

No performance rights were exercisable at 30 June 2022 (2021: 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 2022 \$	30 JUN 2021 \$
Cameron Coleman	578,690	310,811
Fergus Hume	365,620	186,486

# 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 2022.

### (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. The below table summarises transactions with the Group and Directors Denis Wagner, John Wagner, their related parties & their controlled Companies, there were no other related party transactions with other Directors' or KMP's.

DESCRIPTION	2022	2022	2021	2021
	REVENUE/(COST) \$	OWED/(OWING) <sup>2</sup> \$	REVENUE/(COSTS) \$	OWED/(OWING) \$
Sale of materials and services	6,903,548	1,621,824	1,147,166	62,245
On charge of costs processed by the Group	–	–	109	–
Indemnity of losses on prior onerous contract <sup>1</sup>	–	–	(1,411,888)	–
Payments for rent of property and plant <sup>3</sup>	(5,893,136)	–	(6,816,840)	–
Payments for material royalties & other	(1,514,871)	(91,328)	(2,480,616)	(197,333)
<b>Totals</b>	<b>(504,459)</b>	<b>1,530,496</b>	<b>(9,562,069)</b>	<b>(135,088)</b>

- 1 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.
- 2 Amounts owed/(owing) are sitting within current trade receivables and current trade payables respectively.
- 3 Payments for rent of property and plant resulted in the following right-of-use assets and lease liabilities being recognised:

	30 JUN 2022 \$	30 JUN 2021 \$
Right-of-use asset	77,813,344	85,462,351
Lease liability	(86,759,240)	(91,282,002)

#### 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 Brisbane, Queensland on 23 August 2022.

# AUDITOR'S INDEPENDENCE DECLARATION



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## 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 2022, 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.

A handwritten signature in black ink, appearing to read 'C K Henry', written in a cursive style.

**C K Henry**  
Director

**BDO Audit Pty Ltd**

Brisbane, 23 August 2022

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### Wagners Holding Company Limited | Auditor's Independence Declaration

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Revenue from contracts with customers	3(a)	336,851	320,650
Other income	3(b)	1,863	2,446
Direct material and cartage costs		(153,734)	(136,326)
Employee benefits expense	4	(68,325)	(58,505)
Depreciation – right-of-use assets	10(a)	(6,498)	(5,875)
Depreciation and amortisation expense – other	9(a)+11(a)	(17,916)	(17,007)
Finance costs – lease liabilities	15	(4,408)	(4,208)
Net finance cost – other	4(b)	(6,097)	(6,742)
Fuel		(6,690)	(5,390)
Contract work and purchased services		(7,952)	(13,869)
Freight and postal		(3,278)	(1,619)
Legal and professional		(1,367)	(928)
Rent and hire		(7,120)	(6,367)
Repairs and maintenance		(32,902)	(38,502)
Travel and accommodation		(6,203)	(6,585)
Utilities		(4,541)	(4,217)
Fair value adjustment on derivative instruments	16	3,252	1,133
Impairment of trade receivables – gain/(loss)	7(a)	(512)	(270)
Other expenses		(3,963)	(3,371)
<b>Profit before income tax</b>		<b>10,460</b>	<b>14,448</b>
Income tax expense	5	(2,828)	(4,447)
<b>Profit attributable to equity holders of the parent</b>		<b>7,632</b>	<b>10,001</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	(12)	11
		(12)	11
<b>Total comprehensive income attributable to equity holders of the parent</b>		<b>7,620</b>	<b>10,012</b>
<b>EARNINGS PER SHARE</b>		<b>CENTS</b>	<b>CENTS</b>
Basic earnings per share	21	4.1	5.3
Diluted earnings per share	21	4.0	5.3

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTE	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	12,200	22,240
Trade and other receivables	7	64,989	50,015
Inventories	8	50,340	24,308
Derivative instruments	16	42	–
Other assets		1,005	618
<b>Total Current Assets</b>		<b>128,576</b>	<b>97,181</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets		7	7
Property, plant and equipment	9	158,590	141,508
Right-of-use assets	10	100,545	93,739
Intangible assets	11	2,283	2,402
Deferred tax assets	12	4,456	6,945
<b>Total Non-current Assets</b>		<b>265,881</b>	<b>244,601</b>
<b>TOTAL ASSETS</b>		<b>394,457</b>	<b>341,782</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	59,309	43,077
Borrowings	14	24,908	8,450
Lease liabilities	15	7,233	6,666
Derivative instruments	16	684	3,849
Current tax liabilities		71	1,105
Provisions	17	8,486	9,170
<b>Total Current Liabilities</b>		<b>100,691</b>	<b>72,317</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	69,388	62,638
Lease liabilities	15	102,858	93,269
Derivative instruments	16	–	46
Provisions	17	620	559
<b>Total Non-current Liabilities</b>		<b>172,866</b>	<b>156,512</b>
<b>TOTAL LIABILITIES</b>		<b>273,557</b>	<b>228,829</b>
<b>NET ASSETS</b>		<b>120,900</b>	<b>112,953</b>
<b>EQUITY</b>			
Issued capital	18	411,564	410,915
Pre IPO distributions to related entities		(354,613)	(354,613)
Reserves	19	14	386
Retained earnings		63,935	56,265
<b>TOTAL EQUITY</b>		<b>120,900</b>	<b>112,953</b>

The accompanying notes form part of these financial statements



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	SHARE CAPITAL \$'000	PRE IPO DISTRIBUTIONS TO RELATED ENTITIES \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000
<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 30 June 2021		–	–	–	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(a)	–	–	534	–	534
– New shares issued (net of share issue costs)		–	–	–	–	–
<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>
Profit for the financial year 30 June 2022		–	–	–	7,632	7,632
Exchange differences from translation of foreign controlled entities, net of tax		–	–	(12)	–	(12)
<b>Total comprehensive income for the financial year</b>		<b>–</b>	<b>–</b>	<b>(12)</b>	<b>7,632</b>	<b>7,620</b>
<i>Transactions with owners in their capacity as owners:</i>						
– Recognition of share-based payments	19(a)	–	–	327	–	327
– Exercise of employee performance rights	18(b), 19(a)	649	–	(687)	38	–
<b>Balance at 30 June 2022</b>		<b>411,564</b>	<b>(354,613)</b>	<b>14</b>	<b>63,935</b>	<b>120,900</b>

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		354,089	359,676
Payments to suppliers and employees (inclusive of GST)		(339,585)	(295,962)
Interest received		36	102
Dividends received		1,104	1,005
Finance costs		(10,400)	(11,139)
Income tax paid		(1,373)	(582)
<b>Net cash provided by operating activities</b>	22(a)	<b>3,871</b>	<b>53,100</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		420	1,230
Payments for property, plant and equipment		(23,975)	(15,480)
Payments for acquired businesses		–	(2,050)
<b>Net cash used in investing activities</b>		<b>(23,555)</b>	<b>(16,300)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	22(b)	26,679	3,845
Proceeds from share issue	18	649	–
Repayment of lease liabilities	22(b)	(3,148)	(2,623)
Repayment of borrowings	22(b)	(14,555)	(19,231)
<b>Net cash (used in)/provided by financing activities</b>		<b>9,625</b>	<b>(18,009)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,059)</b>	<b>18,791</b>
Cash at beginning of financial year		22,240	3,436
Effect of currency translation on cash and cash equivalents		19	13
<b>CASH AT END OF FINANCIAL YEAR</b>	6	<b>12,200</b>	<b>22,240</b>

The accompanying notes form part of these financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Wagners Holding Company Limited and its subsidiaries (together, the 'Group' or 'Consolidated Entity') for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 23 August 2022.

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) 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.

### (iii) 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:

#### ALLOWANCE FOR EXPECTED CREDIT LOSSES

The allowance for expected credit losses assessment for trade receivables and contract assets requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. Refer to note 10 for further information.

#### ESTIMATION OF USEFUL LIVES OF ASSETS

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. There was no adjustment required to the estimated useful lives of any assets during the financial year (2021: no adjustment).

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions including the best estimate of the impacts of the COVID-19 pandemic using information available at the reporting date. No impairment indicators were identified.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1 Statement of Significant Accounting Policies (continued)

### (a) Basis of preparation (continued)

#### (iii) Critical accounting estimates and judgements (continued)

#### INCREMENTAL BORROWING RATE

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

#### LEASE TERM

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### PERFORMANCE RIGHTS

The consolidated entity measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model while taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions used include share price volatility, interest rates and vesting periods.

### (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.

### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1 Statement of Significant Accounting Policies (continued) (c) Revenue recognition (continued)

### 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.

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1 Statement of Significant Accounting Policies

### (d) Financial instruments (continued)

#### 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.

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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1 Statement of Significant Accounting Policies (continued)

### (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.

### (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).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1 Statement of Significant Accounting Policies (continued)

### (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 2022

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1 Statement of Significant Accounting Policies (continued)

### (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 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1 Statement of Significant Accounting Policies (continued)

### (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.

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 2022 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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.

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 2022

## 2 Segment reporting (continued)

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

YEAR ENDED 30 JUNE 2022	CMS \$'000	CFT \$'000	EFC® \$'000	CORPORATE \$'000	TOTAL \$'000
Segment revenue	307,971	41,889	377	1,822	352,060
Inter-segment elimination	(13,753)	(36)	(189)	(1,230)	(15,208)
<b>Revenue from contracts with customers</b>	<b>294,218</b>	<b>41,853</b>	<b>188</b>	<b>592</b>	<b>336,851</b>
Other income	1,595	–	–	268	1,863
<b>Total revenue for the year</b>	<b>295,813</b>	<b>41,853</b>	<b>188</b>	<b>860</b>	<b>338,714</b>
<b>Profit/(loss) before interest &amp; income tax</b>	<b>31,858</b>	<b>1,947</b>	<b>(3,205)</b>	<b>(9,635)</b>	<b>20,965</b>
Finance costs					(10,541)
Interest income					36
Income tax expense					(2,828)
<b>Profit for the year</b>					<b>7,632</b>

YEAR ENDED 30 JUNE 2021	CMS \$'000	CFT \$'000	EFC® \$'000	CORPORATE \$'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>

### Major customers

The Group has a number of customers to whom it provides both materials and services. The Group supplies two external customers (2021: three) in the CMS segment who account for 22% of external revenue (2021: 33%).

### 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 2022

## 3 INCOME

### (a) Revenue from contracts with customers

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Sale of goods	244,714	209,548
Sale of services	92,137	111,102
<b>Total revenue from contracts with customers</b>	<b>336,851</b>	<b>320,650</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

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Profit on sale of property, plant and equipment	238	443
Dividends received	1,104	1,005
Rent and hire received	178	159
Other income	343	839
<b>Total other income</b>	<b>1,863</b>	<b>2,446</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 2022				30 JUNE 2021			
	CMS \$'000	CFT \$'000	EFC® \$'000	CORPORATE \$'000	CMS \$'000	CFT \$'000	EFC® \$'000	CORPORATE \$'000
<b>AUSTRALIA</b>								
– Point-in-time	292,523	19,120	58	592	286,469	17,616	306	387
– Over-time	1,560	16,555	–	–	1,751	13,086	–	–
<b>UNITED STATES OF AMERICA</b>								
– Over-time	–	4,176	–	–	–	206	–	–
<b>NEW ZEALAND</b>								
– Point-in-time	–	1,054	–	–	–	455	–	–
– Over-time	–	948	–	–	–	75	–	–
<b>UNITED KINGDOM</b>								
– Point-in-time	–	–	130	–	–	–	–	–
<b>PNG &amp; MALAYSIA</b>								
– Point-in-time	135	–	–	–	299	–	–	–
<b>Total point-in-time</b>	<b>292,658</b>	<b>17,610</b>	<b>188</b>	<b>592</b>	<b>286,768</b>	<b>18,071</b>	<b>306</b>	<b>387</b>
<b>Total over-time</b>	<b>1,560</b>	<b>24,243</b>	<b>–</b>	<b>–</b>	<b>1,751</b>	<b>13,367</b>	<b>–</b>	<b>–</b>
<b>Revenue from contracts</b>	<b>294,218</b>	<b>41,853</b>	<b>188</b>	<b>592</b>	<b>288,519</b>	<b>31,438</b>	<b>306</b>	<b>387</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 4 PROFIT OR LOSS ITEMS

Profit for the following year included the following specific items:

### (a) Expenses

	NOTE	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Employee benefits expense (i)		62,627	53,729
Defined contributions plans (ii)		5,371	4,242
Performance rights expense (iii)	26	327	534

(i) Employee benefits has increased in the period. This excludes the Group's 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.

### (b) Net finance costs

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Interest income	(36)	(102)
Interest costs and facility fees	4,337	5,798
Other finance costs/(income)	1,796	1,046
	<b>6,097</b>	<b>6,742</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 5 INCOME TAX

### (a) Income tax expense

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
The components of income tax expense comprise:		
Current tax on profits for the year	339	4,452
Adjustments for current tax of prior periods	–	221
Deferred tax expense/(benefit)	2,489	(226)
	<b>2,828</b>	<b>4,447</b>

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

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>Profit from continuing activities before income tax expense</b>	<b>10,460</b>	<b>14,448</b>
Prima facie tax payable using Australian tax rate of 30% (2021: 30%)	3,138	4,334
<i>Adjusted for:</i>		
– Foreign tax rate differential	45	62
– Current year tax losses and temporary differences not brought to account	254	330
– Business combination tax impacts	–	–
– Other net non-deductible/(non-assessable) items	(264)	(278)
– Under/(over) provision from prior years	(345)	(1)
<b>Income tax expense</b>	<b>2,828</b>	<b>4,447</b>

## 6 CASH AND CASH EQUIVALENTS

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Cash on hand	8	8
Cash at bank	12,192	22,232
	<b>12,200</b>	<b>22,240</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 7 TRADE AND OTHER RECEIVABLES

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>CURRENT</b>		
Trade receivables	65,338	49,985
Provision for expected credit loss of trade receivables	(1,161)	(759)
	<b>64,177</b>	<b>49,226</b>
Contract assets (i)	614	767
Other receivables	198	22
	<b>64,989</b>	<b>50,015</b>

(i) Contract assets has decreased due to the completion of significant contracts in the financial year ended 30 June 2022.

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

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

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Balance at beginning of period	759	844
– Impairment expense recognised during the year	512	270
– Receivables (written off)/recouped during the year as uncollectable	(110)	(355)
<b>Balance at end of period</b>	<b>1,161</b>	<b>759</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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 2022	EXPECTED LOSS RATE	GROSS TRADE RECEIVABLE AND CONTRACT ASSET \$'000	LOSS ALLOWANCE \$'000
Current	0.5%	43,029	215
1 to 30	1.0%	18,805	188
31 to 60	5.0%	1,994	100
61 to 90	20.0%	339	72
90+	50.0%	1,171	586
Contract assets	0%	614	–
<b>Balance at end of period</b>		<b>65,952</b>	<b>1,161</b>

TRADE RECEIVABLE AGEING AS AT 30 JUNE 2021	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>

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 current 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 2022

## 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.

The Group has not adjusted its expected loss rate in the financial year ended 30 June 2022 due to it seeing no current trend with its customers extending outside payment terms. In addition, the Group foresees continued significant Government backed spending in the construction and infrastructure sectors in the coming financial periods, particularly in Southeast Queensland.

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

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>AT COST</b>		
Raw materials and stores	28,343	11,894
Work in progress	153	747
Finished goods	21,844	11,667
	<b>50,340</b>	<b>24,308</b>

The Group recognised \$109.086 million of inventory through profit or loss for the financial year ending 30 June 2022 (2021: \$104.494 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 9 PROPERTY, PLANT & EQUIPMENT

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>LAND IMPROVEMENTS &amp; BUILDINGS</b>		
Land improvements & buildings — at cost	22,268	22,231
Less accumulated depreciation	(6,416)	(5,722)
	<b>15,852</b>	<b>16,509</b>
<b>PLANT &amp; EQUIPMENT</b>		
Plant & equipment — at cost	173,413	159,203
Less accumulated depreciation	(83,333)	(78,059)
	<b>90,080</b>	<b>81,144</b>
<b>MOTOR VEHICLES</b>		
Motor vehicles — at cost	58,952	50,422
Less accumulated depreciation	(31,766)	(24,829)
	<b>27,186</b>	<b>25,593</b>
<b>ASSETS UNDER CONSTRUCTION — AT COST</b>	<b>25,472</b>	<b>18,262</b>
<b>Total property, plant &amp; equipment</b>	<b>158,590</b>	<b>141,508</b>

### (a) Movements in carrying amounts

FINANCIAL YEAR ENDED 30 JUNE 2022 \$'000	LAND IMPROVEMENTS & BUILDINGS	PLANT & EQUIPMENT	MOTOR VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
Opening net book value	16,509	81,144	25,593	18,262	141,508
Additions	–	5,573	8,543	20,944	35,060
Transfers from under construction	37	13,078	619	(13,734)	–
Transfers between classes	–	233	(233)	–	–
Exchange differences	–	5	–	–	5
Depreciation	(694)	(9,865)	(7,243)	–	(17,802)
Disposals	–	(88)	(93)	–	(181)
<b>Closing net book value</b>	<b>15,852</b>	<b>90,080</b>	<b>27,186</b>	<b>25,472</b>	<b>158,590</b>

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

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 from under construction	–	(116)	116	–	–
Business combination assets	–	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>

As at 30 June 2022 the value of the Group's assets pledged as security was \$19,167,347 (2021: \$22,521,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 10 RIGHT-OF-USE ASSETS

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Land & buildings	115,731	104,315
Less accumulated depreciation	(15,186)	(10,576)
<b>Total right-of-use assets</b>	<b>100,545</b>	<b>93,739</b>

### (a) Movements in carrying amounts

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>LAND &amp; BUILDINGS</b>		
Opening net book value 1 July 2021	93,739	92,489
Additions	2,049	4,719
Modifications	11,255	2,406
Depreciation to profit or loss	(6,498)	(5,875)
<b>Closing net book value</b>	<b>100,545</b>	<b>93,739</b>

## 11 INTANGIBLE ASSETS

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>LICENCES</b>		
Licences — at cost	2,740	2,740
Less accumulated amortisation	(457)	(338)
	<b>2,283</b>	<b>2,402</b>
<b>Total intangible assets</b>	<b>2,283</b>	<b>2,402</b>

### (a) Movements in carrying amounts

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>LICENCES</b>		
Opening net book value	2,402	2,521
Amortisation	(119)	(119)
<b>Closing net book value</b>	<b>2,283</b>	<b>2,402</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 12 DEFERRED TAX ASSETS AND LIABILITIES

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

Deferred tax assets and liabilities are attributable to the following:

\$'000	ASSETS		LIABILITIES		NET ASSETS/(LIABILITIES)	
	30 JUN 2022	30 JUN 2021	30 JUN 2022	30 JUN 2021	30 JUN 2022	30 JUN 2021
Inventories	1	98	(306)	(216)	(305)	(118)
Property, plant & equipment	–	–	(3,923)	(554)	(3,923)	(554)
Expected credit loss	339	227	–	–	339	227
Employee benefits	2,901	2,444	–	–	2,901	2,444
Derivative financial instruments	206	1,169	(16)	(183)	190	986
Provisions	235	799	–	–	235	799
Leases	33,027	29,981	(30,163)	(28,122)	2,864	1,859
Contract liabilities	2,036	839	–	–	2,036	839
Contract assets	–	–	(224)	(230)	(224)	(230)
Share based payments	70	–	–	–	70	–
Other items	465	879	(192)	(186)	273	693
Deferred tax assets/(liabilities)	39,280	36,436	(34,824)	(29,491)	4,456	6,945
Set off deferred taxes	(34,824)	(29,491)	34,824	29,491	–	–
<b>Net deferred tax assets</b>	<b>4,456</b>	<b>6,945</b>	<b>–</b>	<b>–</b>	<b>4,456</b>	<b>6,945</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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 2022 \$'000	OPENING BALANCE	CHARGED TO INCOME	CHARGED TO EQUITY	EXCHANGE DIFFERENCES	CLOSING BALANCE
Inventories	(118)	(187)	–	–	(305)
Property, plant & equipment	(554)	(3,369)	–	–	(3,923)
Expected credit loss	227	112	–	–	339
Employee benefits	2,444	457	–	–	2,901
Derivative financial instruments	986	(796)	–	–	190
Provisions	799	(564)	–	–	235
Leases	1,859	1,005	–	–	2,864
Contract liabilities	839	1,197	–	–	2,036
Contract assets	(230)	6	–	–	(224)
Share based payments	–	70	–	–	70
Other items	693	(420)	–	–	273
<b>Net deferred tax assets</b>	<b>6,945</b>	<b>(2,489)</b>	<b>–</b>	<b>–</b>	<b>4,456</b>

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>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 13 TRADE AND OTHER PAYABLES

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Trade payables	27,457	17,298
Contract liabilities <sup>1</sup>	5,556	3,076
Sundry payables and accrued expenses <sup>2</sup>	26,296	22,703
	<b>59,309</b>	<b>43,077</b>

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

1 Contract liabilities have increased due to the Precast Concrete division receiving advanced payments as part of a major secured contracts, totalling \$6,000 million respectively. Revenue of \$3,076 million was recognised during the year that was in contract liabilities at the beginning of the period (2021: \$nil)

2 The Group's sundry payables and accrued expenses can be broken up into the following overarching categories:

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Accrued expenses	5,256	6,144
Goods Received Not Invoiced payables	14,702	10,013
GST/VAT payables	950	343
Payroll accruals and payables	5,388	6,203
	<b>26,296</b>	<b>22,703</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 14 BORROWINGS

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>CURRENT</b>		
<i>Secured liabilities</i>		
Finance facility	15,800	–
Chattel mortgages	9,108	8,450
	<b>24,908</b>	<b>8,450</b>
<b>NON-CURRENT</b>		
<i>Secured liabilities</i>		
Finance facility	64,000	56,500
Chattel mortgages	5,388	6,138
	<b>69,388</b>	<b>62,638</b>
<b>TOTAL CURRENT AND NON-CURRENT SECURED LIABILITIES:</b>		
Finance facility <sup>1</sup>	79,800	56,500
Chattel mortgages <sup>2</sup>	14,496	14,588
	<b>94,296</b>	<b>71,088</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 Group's 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 2022 & 30 June 2021.

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 2022

## 15 LEASE LIABILITIES

	NOTE	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>CURRENT</b>			
Lease liabilities		7,233	6,666
<b>NON-CURRENT</b>			
Lease liabilities		102,858	93,269
<b>Total current and non-current lease liabilities</b>	<b>22(b)</b>	<b>110,091</b>	<b>99,935</b>

### (a) Movements in carrying amounts

LEASE LIABILITIES	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Opening net book value 1 July 2021	99,935	95,433
Additions	2,049	4,719
Modifications	11,255	2,406
Interest expense	4,409	4,208
Lease repayments	(7,557)	(6,831)
<b>Closing net book value</b>	<b>110,091</b>	<b>99,935</b>

### (b) Amounts recognised in profit or loss

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Interest expense on lease liabilities	4,409	4,208
Rent & hire expense — low value assets	654	407
Rent & hire expense — short-term	5,033	4,834
<b>Total</b>	<b>10,096</b>	<b>9,449</b>

Short term lease commitments are entered into by the Group on a case-by-case basis, as such any commitments outstanding at the end of the financial year have an insignificant value in total.

### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 16 DERIVATIVE INSTRUMENTS

	NOTE	30 JUNE 2022		30 JUNE 2021	
		CURRENT \$'000	NON-CURRENT \$'000	CURRENT \$'000	NON-CURRENT \$'000
<b>ASSETS</b>					
Foreign exchange forward contracts		42	–	–	–
<b>LIABILITIES</b>					
Foreign exchange forward contracts		(256)	–	(1,612)	–
Interest rate swap contracts		(428)	–	(2,237)	(46)
		<b>(684)</b>	<b>–</b>	<b>(3,849)</b>	<b>(46)</b>
<b>Total derivative assets/(liabilities)</b>	23	<b>(642)</b>	<b>–</b>	<b>(3,849)</b>	<b>(46)</b>
<b>Total movement in Derivatives recognised through Profit or Loss</b>		<b>3,252</b>		<b>1,133</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 17 PROVISIONS

### (a) Provision balances

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>CURRENT</b>		
Employee benefits (i)	7,698	6,501
Other (ii)	788	2,669
	<b>8,486</b>	<b>9,170</b>
<b>NON-CURRENT</b>		
Employee benefits (i)	620	559
<b>Total Provision</b>	<b>9,106</b>	<b>9,729</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.

### (b) Movements in provisions

YEAR ENDED 30 JUNE 2022 \$'000	EMPLOYEE BENEFITS	OTHER	TOTAL
Opening balance	7,060	2,669	9,729
Charged to profit or loss	5,671	(1,881)	3,790
Amounts used during the period	(4,413)	–	(4,413)
<b>Closing balance</b>	<b>8,318</b>	<b>788</b>	<b>9,106</b>
<b>YEAR ENDED 30 JUNE 2021 \$'000</b>	<b>EMPLOYEE BENEFITS</b>	<b>OTHER</b>	<b>TOTAL</b>
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>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 18 ISSUED CAPITAL

### (a) Share capital

	30 JUN 2022 SHARES	30 JUN 2021 SHARES	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Ordinary shares	187,618,665	187,196,887	411,564	410,915

### (b) Movement in share capital

DATE	DETAILS	NO. OF SHARES	\$'000
1 July 2020	Opening balance	187,196,887	410,915
<b>30 June 2021</b>	<b>Closing balance</b>	<b>187,196,887</b>	<b>410,915</b>
21 December 2021	Shares issued to Wagners' Employee Share Trust <sup>1</sup>	421,778	649
<b>30 June 2022</b>	<b>Closing balance</b>	<b>187,618,665</b>	<b>411,564</b>

<sup>1</sup> Shares were issued to Wagners' Employee Share Trust for vested performance rights under the Long-Term Incentive Plan, the share values were calculated at the prior closing price of the date of issue.

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 2,280,060 performance rights on 26 November 2021 (2021: 1,216,458) 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.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year. The consolidated entity monitors capital to ensure it maintains compliance with its various financial covenants. Refer to note 14 for a summary of existing financial covenants for the debt facilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 19 RESERVES

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Share based payment reserve	286	646
Foreign exchange reserve	(272)	(260)
	<b>14</b>	<b>386</b>

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

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>SHARE BASED PAYMENT RESERVE</b>		
Opening balance	646	112
Share based payments fair value recognised in profit or loss	327	534
Payments to employee share trust for vested performance rights (net of tax)	(650)	–
Transfer exercised performance rights balance to retained earnings	(37)	–
<b>Closing balance</b>	<b>286</b>	<b>646</b>
<b>FOREIGN EXCHANGE RESERVE</b>		
Opening balance	(260)	(271)
Exchange differences on translation of foreign operations, net of tax	(12)	11
<b>Closing balance</b>	<b>(272)</b>	<b>(260)</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 2022

## 20 DIVIDENDS

### (a) Dividends paid

There were no dividends paid in both the current and prior financial years ended 30 June 2022 & 30 June 2021 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 \$14.093 million (2021: \$11.328 million). This balance includes adjustments made for franking credits arising from the payment of estimated provision for 2022 income tax.

## 21 EARNINGS PER SHARE

EARNINGS USED IN CALCULATING EARNINGS PER SHARE	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Profit attributable to the ordinary equity holders of the Company	7,632	10,001
WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR	30 JUN 2022 NO. '000	30 JUN 2021 NO. '000
Weighted average number of ordinary shares used in calculating basic earnings per share	187,417,598	187,196,887
Adjustment for calculation of diluted EPS: – Performance rights on issue	3,731,833	1,873,553
Weighted average number of ordinary and potential ordinary shares used in calculating diluted earnings per share	191,149,431	189,070,440
BASIC & DILUTED EARNINGS PER SHARE	30 JUN 2022 CENTS	30 JUN 2021 CENTS
Basic earnings per share	4.1	5.3
Diluted earnings per share	4.0	5.3

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 22 CASH FLOW INFORMATION

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

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Profit/(loss) after income tax	7,632	10,001
<b>NON-CASH FLOWS IN PROFIT</b>		
– Depreciation of property, plant & equipment	17,802	16,888
– Depreciation of right-of-use assets	6,498	5,875
– Amortisation of intangible assets	119	119
– Fair value adjustment on derivative instruments	(3,252)	(1,133)
– Net (gain)/loss on disposal of non-current assets	(238)	(443)
– Performance rights expense	(360)	534
– Gain on bargain purchase	(6)	–
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>		
– (Increase)/decrease in trade and other receivables	(14,971)	5,568
– (Increase)/decrease in other assets	(386)	(45)
– (Increase)/decrease in inventories	(26,032)	(2,553)
– Increase/(decrease) in trade and other payables	16,233	11,551
– Increase/(decrease) in income taxes payable	(1,034)	4,091
– Increase/(decrease) in deferred taxes payables	2,489	(226)
– Increase/(decrease) in provisions	(623)	2,873
<b>Net cash provided by operating activities</b>	<b>3,871</b>	<b>53,100</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 22 Cash flow information (continued)

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

YEAR ENDED 30 JUNE 2022 \$'000	LEASE LIABILITIES	CHATTEL MORTGAGES	FINANCE FACILITY	DERIVATIVES HELD TO HEDGE BORROWINGS	TOTAL
Opening balance	99,935	14,588	56,500	3,895	174,918
Cash inflows	–	–	23,300	–	23,300
Cash outflows	(3,148)	(14,555)	–	–	(17,703)
<i>Non-cash flows in financial liabilities</i>					
Chattel mortgage contracts	–	14,464	–	–	14,464
Fair value change in derivatives	–	–	–	(3,211)	(3,211)
Lease liability changes	13,304	–	–	–	13,304
<b>Closing balance</b>	<b>110,091</b>	<b>14,497</b>	<b>79,800</b>	<b>684</b>	<b>205,072</b>

YEAR ENDED 30 JUNE 2021 \$'000	LEASE LIABILITIES	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>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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 2022	NOTE	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Interest rate swap contracts	16	–	(428)	–	(428)
Foreign exchange forward contracts	16	–	(214)	–	(214)
		–	<b>(642)</b>	–	<b>(642)</b>
<b>AS AT 30 JUNE 2021</b>					
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>

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 2022

## 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 minimize 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 two key customers (2021: three), which accounted for 22% of revenue for the financial year ended 30 June 2022 (2021: 33%). 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 2022

## 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 2022	WITHIN 1 YEAR \$'000	1 TO 5 YEARS \$'000	OVER 5 YEARS \$'000	TOTAL \$'000
Trade and other payables	59,309	–	–	59,309
Derivative financial liabilities	684	–	–	684
Chattel mortgages	9,300	5,551	–	14,851
Finance facility	15,800	64,000	–	79,800
Lease liabilities	7,365	27,662	154,355	189,382
	<b>92,458</b>	<b>97,213</b>	<b>154,355</b>	<b>344,026</b>

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>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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 2022		AS AT 30 JUNE 2021	
	DRAWN \$'000	AVAILABLE \$'000	DRAWN \$'000	AVAILABLE \$'000
Expiring within one year	15,800	200	–	–
Expiring beyond one year	64,000	20,000	56,500	44,500
	<b>79,800</b>	<b>20,200</b>	<b>56,500</b>	<b>44,500</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 2022 62.7% (2021: 88.5%) 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 2022

## 24 Financial risk management (continued)

### (c) Market risk (continued)

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

##### Interest rate swaps (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 2022 \$'000	30 JUN 2021 \$'000	
Interest rate swaps	50,000	50,000	3.78%

This interest rate swap expired in July 2022.

#### 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 2022 \$'000	30 JUN 2021 \$'000
+100bp variability in interest rate	333	364
-100bp variability in interest rate	(333)	(364)

#### (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 2022

## 24 Financial risk management (continued)

### (c) Market risk (continued)

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

##### Foreign exchange forward contracts (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 2022 \$	30 JUN 2021 \$	30 JUN 2022 \$	30 JUN 2021 \$
<b>BUY USD/SELL AUD</b>				
Settlement within six months	17,010	21,220	0.7367	0.7299
Settlement between six and twelve months	4,500	3,750	0.7324	0.7801
	<b>21,510</b>	<b>24,970</b>	<b>0.7358</b>	<b>0.7370</b>

	NOTIONAL AMOUNT		AVERAGE EXCHANGE RATES	
	30 JUN 2022 \$	30 JUN 2021 \$	30 JUN 2022 \$	30 JUN 2021 \$
<b>SELL USD/SELL AUD</b>				
Settlement within six months	20,500	12,750	0.7355	0.7505
Settlement between six and twelve months	4,500	3,000	0.7256	0.7379
	<b>25,000</b>	<b>15,750</b>	<b>0.7337</b>	<b>0.7481</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 2022 \$'000	30 JUN 2021 \$'000
+10% AUD/USD exchange rate	1,500	1,186
-10% AUD/USD exchange rate	(3,396)	(1,313)

#### (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 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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:

	30 JUN 2022 \$	30 JUN 2021 \$
Short-term employee benefits	1,733,518	1,608,636
Post-employment benefits	54,840	50,000
Long-term employee benefits	22,603	12,728
Termination benefits	–	–
Share based payments	95,250	160,063
	<b>1,906,211</b>	<b>1,831,427</b>

Further disclosures relating to key management personnel compensation are set out in the Remuneration report, which can be found on pages 19 to 35 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 2022

## 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	2022		2021	
	REVENUE/(COSTS) \$	OWED/(OWING) <sup>2</sup> \$	REVENUE/(COSTS) \$	OWED/(OWING) \$
Sale of materials and services	6,903,548	1,621,824	1,147,166	62,245
On charge of costs processed by the Group	–	–	109	–
Indemnity of losses on onerous contract <sup>1</sup>	–	–	(1,411,888)	–
Payments for rent of property and plant <sup>3</sup>	(5,893,136)	–	(6,816,840)	–
Payments for material royalties & other	(1,514,871)	(91,328)	(2,480,616)	(197,333)
<b>Totals</b>	<b>(504,459)</b>	<b>1,530,496</b>	<b>(9,562,069)</b>	<b>(135,088)</b>

- 1 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.
- 2 Amounts owed/(owing) are sitting within current trade receivables and current trade payables respectively.
- 3 Payments for rent of property and plant resulted in the following right-of-use assets and lease liabilities being recognised:

	30 JUN 2022 \$	30 JUN 2021 \$
Right-of-use asset	77,813,344	85,462,351
Lease liability	(86,759,240)	(91,282,002)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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.

### (a) Expenses recognised through profit or loss

The total expense for share based payment recognised through Profit or Loss for the financial year 30 June 2022 was \$327,036 (2021: \$534,375). 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.

### (b) Overall performance rights movements

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

CALENDAR YEAR ISSUED	TRANCHE	VESTING DATE	VESTING CONDITIONS	PERFORMANCE PERIOD <sup>1</sup>	MOVEMENTS				30 JUNE 2022
					1 JULY 2021	ISSUED	EXERCISED	EXPIRED/ FORFEITED <sup>2</sup>	
2021	1	31 August 2022	FY22 EPS	1 year	–	276,095	–	–	276,095
2021	2	31 August 2023	FY23 EPS	2 years	–	276,095	–	–	276,095
2021	3	31 August 2024	FY24 EPS	3 years	–	276,095	–	–	276,095
2021	1A	31 August 2022	FY22 EPS	1 year	–	438,064	–	–	438,064
2021	1B	31 August 2022	FY22 EPS	1 year	–	405,486	–	–	405,486
2021	2A	31 August 2023	FY23 EPS	2 years	–	608,225	–	–	608,225
2020	1	31 August 2021	FY21 EPS	1 year	405,486	–	(202,747)	–	202,739
2020	2	31 August 2022	FY22 EPS	2 years	405,486	–	–	–	405,486
2020	3	31 August 2023	FY23 EPS	3 years	405,486	–	–	–	405,486
2019	1	31 August 2020	FY20 EPS	1 year	219,031	–	–	–	219,031
2019	2	31 August 2021	FY21 EPS	2 years	219,031	–	(219,031)	–	–
2019	3	31 August 2022	FY22 EPS	3 years	219,031	–	–	–	219,031
					<b>1,873,551</b>	<b>2,280,060</b>	<b>(421,778)</b>	<b>–</b>	<b>3,731,833</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.

2 Where performance rights have not met all vesting conditions, they will be forfeited in the financial year that the final vesting date has passed – remaining performance rights as at 30 June 2022 that were issued in calendar year 2019 will be forfeited in FY23.

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 3.4 years. The performance options outstanding have no exercise price.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 26 Share based payments (continued)

### (c) Performance rights granted vesting conditions and fair values

#### 2020 ISSUED PERFORMANCE RIGHTS

1	<b>VESTING DATES</b>	Tranche 1 — 31 August 2022 Tranche 2 — 31 August 2023 Tranche 3 and Remainder Performance rights — 31 August 2024
2	<b>VESTING CONDITIONS</b>	<p><b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.84c, BASED ON EARNINGS EXCLUDING THE EFC® INVESTMENT (OPERATING EPS)</b></p> <p><b>TRANCHE 2 TARGET EPS – 10% INCREASE ON OFFER EPS</b></p> <p><b>TRANCHE 3 TARGET EPS – 10% INCREASE ON TRANCHE 2 TARGET EPS</b></p> <p><b>TRANCHE 1</b></p> <p>On the Tranche 1 Vesting Date, if the Operating earnings per share (<b>EPS</b>) of the Company as at 30 June 2021 (<b>Tranche 1 EPS</b>) is:</p> <p>(a) at least 10% (but less than 12.5%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or</p> <p>(b) at least 12.5% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or</p> <p>(c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest.</p> <p><b>TRANCHE 2</b></p> <p>On the Tranche 2 Vesting Date, if the Operating earnings per share (<b>EPS</b>) of the Company as at 30 June 2022 (<b>Tranche 2 EPS</b>) is:</p> <p>(a) at least 10% (but less than 12.5%) higher than the Tranche 2 Target EPS, 50% of the Tranche 2 Performance rights shall Vest; or</p> <p>(b) at least 12.5% (but less than 15%) higher than the Tranche 2 Target EPS, 75% of the Tranche 2 Performance rights shall Vest; or</p> <p>(c) at least 15% higher than the Tranche 2 Target EPS, 100% of the Tranche 2 Performance rights shall Vest.</p> <p><b>TRANCHE 3</b></p> <p>On the Tranche 3 Vesting Date, if the Operating earnings per share (<b>EPS</b>) of the Company as at 30 June 2023 (<b>Tranche 3 EPS</b>) is:</p> <p>(a) at least 10% (but less than 12.5%) higher than Tranche 3 Target EPS, 50% of the Tranche 3 Performance rights shall Vest; or</p> <p>(b) at least 12.5% (but less than 15%) higher than the Tranche 3 Target EPS, 75% of the Tranche 3 Performance rights shall Vest; or</p> <p>(c) at least 15% higher than the Tranche 3 Target EPS, 100% of the Tranche 3 Performance rights shall Vest.</p> <p><b>ADDITIONAL VESTING TERMS</b></p> <p>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 3 Target 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 2022

## 26 Share based payments (continued)

### (c) Performance rights granted vesting conditions and fair values (continued)

As well as the above performance rights issued in 2021, on 26 November 2021 the Company also issued performance rights in addition to prior years options issued under the Long-Term Incentive Plan. The Company issued these additional options to better reflect target EPS values due to the significant increase in investment for EFC® expansion since the original options were issued. Details of these additional options are shown in the following two tables.

#### 2021 ISSUED PERFORMANCE RIGHTS – ADDITIONAL 1

<b>1</b>	<b>VESTING DATES</b>	Tranche 1 and Remainder Performance rights — 31 August 2022
<b>2</b>	<b>VESTING CONDITIONS</b>	<p><b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.93c, BASED ON EARNINGS EXCLUDING THE EFC® INVESTMENT (OPERATING EPS)</b></p> <p><b>TRANCHE 1A</b></p> <p>On the Tranche 1 Vesting Date, if the Operating earnings per share (<b>EPS</b>) of the Company as at 30 June 2022 (<b>Tranche 1 EPS</b>) is:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or</li> <li>(b) at least 10% (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>ADDITIONAL VESTING TERMS</b></p> <p>Any Remainder Performance rights will vest on the Tranche 1 Vesting Date if the Tranche 1 EPS is at least 20% higher than the Offer EPS.</p>
<b>3</b>	<b>EXPIRY DATE</b>	3 years from the date the Performance rights were issued.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 26 Share based payments (continued)

### (c) Performance rights granted vesting conditions and fair values (continued)

#### 2021 ISSUED PERFORMANCE RIGHTS – ADDITIONAL 2

<b>1</b>	<b>VESTING DATES</b>	Tranche 1 — 31 August 2022 Tranche 2 and Remainder Performance rights — 31 August 2023
<b>2</b>	<b>VESTING CONDITIONS</b>	<p><b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.93c, BASED ON EARNINGS EXCLUDING THE EFC® INVESTMENT (OPERATING EPS)</b></p> <p><b>TRANCHE 2 TARGET EPS – 10% INCREASE ON OFFER EPS</b></p> <p><b>TRANCHE 1B</b></p> <p>On the Tranche 1 Vesting Date, if the Operating earnings per share (<b>EPS</b>) of the Company as at 30 June 2021 (<b>Tranche 1 EPS</b>) is:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or</li> <li>(b) at least 10% (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 2A</b></p> <p>On the Tranche 2 Vesting Date, if the Operating earnings per share (<b>EPS</b>) of the Company as at 30 June 2022 (<b>Tranche 2 EPS</b>) is:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than the Tranche 2 Target EPS, 50% of the Tranche 2 Performance rights shall Vest; or</li> <li>(b) at least 10% (but less than 15%) higher than the Tranche 2 Target EPS, 75% of the Tranche 2 Performance rights shall Vest; or</li> <li>(c) at least 15% higher than the Tranche 2 Target EPS, 100% of the Tranche 2 Performance rights shall Vest.</li> </ul> <p><b>ADDITIONAL VESTING TERMS</b></p> <p>Any Remainder Performance rights will vest on the Tranche 1 Vesting Date if the Tranche 1 EPS is at least 20% higher than the Offer EPS.</p>
<b>3</b>	<b>EXPIRY DATE</b>	4 years from the date the Performance rights were issued.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 26 Share based payments (continued)

### (c) Performance rights granted vesting conditions and fair values (continued)

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

#### 2021 ISSUED PERFORMANCE RIGHTS

INPUTS INTO PRICING MODEL	TRANCHE 1	TRANCHE 2	TRANCHE 3
Grant Date	26 November 2021	26 November 2021	26 November 2021
Exercise Price	\$0.00	\$0.00	\$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$1.60	\$1.60	\$1.60
Expiry date	26 November 2026	26 November 2026	26 November 2026
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	1.7%
Risk free interest rate	0.963%	0.9631%	0.963%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model

#### 2021 ISSUED PERFORMANCE RIGHTS - ADDITIONAL

INPUTS INTO PRICING MODEL	ADDITIONAL 1 TRANCHE 1A	ADDITIONAL 2 TRANCHE 1B	ADDITIONAL 2 TRANCHE 2A
Grant Date	26 November 2021	26 November 2021	26 November 2021
Exercise Price	\$0.00	\$0.00	\$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$1.60	\$1.60	\$1.60
Expiry date	26 November 2024	26 November 2025	26 November 2025
Life of the instruments	3 years	4 years	4 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1%	1.7%
Risk free interest rate	0.963%	0.963%	0.9631%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 26 Share based payments (continued)

### (c) Performance rights granted vesting conditions and fair values (continued)

#### 2020 ISSUED PERFORMANCE RIGHTS

<b>1</b>	<b>VESTING DATES</b>	Tranche 1 — 31 August 2021 Tranche 2 — 31 August 2022 Tranche 3 and Remainder Performance rights — 31 August 2023
<b>2</b>	<b>VESTING CONDITIONS</b>	<p><b>OFFER EARNINGS PER SHARE (OFFER EPS) OF 4.9c</b></p> <p><b>TRANCHE 2 TARGET EPS – 10% INCREASE ON OFFER EPS</b></p> <p><b>TRANCHE 3 TARGET EPS – 10% INCREASE ON TRANCHE 2 TARGET EPS</b></p> <p><b>TRANCHE 1</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or</li> <li>(b) at least 10% (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></p> <p>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:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than the Tranche 2 Target EPS, 50% of the Tranche 2 Performance rights shall Vest; or</li> <li>(b) at least 10% (but less than 15%) higher than the Tranche 2 Target EPS, 75% of the Tranche 2 Performance rights shall Vest; or</li> <li>(c) at least 15% higher than the Tranche 2 Target EPS, 100% of the Tranche 2 Performance rights shall Vest.</li> </ul> <p><b>TRANCHE 3</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>(a) at least 5% (but less than 10%) higher than Tranche 3 Target EPS, 50% of the Tranche 3 Performance rights shall Vest; or</li> <li>(b) at least 10% (but less than 15%) higher than the Tranche 3 Target EPS, 75% of the Tranche 3 Performance rights shall Vest; or</li> <li>(c) at least 15% higher than the Tranche 3 Target EPS, 100% of the Tranche 3 Performance rights shall Vest.</li> </ul> <p><b>ADDITIONAL VESTING TERMS</b></p> <p>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 3 Target EPS.</p>
<b>3</b>	<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 2022

## 26 Share based payments (continued)

### (c) Performance rights granted vesting conditions and fair values (continued)

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 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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 26 Share based payments (continued)

### (c) Performance rights granted vesting conditions and fair values (continued)

#### 2019 ISSUED PERFORMANCE RIGHTS

<b>1</b>	<b>VESTING DATES</b>	Tranche 1 — 31 August 2020 Tranche 2 — 31 August 2021 Tranche 3 and Remainder Performance rights — 31 August 2022
<b>2</b>	<b>VESTING CONDITIONS</b>	<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>(d) at least 10% (but less than 12.5%) higher than Amended EPS, 50% of the Tranche 3 Performance rights shall Vest; or</li> <li>(e) 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>(f) at least 15% higher than the Amended</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 (Remainder Performance rights) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Amended EPS.</p>
<b>3</b>	<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 2022

## 26 Share based payments (continued)

### (c) Performance rights granted vesting conditions and fair values (continued)

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

#### 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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 2022 %	30 JUNE 2021 %
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%	100%
EFC Green Concrete Technology UK Ltd	United Kingdom	100%	100%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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:

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Within twelve months	4,432	1,986

## 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:

	30 JUN 2022 \$	30 JUN 2021 \$
<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>	253,392	250,719
<b>Total audit services</b>	<b>253,392</b>	<b>250,719</b>
<b>OTHER ASSURANCE SERVICES</b>	<b>4,500</b>	–
<b>NON-AUDIT SERVICES</b>		
Taxation services — <i>BDO (Services) Pty Ltd</i>	8,515	–
<b>Total non-audit services</b>	<b>8,515</b>	–
<b>Total amount paid or payable to auditor</b>	<b>266,407</b>	<b>250,719</b>

## 31 DEED OF CROSS GUARANTEE

Wagners Holding Company Limited, Wagners Australian Operations Pty Ltd, Wagners Cement Pty Ltd, Wagners CFT Manufacturing Pty Ltd, Wagners Concrete Pty Ltd, Wagners Industrial Services Pty Ltd, Wagner Investments Pty Ltd, Wagners Quarries Pty Ltd, Wagners Queensland Pty Ltd and Wagners Transport Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 31 Deed of cross guarantee (continued)

### (a) Consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the instrument. Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2022 of the closed group consisting of the Companies listed above.

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
Revenue from contracts with customers	329,808	319,190
Other income	1,193	1,371
Direct material and cartage costs	(149,036)	(135,379)
Employee benefits expense	(65,937)	(56,700)
Depreciation – right-of-use assets	(6,340)	(5,783)
Depreciation and amortisation expense - other	(17,830)	(16,937)
Finance costs – lease liabilities	(4,405)	(4,201)
Net finance cost – other	(6,181)	(6,697)
Fuel	(6,650)	(5,376)
Contract work and purchased services	(7,586)	(13,501)
Freight and postal	(2,740)	(1,535)
Legal and professional	(800)	(444)
Rent and hire	(6,945)	(6,223)
Repairs and maintenance	(32,444)	(38,113)
Travel and accommodation	(5,744)	(6,403)
Utilities	(4,538)	(4,213)
Fair value adjustment on derivative instruments	3,252	1,133
Impairment of trade receivables – gain/(loss)	(483)	(270)
Other expenses	(3,243)	(3,229)
<b>Profit before income tax</b>	<b>13,351</b>	<b>16,690</b>
Income tax expense	(3,726)	(5,029)
<b>Profit for the period</b>	<b>9,625</b>	<b>11,661</b>
<b>Other comprehensive income (net of tax)</b>		
<i>Items that may be reclassified to profit or loss</i>		
None	–	–
<b>Total comprehensive income for the period</b>	<b>9,625</b>	<b>11,661</b>
<i>Summary of movement in consolidated retained earnings</i>		
<b>Retained earnings at the beginning of the financial year</b>	<b>57,468</b>	<b>45,807</b>
Profit for the year	9,625	11,661
Transfer exercised performance rights balance to retained earnings	37	–
<b>Retained earnings at the end of the financial year</b>	<b>67,130</b>	<b>57,468</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 31 Deed of cross guarantee (continued)

### (b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2022 of the closed group consisting of the Companies as previously mentioned.

	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	9,717	20,970
Trade and other receivables	89,651	50,342
Inventories	47,615	24,216
Derivative instruments	42	–
Other assets	986	610
<b>Total Current Assets</b>	<b>148,011</b>	<b>96,138</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	136,667	137,239
Right-of-use assets	100,545	93,739
Intangible assets	2,283	2,402
Deferred tax assets	3,794	6,339
<b>Total Non-current Assets</b>	<b>243,289</b>	<b>239,719</b>
<b>Total Assets</b>	<b>391,300</b>	<b>335,857</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	58,049	41,283
Borrowings	24,908	8,450
Lease liabilities	7,233	6,666
Derivative instruments	684	3,849
Current tax liabilities	103	1,108
Provisions	8,474	8,957
<b>Total Current Liabilities</b>	<b>99,451</b>	<b>70,313</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	69,388	62,638
Lease liabilities	102,858	93,269
Derivative instruments	–	46
Provisions	620	559
<b>Total Non-current Liabilities</b>	<b>172,866</b>	<b>156,512</b>
<b>Total Liabilities</b>	<b>272,317</b>	<b>226,825</b>
<b>Net Assets</b>	<b>118,983</b>	<b>109,032</b>
<b>EQUITY</b>		
Issued capital	411,564	410,915
Pre IPO distributions to related entities	(360,448)	(360,448)
Reserves	737	1,097
Retained earnings	67,130	57,468
<b>Total Equity</b>	<b>118,983</b>	<b>109,032</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 32 PARENT ENTITY FINANCIAL INFORMATION

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

STATEMENT OF FINANCIAL POSITION	30 JUN 2022 \$'000	30 JUN 2021 \$'000
<b>ASSETS</b>		
Current assets	42	141
Non-current assets	130,183	127,677
<b>Total assets</b>	<b>130,225</b>	<b>127,818</b>
<b>LIABILITIES</b>		
Current liabilities	21,030	19,529
Non-current liabilities	6,848	6,071
<b>Total liabilities</b>	<b>27,878</b>	<b>25,600</b>
<b>EQUITY</b>		
Issued capital	411,564	410,915
Distribution to related entities	(355,010)	(355,010)
Reserves	324	646
Retained earnings	45,469	45,667
<b>Total equity</b>	<b>102,347</b>	<b>102,218</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Total profit for the financial year	(198)	(526)
<b>Total comprehensive income for the financial year</b>	<b>(198)</b>	<b>(526)</b>

### (a) Contingent assets and liabilities

The parent entity does not have any contingent assets or liabilities as at 30 June 2022.

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

There are cross guarantees given by Wagners Holding Company Limited as described in note 31. No deficiencies of assets exist in any of these companies.

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

The parent entity had \$3.847 million of contractual commitments for the acquisition of property, plant or equipment (2021: \$nil).

## 33 EVENTS OCCURRING AFTER THE REPORTING PERIOD


To the Directors' best knowledge, there has not arisen in the interval between 30 June 2022 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 continues, between 30 June 2022 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 the 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 37 to 93, 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 2022 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 2022.



MR DENIS WAGNER

**Chairman**

Dated at Brisbane, Queensland  
on 23 August 2022.





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## 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 2022, 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 2022 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 2022</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 2022, 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 17 to 35 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Wagners Holding Company Limited, for the year ended 30 June 2022, 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**

A handwritten signature in black ink, appearing to read 'C K Henry', is written over a faint, stylized 'BDO' logo.

**C K Henry**  
Director

Brisbane, 23 August 2022

# 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 2022 unless stated otherwise.

## DISTRIBUTION SCHEDULE

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1–1,000	1,247	668,254	0.36
1,001–5,000	2,112	5,900,802	3.15
5,001–10,000	898	6,754,219	3.60
10,001–100,000	1,064	27,804,180	14.82
100,001 and over	85	146,491,210	78.08
<b>Rounding</b>			<b>-0.01</b>
<b>Total</b>	<b>5,406</b>	<b>187,618,665</b>	<b>100.00</b>

## SHARES AND VOTING RIGHTS

All 187,618,665 shares in the Company are ordinary shares, held by 5,406 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 2022 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	103,113,408	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 and David Paradice	18 November 2020	10,059,869	5.362%

## UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$ 500.00 parcel at \$ 0.8150 per unit	614	748	235,295

# ADDITIONAL INFORMATION

## TOP 20 SHAREHOLDERS

RANK	NAME	UNITS	% UNITS
1	DENIS PATRICK WAGNER	21,321,928	11.36
1	JOHN HENRY WAGNER	21,321,928	11.36
1	JOSEPH DOYLE WAGNER	21,321,928	11.36
1	NEILL THOMAS WAGNER	21,321,928	11.36
5	WAGNER PROPERTY OPERATIONS PTY LTD	14,201,056	7.57
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,743,157	6.26
7	CITICORP NOMINEES PTY LIMITED	7,984,138	4.26
8	ITA VERO PTY LTD <THE RICHMOND A/C>	3,100,000	1.65
9	ARCHERFIELD AIRPORT CORPORATION PTY LTD	1,200,000	0.64
10	BRAZIL FARMING PTY LTD	1,195,716	0.64
11	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,103,771	0.59
12	JOHN WAGNER INVESTMENTS PTY LTD <JHW FAMILY A/C>	1,091,447	0.58
13	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	910,221	0.49
14	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	833,932	0.44
15	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
17	MR KEVIN JOHN CAIRNS + MRS CATHERINE VALERIE CAIRNS <CAIRNS FAMILY SUPER A/C>	700,000	0.37
18	JOE WAGNER INVESTMENTS PTY LTD <JDW FAMILY A/C>	642,643	0.34
19	GEAT INCORPORATED <GEATPRESERVATION FUND A/C>	540,914	0.29
20	WAGNER SUBSIDIARY PTY LTD <THE WAGNER SHARE A/C>	540,645	0.29
<b>Total Top 20 holders of ORDINARY FULLY PAID SHARES</b>		<b>132,677,480</b>	<b>70.72</b>
<b>Total Remaining Holders Balance</b>		<b>54,941,185</b>	<b>29.28</b>

## UNQUOTED OPTIONS

There are 12 holders of 3,774,779 unvested unquoted options.

## CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the financial year ended 30 June 2022 is available to download and access from <https://investors.wagner.com.au/corporate-governance>

# CORPORATE DIRECTORY

## COMPANY SECRETARY

Karen Brown

## REGISTERED OFFICE

Level 10, 12 Creek Street,  
Brisbane QLD 4000  
1300 138 991  
+61 3237 5999

## PRINCIPAL PLACE OF BUSINESS

11 Ballera Court,  
1511 Toowoomba-Cecil Plains Road  
Wellcamp QLD 4350  
+61 7 4637 7777

## SHARE REGISTRY

Computershare Investor Services Ltd  
Level 1, 200 Mary Street  
Brisbane QLD 4000  
1800 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

## AUDITOR

BDO Audit Pty Ltd  
Level 10, 12 Creek Street  
Brisbane QLD 4000

## SOLICITORS

McCullough Robertson Lawyers  
Level 11, 66 Eagle Street  
Brisbane QLD 4000

## BANKERS

National Australia Bank Limited  
HSBC Bank Australia Limited  
Australian and New Zealand Banking Group Limited

## SECURITIES EXCHANGE

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

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





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