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Emeco Holdings Limited and its Controlled Entities

ABN 89 112 188 815

Interim Financial Report
For the half year ended 31 December 2024

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Directors' Report

31 December 2024

The directors of Emeco Holdings Limited (Company) submit this report in respect of the half year financial period ended 31 December 2024 and the review report thereon.

Directors

The following persons were directors of Emeco Holdings Limited during the half year and up to the date of this report unless otherwise noted:

Non-executive
Ian Macliver (Chair – appointed 1 December 2024)
Peter Frank (Interim Chair until 30 November 2024)
James Walker III
Sarah Adam-Gedge
Peter Kane (resigned 20 November 2024)

Executive
Ian Testrow (Managing Director & Chief Executive Officer)

Financial performance

Emeco Holdings Limited and its Controlled Entities (Group) reported a net profit after tax for the half year ended 31 December 2024 of $33.6 million (2023: $19.4 million). Total revenue for the period was $387.3 million (2023: $434.5 million).

Dividends

The board elected to suspend the Group's capital management programme with effect from February 2024 to redirect capital allocations for share buy-backs and dividends towards reducing financing requirements. Consequently, no dividends were paid during the financial period.

On-market share buy-back

No on-market share buy-backs were made during the financial period (2023: $0.4 million) for the Emeco employee Long Term Incentive plan.

Operating & Financial Review

The Emeco Group supplies safe, reliable and maintained surface and underground mining equipment rental solutions, together with onsite infrastructure to its customers. The Group also provides repair and maintenance, and component and machine rebuild services to the mining industry.

Established in 1972, the business listed on the ASX in July 2006 and is headquartered in Perth, Western Australia.

Emeco generates earnings from the provision of surface and underground mining equipment, maintenance and project support solutions and services to the mining industry. Operating costs principally comprise parts and labour associated with maintaining earthmoving equipment. Capital expenditure principally comprises the replacement of major components over the life cycle of Emeco's assets, with the balance used to acquire assets (growth and replacement), including midlife equipment cores and the cost to rebuild those cores.

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Table 1: Group Financial Results

	Operating results [1], [2]		Statutory results	
$ millions	**1H25**	**1H24**	**1H25**	**1H24**
Revenue	**387.3**	434.5	**387.3**	434.5
EBITDA [3]	**145.8**	137.1	**139.3**	133.3
EBIT [3]	**68.3**	60.7	**61.5**	41.0
NPAT	**38.3**	33.2	**33.6**	19.4
EBITDA margin	**37.6%**	31.5%	**36.0%**	30.7%
EBIT margin	**17.6%**	14.0%	**15.9%**	9.4%

Notes:

1. Certain items have been excluded from the statutory result to aid the comparability and usefulness of the financial information. This adjusted information (operating results) enables users to better understand the underlying financial performance of the business in the current period.
2. Operating results are non-IFRS.
3. EBITDA: Earnings before interest, tax, depreciation and amortisation, and impairment of tangible assets; EBIT: Earnings before interest and tax. These measures are non-IFRS. Refer to the operating to statutory results reconciliation below for further information.

Table 2: 1H25 Statutory to operating results reconciliation

$ millions	**Statutory**	**Tangible asset impairments**	**Long-term incentive program**	**ERP Implement-ation**	**Restructur-ing expenses**	**Tax effect of adjustments**	**Operating**
EBITDA	139.3	-	1.8	2.1	2.6	-	145.8
EBIT	61.5	0.3	1.8	2.1	2.6	-	68.3
NPAT	33.6	0.3	1.8	2.1	2.6	(2.0)	38.3

Note: Figures may not add due to rounding.

The following non-operating adjustments have been made to the statutory results:

- **Tangible asset impairments:** Net impairments totalling $0.3 million (1H24: $15.9 million) were recognised across the business on assets held for sale. The majority of the impairment in 1H24 related to Pit N Portal property, plant and equipment assets of $13.6 million and Pit N Portal inventory held for sale of $2.1 million, which includes impairment of assets surplus to the rental needs of the rental business going forward.
- **Long-term incentive program:** During 1H25, Emeco recognised $1.8 million of non-cash expenses relating to the employee incentive plan (1H24: $1.8 million).
- **ERP implementation:** Expenditure of $2.1 million (1H24: $2.0 million) was incurred during the period, relating to the Group's ERP implementation project.
- **Restructuring expense:** The Group incurred non-recurring corporate restructuring expenses of $2.6 million (1H24: $1.2 million), relating to the corporate and operational overhead restructure.
- **Gain on lease modification:** No net gain or loss was recognised during the period (1H24: $1.2 million).
- **Tax effect of adjustments:** notional tax on above adjustments at 30%.

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Operating results

Operating net profit after tax (NPAT) for the half year ended 31 December 2024 (1H25) was $38.3 million, an increase of $5.1 million or 15% on the prior comparative period (pcp or 1H24). This improvement was driven by increased earnings from new rental projects, serviced from the FY24 growth capex programme and cost savings across overheads, labour, parts and repairs and maintenance.

Group revenue for 1H25 was $387.3 million, a decrease of 11% from $434.5 million in 1H24, due primarily to the Company's exit from contract mining activities. The Group's business model now focuses on its higher margin core activities of mining fleet rental and maintenance and rebuild services. Excluding contract mining revenue, Group revenue increased by 11%.

Rental revenue (excluding contract mining services) grew by 13%, driven primarily by growth projects in the coal sector serviced by the Group's FY24 growth capex programme. Workshops revenue was $87.1 million, up 5% from $82.7 million in 1H24, driven by growth in underground services and east coast business development activities.

Operating EBITDA was $145.8 million, increasing 6% from $137.1 million in 1H24. Operating EBIT was $68.3 million, increasing 13% from $60.7 million in 1H24. Operating EBITDA and Operating EBIT margins were 38% and 18% respectively, up from 32% and 14% respectively in the pcp, driven by growth projects and cost savings.

Operating cash flow

Cash from operations was $131.4 million in 1H25, up from $128.4 million in 1H24. This was driven by higher earnings, partially offset by a net working capital outflow of $9.7 million and non-operating cash costs. EBITDA to cash conversion was 94%.

Non-operational ERP spend and restructuring costs totalled $4.7 million in 1H25 (1H24: $3.2 million).

Net capital expenditure for the period was $74.7 million, made up of $77.6 million in sustaining capital expenditure, offset partially by asset sales of $2.9 million.

Table 3: Net debt and gearing summary

$ millions	31 December 2024	30 June 2024
Interest bearing liabilities (current and non-current)[1]		
Secured notes - AUD	250.0	250.0
Revolving credit facility	30.0	30.0
Lease liabilities and other financing	72.4	78.8
Total debt[1]	**352.4**	**358.8**
Less: cash	(110.2)	(78.3)
Net debt[1]	**242.2**	**280.5**
Leverage ratio[2]	0.84x	1.00x
Interest cover ratio[3]	11.9x	12.0x

Notes:

1. Figures based on facilities drawn, includes debt raising costs classified as interest bearing liabilities in note 4, and excludes supply chain finance.
2. Leverage ratio – Net debt / Rolling 12-month Operating EBITDA.
3. Interest cover ratio – Rolling 12-month Operating EBITDA / Net interest expense excluding borrowing cost amortisation.
4. Figures may not add due to rounding.

Emeco's leverage ratio has improved from 1.0x at 30 June 2024 to 0.84x at 31 December 2024, driven by higher Operating EBITDA and a capital expenditure programme restricted to sustaining capex for the period.

The Group's $100 million Revolving Credit Facility ("RCF") includes cash available under a Loan Note Agreement ("LNA") of $95 million and a bank guarantee facility of $5 million. The facility expires in December 2025, with an option to extend for a further two years to December 2027 at Emeco's election.

At 31 December 2024, the Group had drawn $30 million of the RCF, leaving an undrawn facility of $65 million (30 June 2024: $30 million drawn). At 31 December 2024, $3.183 million (30 June 2024: $3.183 million) of the $5 million bank guarantee facility was utilised.

Refer to note 4 in the accompanying consolidated interim financial report for additional information on Emeco's financing facilities.

Significant events occurring after half year end

The Board resolved to continue the suspension of the Group's capital management programme for 2H25.

There were no significant events after the balance date.

Auditor's independence declaration

The auditor's independence declaration is set out on page 6 and forms part of the Director's report for the half year ended 31 December 2024.

Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The consolidated interim financial report was approved by the board of directors on 18 February 2025.

This report is made in accordance with a resolution of directors.



Ian Testrow
Managing Director
Perth, 18 February 2025

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The Board of Directors
Emeco Holdings Limited
Level 3, 133 Hasler Rd
OSBORNE PARK WA 6017

18 February 2025

Dear Board Members

Auditor's Independence Declaration to Emeco Holdings Limited

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

As lead audit partner for the review of the Interim Financial Report of Emeco Holdings Limited for the year half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

ii. Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Emeco Holdings Limited and its Controlled Entities
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2024

	Note	31 December 2024 $'000	31 December 2023 $'000
Continuing operations			
Revenue	1	387,313	434,525
Other income		1,342	1,744
Repairs and maintenance		(55,231)	(77,740)
External maintenance services		(94,817)	(97,443)
Cartage and fuel		(12,488)	(10,582)
Employee expenses		(36,475)	(67,768)
Depreciation and amortisation expense		(77,541)	(76,361)
Impairment of tangible assets	9	(311)	(15,944)
Other expenses		(50,310)	(49,449)
Finance income		1,020	677
Finance costs	4	(14,470)	(13,762)
Net foreign exchange profit/(loss)		301	(168)
Profit before tax expense		48,333	27,729
Tax expense		(14,752)	(8,325)
Profit after tax for the period		**33,581**	**19,404**
Other comprehensive income			
Items that are or may be reclassified to profit and loss:			
Foreign currency translation differences (net of tax)		(533)	169
Total other comprehensive income/(loss) for the period		**(533)**	**169**
Total comprehensive income for the period		**33,048**	**19,573**

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Emeco Holdings Limited and its Controlled Entities
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income (continued)

For the six months ended 31 December 2024

	31 December 2024 $'000	31 December 2023 $'000
Profit attributable to:		
Owners of the Company	33,581	19,404
Profit for the period	33,581	19,404
Total comprehensive income attributable to:		
Owners of the Company	33,048	19,573
Total comprehensive income for the period	**33,048**	**19,573**

	31 December 2024 cents	31 December 2023 cents
Profit per share:		
Basic profit per share	6.53	3.75
Diluted profit per share	6.36	3.68

The condensed consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Emeco Holdings Limited and its Controlled Entities
Condensed Consolidated Interim Statement of Financial Position

As at 31 December 2024

	Note	31 December 2024 $'000	30 June 2024 $'000
Current assets			
Cash and cash equivalents		110,194	78,265
Trade and other receivables	2	115,599	139,231
Inventories and work in progress		36,447	41,635
Assets held for sale	3	11,199	15,738
Other current assets	2	30,712	19,132
Total current assets		**304,151**	**294,001**
Non-current assets			
Intangible assets		8,470	8,754
Property, plant and equipment		807,235	783,680
Right-of-use assets		73,129	83,661
Other financial assets		4,661	4,662
Total non-current assets		**893,495**	**880,757**
Total assets		**1,197,646**	**1,174,758**
Current liabilities			
Trade and other payables		111,425	130,485
Interest bearing liabilities	4	54,428	53,551
Provisions		10,440	11,780
Total current liabilities		**176,293**	**195,816**
Non-current liabilities			
Interest bearing liabilities	4	297,949	305,185
Provisions		528	725
Deferred tax liabilities		50,777	35,791
Total non-current liabilities		**349,254**	**341,701**
Total liabilities		**525,547**	**537,517**
Net assets		**672,099**	**637,241**
Equity			
Share capital	5	1,148,838	1,148,838
Reserves		(3,156)	(4,433)
Accumulated losses		(473,583)	(507,164)
Total equity attributable to equity holders of the Company		**672,099**	**637,241**

The condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

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Emeco Holdings Limited and its Controlled Entities
Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2024

	Share capital $'000	Share based payment reserve $'000	Foreign currency translation reserve $'000	Treasury shares $'000	Accumulated losses $'000	Total Equity $'000
Balance at 1 July 2024	**1,148,838**	**23,490**	**42**	**(27,965)**	**(507,164)**	**637,241**
Total comprehensive income for the period						
Profit for the period	-	-	-	-	33,581	33,581
Other comprehensive income						
Foreign currency translation differences	-	-	(533)	-	-	(533)
Total comprehensive income for the period	**-**	**-**	**(533)**	**-**	**33,581**	**33,048**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payment transactions	-	1,810	-	-	-	1,810
Total contributions by and distributions to owners	**-**	**1,810**	**-**	**-**	**-**	**1,810**
Balance at 31 December 2024	**1,148,838**	**25,300**	**(491)**	**(27,965)**	**(473,583)**	**672,099**

	Share capital $'000	Share based payment reserve $'000	Foreign currency translation reserve $'000	Treasury shares $'000	Accumulated losses $'000	Total Equity $'000
Balance at 1 July 2023	**1,149,254**	**24,087**	**(169)**	**(30,392)**	**(553,336)**	**589,444**
Total comprehensive income for the period						
Profit for the period	-	-	-	-	19,404	19,404
Other comprehensive income						
Foreign currency translation differences	-	-	169	-	-	169
Total comprehensive income for the period	**-**	**-**	**169**	**-**	**19,404**	**19,573**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
On-market share buy-back	(414)	-	-	-	-	(414)
Dividends paid	-	-	-	-	(6,488)	(6,488)
Shares vested during the period	-	(4,127)	-	4,127	-	-
Share-based payment transactions	-	1,780	-	-	-	1,780
Total contributions by and distributions to owners	**(414)**	**(2,347)**	**-**	**4,127**	**(6,488)**	**(5,122)**
Balance at 31 December 2023	**1,148,840**	**21,740**	**-**	**(26,265)**	**(540,420)**	**603,895**

The condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

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Emeco Holdings Limited and its Controlled Entities
Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2024

	31 December 2024 $'000	31 December 2023 $'000
Cash flows from operating activities		
Cash receipts from customers	448,561	493,606
Cash paid to suppliers and employees	(317,137)	(365,255)
Cash generated from operations	131,424	128,351
Finance income received	890	554
Finance costs paid	(13,448)	(13,241)
Net cash generated by operating activities	**118,866**	**115,664**
Cash flows from investing activities		
Proceeds on disposal of non-current assets	2,895	6,852
Payment for property, plant and equipment	(77,630)	(106,678)
Net cash used in investing activities	**(74,735)**	**(99,826)**
Cash flows from financing activities		
Dividends paid to Company's shareholders	-	(6,488)
Payments for shares bought back	-	(414)
Proceeds from borrowings	35,000	65,000
Repayment of borrowings	(35,608)	(45,608)
Repayment of lease liabilities	(11,596)	(10,550)
Net cash (used) / from financing activities	**(12,204)**	**1,940**
Net increase in cash and cash equivalents	**31,927**	**17,778**
Cash and cash equivalents at beginning of the period	78,265	46,673
Effects of exchange rate fluctuations on cash held	2	-
Cash and cash equivalents at the end of the period	**110,194**	**64,451**

The condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

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Emeco Holdings Limited and its Controlled Entities
Notes to the Condensed Consolidated Interim Financial Report

For the half year ended 31 December 2024

1. **Operating segments**
2. **Trade and other receivables**
3. **Assets held for sale**
4. **Interest bearing liabilities**
5. **Equity - issued capital and reserves**
6. **Contingent liabilities and commitments**
7. **Reporting entity**
8. **Basis of preparation**
9. **Material accounting policies**
10. **Key management personnel**
11. **Subsequent events**

1. Operating segments

The Group performed a review of its operating segments in December 2024 following the sale of Pit N Portal underground mining services contracts in January 2024. The sale resulted in underground equipment rental assets being retained by the Group. As a result, the underground business has transitioned into a pure equipment hire operation, aligning closely with the Rental business model. This has resulted in the Company having only two reportable segments (Rental and Workshops) for the current reporting period.

Prior period comparatives of the Rental segment have been restated to include the financial performance of the underground equipment rental assets previously reported under the Pit N Portal segment. Prior period comparatives of the Pit N Portal segment now reflect only underground mining services financial performance.

The Group now has two (2023: three) reportable segments, as described below, which are the Group's strategic business units.

The strategic business units offer different products and services and were managed separately because they require different operational strategies. For each of the strategic business units, the Managing Director and board of directors review internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Emeco Rental

Provides a wide range of surface and underground earthmoving equipment solutions to customers in Australia. Additional technology platforms have been developed to enable customers to improve earthmoving efficiencies of their rental machines.

Force Workshops

Provides maintenance, equipment and component rebuild services to customers in Australia.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and income tax as included in the internal management reports that are reviewed by the Group's Managing Director and board of directors. Segment earnings before interest, income tax, depreciation and amortisation is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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1. Operating segments (continued)

Information about reportable segments

	Rental $'000	Workshops $'000	Total $'000
Period ended 31 December 2024			
Segment revenue	300,216	142,609	442,825
Intersegment revenue	-	(55,512)	(55,512)
Revenue from external customers	**300,216**	**87,097**	**387,313**
Other income / expense	1,347	(5)	1,342
Segment earnings before interest, tax, depreciation, amortisation and impairment	**158,992**	**7,842**	**166,834**
Impairment of tangible assets	(311)	-	(311)
Depreciation and amortisation	(73,384)	(3,536)	(76,920)
Segment result (EBIT)	**85,297**	**4,306**	**89,603**
Corporate overheads (1)			(28,121)
EBIT			**61,482**
Net finance income/(expense)			(13,450)
Net foreign exchange gain/(loss)			301
Net profit before tax			**48,333**
Tax expense			(14,752)
Net profit after tax			**33,581**
Total assets for reportable segments	**971,388**	**86,313**	**1,057,701**
Unallocated assets			139,945
Total Group assets			**1,197,646**
Net capital expenditure	**73,573**	**1,161**	**74,735**
Total liabilities for reportable segments	**80,996**	**59,282**	**140,278**
Unallocated liabilities			385,269
Total Group liabilities			**525,547**

	Rental $'000	Workshops $'000	Pit N Portal $'000	Total $'000
Period ended 31 December 2023				
Segment revenue	265,539	132,055	86,330	483,924
Intersegment revenue	-	(49,399)	-	(49,399)
Revenue from external customers	**265,539**	**82,656**	**86,330**	**434,525**
Other income	614	-	(96)	518
Segment earnings before interest, tax, depreciation, amortisation and impairment	**144,117**	**8,552**	**7,918**	**160,587**
Impairment of tangible assets	(288)	-	(15,656)	(15,944)
Depreciation and amortisation	(71,138)	(2,847)	(1,470)	(75,455)
Segment result (EBIT)	**72,691**	**5,705**	**(9,208)**	**69,188**
Corporate overheads (1)				(28,206)
EBIT				**40,982**
Net finance income/(expense)				(13,085)
Net foreign exchange gain/(loss)				(168)
Net profit before tax				**27,729**
Tax expense				(8,325)
Net profit after tax				**19,404**
Total assets for reportable segments	**930,206**	**70,096**	**53,360**	**1,053,662**
Unallocated assets				75,470
Total Group assets				**1,129,132**
Net capital expenditure	**88,860**	**1,161**	**9,805**	**99,826**
Total liabilities for reportable segments	**93,789**	**60,903**	**33,852**	**188,544**
Unallocated liabilities				336,693
Total Group liabilities				**525,237**

(1) Corporate overheads include $0.6m (December 2023: $0.9m) of depreciation and amortisation expense; $1.8m (December 2023: $1.8m) of share-based payments expense, $2.5m (December 2023: nil) of restructuring costs; and $2.1m (December 2023: $2.0m) of ERP implementation costs

2. Trade and other receivables

	31 December 2024 $'000	30 June 2024 $'000
Current		
Trade receivables	90,482	111,860
Accrued revenue	16,995	18,184
Less: Allowance for expected credit losses	(308)	(308)
	107,169	129,736
Other receivables	8,283	9,179
Deferred employee benefits expense	147	316
	115,599	**139,231**
Other current assets		
Prepayments	6,654	5,085
Contract assets	24,058	14,047
Total	**30,712**	**19,132**

The movement in the allowance for expected credit losses ("ECL") in respect of trade receivables and accrued revenue during the period was as follows:

	31 December 2024 $'000	30 June 2024 $'000
Opening loss allowance	308	190
Collective expected credit losses recognised during the period (1)	-	-
Loss allowance on trade receivables arising during the period	-	118
Loss allowance on trade receivables written-off during the period	-	-
Closing loss allowance	**308**	**308**

Notes:

(1) The collective ECL is calculated using a combination of historical losses and economic conditions that are representative of those expected to exist during the life of the receivable. This is based on historical loss rates, ageing of debtors and economic factors that include commodity prices. The Group considers blue-chip and insured customers as no material risk, and only assesses uninsured and underinsured customers that have breached their trading terms in the ECL calculation. The Group also reviews specific customer receivables deemed a higher recoverability risk.

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3. Assets held for sale

As at 31 December 2024, assets held for sale totalled of $11,199,000 (30 June 2024: $15,738,000). Level 3 fair value hierarchy has been used in determining the fair value with reference to an independent valuation utilising observable market valuations less estimated costs to sell. The Group is actively marketing these assets and they are expected to be disposed of within 12 months.

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment loss on a disposal group is allocated to the assets and liabilities on a pro rata basis, except for inventories, financial assets, deferred tax assets, employee benefit assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

	31 December 2024 $'000	30 June 2024 $'000
Assets held for sale		
Property, plant and equipment	11,199	15,738
Total	**11,199**	**15,738**

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4. Interest bearing liabilities

	31 December 2024 $'000	30 June 2024 $'000
Current		
Amortised cost		
Lease liabilities	18,815	20,649
Loan note agreement	30,000	30,000
Other financing	4,396	1,685
Financial liability (1)	1,217	1,217
	54,428	**53,551**
Non-current		
Amortised cost		
AUD notes – secured	250,000	250,000
Debt raising costs (2)	(1,784)	(2,340)
Lease liabilities	48,516	55,700
Financial liability (1)	1,217	1,825
	297,949	**305,185**

Notes:
(1) A current financial liability of $1,217,000 (30 June 2024: $1,217,000) and non-current financial liability of $1,217,000 (30 June 2024: $1,825,000) was recognised, relating to the sale and leaseback of equipment.
(2) Carried at amortised cost. The movement from prior year is due to amortisation recorded in the Statement of Profit or Loss and Other Comprehensive Income for the period.

The Group's finance costs comprise of the following:

	31 December 2024 $'000	31 December 2023 $'000
Finance costs		
Interest expense	13,775	12,751
Amortisation of debt establishment costs	556	553
Other facility costs	139	458
Total	**14,470**	**13,762**

Secured notes
The $250,000,000 AUD notes have a fixed coupon of 6.25%, payable semi-annually, and have a maturity date of 10 July 2026. These notes include restrictions on issuing additional debt if leverage (net debt divided by Operating EBITDA) is greater than 1.75x and shareholder distributions if leverage is greater than 2.0x. The notes include a call premium of 1.5625% which is payable on the notes if the notes are redeemed prior to 10 July 2025. No call premium is payable after this date. There are no restrictions on capital expenditure. The effective interest rate of these notes is 6.76%, which is inclusive of the capitalised borrowing costs and annual coupon.

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4. Interest bearing liabilities (continued)

Revolving credit facility

The $100,000,000 Revolving Credit Facility ("RCF") includes cash available of $95,000,000 under a Loan Note Agreement and a bank guarantee facility of $5,000,000. The facility expires in December 2025, with an option to extend for a further two years to December 2027 at Emeco's election. All other terms of the RCF remain unchanged. At 31 December 2024, the Group had drawn $30,000,000 of the RCF leaving an undrawn facility of $65,000,000 (30 June 2024: $30,000,000 drawn of $95,000,000). At 31 December 2024, the Group utilised $3,183,000 of the $5,000,000 bank guarantee facility (30 June 2024: $3,183,000).

Lease liabilities

During the period, additions to lease liabilities were $2,402,000 (31 December 2023: $19,475,000) with $1,038,000 leases terminated during the period (31 December 2023: $1,449,000). Lease payments net of interest of $11,596,000 were made during the period (31 December 2023: $10,550,000).

Financial liability

Emeco recognised a current financial liability of $1,217,000 (30 June 2024: $1,217,000) and non-current financial liability of $1,217,000 (30 June 2024: $1,825,000) relating to the sale and leaseback of equipment.

Working capital facility

The Group has a credit card facility with a limit of $200,000 (30 June 2024: $200,000). The facility is secured via a term deposit.

Other financing

The Group has financed its annual insurance premium of $4,802,000 (30 June 2024: $5,055,000). Repayments on the facility commence in January 2025 and complete in October 2025.

To manage the cash flow conversion cycle on goods and services procured by the Group, and to ensure that suppliers receive payment in a timely manner, the Group offers some suppliers supply chain financing. The Group's drawn supply chain financing facilities totalled $33,958,000 as at 31 December 2024 (30 June 2024: $33,592,000), and the available limit on these facilities was $35,500,000 as at 31 December 2024 (30 June 2024: $35,500,000).

5. Equity - issued capital and reserves

	31 December 2024 $'000	30 June 2024 $'000
Share capital		
518,374,757 (June 2024: 518,374,757) ordinary shares, fully paid	1,224,725	1,224,725
Acquisition reserve	(75,887)	(75,887)
	1,148,838	**1,148,838**

5. Equity - issued capital and reserves (continued)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. Shares have no par value. In the event of a company's liquidation, ordinary shareholders rank behind all other creditors and are only entitled to any remaining proceeds after all secured, unsecured, and preferential creditors have been paid.

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2024	518,374,757	1,224,727
On-market share buy-back (1)		-	-
Balance	**31 December 2024**	**518,374,757**	**1,224,727**
Less: Treasury shares		(3,885,405)	
Issued capital		**514,489,352**	

Note:
(1) During the period ending 31 December 2024, nil shares were purchased (31 December 2023: 627,858 shares were purchased at an average share price of $0.66 totalling $414,000).

Dividends

No dividend was declared for the period.

Franking account

	31 December 2024 $'000	30 June 2024 $'000
Dividend franking account		
30% franking credits available to shareholders of Emeco Holdings Limited for subsequent financial years	69,488	69,488

The above available amounts are based on the balance of the dividend franking account at period end adjusted for:

(a) franking credits that will arise from the payment of current tax liabilities and recovery of current tax receivables;
(b) franking debits that will arise from the payment of dividends recognised as a liability at 31 December 2024;
(c) franking credits that will arise from the receipt of dividends recognised as receivable by the tax consolidated group at 31 December 2024;
(d) franking credits that the Company may be prevented from distributing in subsequent years; and
(e) franking credits from acquired entities.

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5. Equity - issued capital and reserves (continued)

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the Australian tax consolidated group has also assumed the benefit of $69,488,000 (30 June 2024: $69,488,000) franking credits.

6. Contingent liabilities and commitments

Guarantees

The Group has provided bank guarantees in the amount of $3,183,000 (30 June 2024: $3,183,000) in relation to obligations under operating leases and rental premises.

7. Reporting entity

Emeco Holdings Limited (Company) is a for profit company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the provision of safe, reliable and maintained earthmoving equipment rental solutions and mining services solutions to its customers as well as the maintenance and remanufacturing of major components of heavy earthmoving equipment.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2024 is available on the Company's web site at www.emecogroup.com.

8. Basis of preparation

Statement of compliance
The condensed consolidated interim financial report has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

It does not include all of the information required for the full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2024.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2024 annual financial report for the financial year ended 30 June 2024. The accounting policies are consistent with Australian Accounting Standards.

The presentation of certain items in the financial statements have been amended during the period to simplify the presentation and aid understanding. Where applicable, comparative amounts have been reclassified to ensure comparability.

This condensed consolidated interim financial report was approved by the board of directors on 18 February 2025.

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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9. Material accounting policies

The principal accounting policies adopted in the preparation of the condensed consolidated interim financial statements are set out below. The accounting policies are consistent with those disclosed in the prior period financial statements, except for the impact of new and amended standards and interpretations, effective 1 July 2024. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies. The Group has not elected to early adopt any new or amended standards or interpretations that are issued but not yet effective.

Recognition of tax losses

In accordance with the Company's accounting policy for deferred taxes (refer note 5 of the Company's 30 June 2024 Financial Statements), a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise these losses. This includes estimates and judgements about future profitability and tax rates. Changes in these estimates and assumptions could impact on the amount and probability of unused tax losses and accordingly the recoverability of deferred tax assets.

Due to the recent history of operating profits, the Company brought to account all previously unrecognised Australian tax losses as a deferred tax asset, totalling $86,244,000 at 30 June 2024. A taxable profit was generated in the current period decreasing the recognised deferred tax asset to $84,225,000 at 31 December 2024.

At 30 June 2024, the Company recognised a deferred tax asset for its full historical Australian tax losses which was offset by deferred tax liabilities, resulting in a net deferred tax liability of $35,791,000. At 31 December 2024, the Company has recognised the full deferred tax asset of $84,225,000 associated with its carried forward tax losses, which are offset by other temporary differences, being predominantly deferred tax liabilities, resulting in a net deferred tax liability of $50,777,000 at 31 December 2024. The Company expects to fully utilise carried forward losses as the Group is expected to continue to generate taxable profits in the future.

Impairment of assets

	31 December 2024 $'000	31 December 2023 $'000
Impairment of assets		
Property, plant and equipment	311	13,870
Inventory	-	2,074
Total impairment	**311**	**15,944**

The Group performs annual impairment testing at 30 June, however also performs an assessment at the end of each reporting period as to whether there are any indicators that its cash generating units (CGU's) may be impaired. At 31 December 2024, Emeco has evaluated its CGUs and concluded that the previous Emeco Underground (EUG) CGU should be merged with the Rental CGU to form one combined CGU. Following the EUG restructure, the cash inflows generated by this business are now aligned with those of the Rental business, both arising from the provision of mining equipment under rental agreements.

Emeco tested the non-current assets of the combined Rental CGU for impairment. In making such assessment at 31 December 2024, the Group has considered the following factor as indicating its CGU may be impaired:

- The carrying amount of the net assets of the Group are more than its market capitalisation at 31 December 2024.

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Impairment of assets (continued)

As a result of the above indicator, the Group has performed impairment testing by comparing the CGU recoverable amount to its carrying amount. The accounting policies applied by the Group in relation to the preparation of the impairment model are the same as those applied in its Annual Financial Report for the year ended 30 June 2024. Key assumptions are consistent with those applied in the June 2024 assessment, however, have been updated to consider the revised forecast of the Rental CGU and the current discount rate. The post-tax discount rate used in the calculations is 10.3% (June 2024: 10.2%).

The recoverable amount of the Rental and Workshop CGUs continued to exceed their carrying amounts with reasonably possible changes to key assumptions.

Key judgement - Allowance for expected credit losses

The Group uses a combination of historical losses recognised for receivables and takes a view on the future economic conditions that are representative of those expected to exist, in assessing the general allowance for expected credit losses. Specifically, the Group has considered the likelihood of any potential and significant decreases to commodity prices on its customers' operations and therefore their potential capacity to repay amounts owing to the Group. As a result, due to the high level of judgement required, the ultimate cash received may differ to the amount recorded. The Group also reviews specific customer receivables deemed a higher recoverability risk.

10. Key management personnel

There were no other changes in key management personnel during the six months ended 31 December 2024, and arrangements with other key management have remained consistent since 30 June 2024.

11. Subsequent events

The Board resolved to continue the suspension of the Group's capital management programme, in favour of net debt reduction. There have been no other significant events subsequent to the half year ended 31st December 2024.

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Directors' Declaration

In the opinion of the directors of Emeco Holdings Limited (Company):

1. the financial report and notes, set out on pages 7 to 22, are in accordance with the *Corporations Act 2001*, including:

   (a) giving a true and fair view of the financial position of the Group as at 31 December 2024 and of its performance for the half year ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth on the 18th day of February 2025.

Signed in accordance with a resolution of the directors:



Ian Testrow
Managing Director

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Independent Auditor's Review Report to the members of Emeco Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Emeco Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2024, and the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statement of changes in equity for the half-year ended on that date, notes to the interim financial statements, including material accounting policy information and other explanatory information, and the directors' declaration as set out on pages 7 to 23.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors Responsibilities for the Half-year Financial Report

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

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Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Perth, 18 February 2025

N H Gordon
Partner
Chartered Accountants
Perth, 18 February 2025

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