

Appendix 4D - Interim Financial Report
Under ASX Listing Rule 4.2A.3

Wagners Holding Company Limited (ABN 49 622 632 848) & Controlled Entities

| | |
|----------------------------|---------------------------------|
| Current period | 1 July 2023 to 31 December 2023 |
| Prior corresponding period | 1 July 2022 to 31 December 2022 |

| Results for announcement to the market | Half-year to 31 Dec 2023 \$'000 | Half-year to 31 Dec 2022 \$'000 | Change \$'000 |
|---|--|--|--------------------------|
| Revenue from continuing operations | 264,601 | 219,636 | 44,965 |
| Net profit/(loss) before tax from continuing operations | 5,708 | (508) | 6,216 |
| Net profit/(loss) after tax from continuing operations | 2,812 | (770) | 3,582 |

Please refer to commentary in Directors' Report and associated presentation that was released to the market on 21 February 2024 for further commentary.

| Dividend information | Half-year to 31 Dec 2023 cents | Half-year to 31 Dec 2022 cents | Change cents |
|---|---|---|-------------------------|
| No interim dividend per ordinary share declared | - | - | - |

There were no dividend reinvestment plans in operation during the period.

| Net tangible assets per security | Half-year to 31 Dec 2023 \$ | Half-year to 31 Dec 2022 \$ | Change \$ |
|---|--|--|----------------------|
| Net tangible assets per ordinary shares | 0.67 | 0.63 | 0.04 |

Additional Appendix 4D disclosure requirements and commentary affecting the results for the period are contained in the Interim Financial Report for the half-year ended 31 December 2023 and management presentation for the half-year ended 31 December 2023.

This report is based on the interim consolidated financial statements which have been reviewed.

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Wagners Holding Company Limited

ABN 49 622 632 848

Interim financial report

for the half-year ended 31 December 2023

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Wagners Holding Company Limited
Interim financial report
for the half-year ended 31 December 2023

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Wagners Holding Company Limited

Directors' report

The directors of Wagners Holding Company Ltd (Wagners) and its controlled entities (the Group), present their report together with the consolidated interim financial report for the half year ended 31 December 2023.

Principal activities

The principal activities of the Group consist of supply 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).

Directors

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

| Director | Role |
|-----------------|------------------------|
| Denis Wagner | Non-executive chairman |
| John Wagner | Non-executive director |
| Lynda O'Grady | Non-executive director |
| Ross Walker | Non-executive director |
| Cameron Coleman | Managing director |

Operating and financial review

Financial information found below is based upon the reviewed financial statements. Further commentary surrounding the review of operations of the Group for the half year are contained in the Investor Presentation announcements released to the Australian Securities Exchange on 21 February 2024.

Operating Earnings before Interest, Tax (EBIT), Depreciation and Amortisation (EBITDA) is a non-IFRS disclosure and is not subject to audit or review. In the opinion of the Directors, the Group's EBITDA and EBIT reflects the results generated from ongoing operating activities and is calculated in accordance with AICD/Finsia principles.

Non statutory & statutory results

Non statutory results are not subject to audit or review and are provided for the half year ended 31 December 2023 to allow shareholders to make a meaningful comparison with the results for the half year ended 30 June 2023 and for the half year ended 31 December 2022 and to make an assessment of the Group's performance as a listed company. The following presentation adjustments have been summarised in table 1 below:

- Separating the EFC segment operating results down to EBIT and the EFC segment impairment, providing users with the ability to assess Group performance outside of the EFC business.
- Showing the fair value changes on derivatives and impairment of receivables separately as 'Other', as management consider this to be more appropriate.

Operating and financial review (continued)

Non statutory results (continued) – not reviewed¹

Table 1: Non statutory results actual compared to the prior two halves

| | 1H FY 24 Actual (not reviewed ¹) \$'000 | 2H FY 23 Actual (not reviewed ¹) \$'000 | 1H FY 23 Actual (not reviewed ¹) \$'000 |
|-----------------------------------|--|--|--|
| Revenue | 264,392 | 255,759 | 219,636 |
| Direct material and cartage costs | (127,791) | (119,716) | (108,046) |
| Operating gross profit | 136,601 | 136,043 | 111,590 |
| Other income | 1,248 | 1,391 | 471 |
| Operating expenses | (103,138) | (107,635) | (92,053) |
| Operating EBITDA | 34,711 | 29,799 | 20,188 |
| Depreciation & amortisation | (13,643) | (14,570) | (13,506) |
| Operating EBIT | 21,068 | 15,229 | 6,682 |
| EFC – EBIT | (1,049) | (1,746) | (2,265) |
| EFC - Impairment | (5,682) | - | - |
| Other | (1,802) | (598) | (299) |
| Group EBIT | 12,535 | 12,885 | 4,118 |
| Net finance costs | (6,827) | (6,846) | (4,626) |
| Net profit before tax | 5,708 | 6,040 | (508) |
| Income tax expense | (2,896) | (2,146) | (262) |
| Net profit after tax | 2,812 | 3,894 | (770) |

¹ Non-statutory operating results and adjustments are not reviewed by the Groups auditors, BDO.

Half year ended 31 December 2023 results compared to the prior corresponding period were impacted by the following:

- Increased revenue from Cement, Precast, Concrete Operations, Bulk Haulage and CFT.
- Operating EBIT result has been impacted by the following:
 - Improved selling prices for Cement and Concrete, recovering the cost increases suffered in the prior corresponding period.
 - A full six months of production in Precast on the Sydney Metro tunnel project.
 - Improved performance of fixed quarry operations.
 - A full six months contribution from 2 bulk haulage projects commenced in last quarter of 2022.
 - Significant increase in the sale of poles and crossarms in Australia and New Zealand, with improved margins from process improvements in pole manufacture as well as efficiencies utilising the automated processing of crossarms.
 - Lower sales in our US CFT business along with an inability to fully utilize the Cresson site in the US.
- Group EBIT result has been impacted by the following:
 - EFC EBIT is lower as the business activity has been reduced reflecting the lack of commercial support from the market.
 - EFC Impairment – the decision to scale back the EFC business resulted in an impairment of property, plant & equipment, inventory and provision.
 - Other – reflecting valuation differences of FX hedging contracts against the spot price at 31 Dec 2023.

Operating and financial review (continued)**Non statutory results (continued) – not reviewed¹**

In the second half of this year, we expect to see:

- Improved margins in cement and concrete as a result of continued improved pricing and implemented cost-control measures.
- Improved margins in the bulk haulage business with new fleet improving productivity.
- Continued strong demand for composite products, particularly composite power poles.
- Completion of production of precast concrete tunnel segments for the Sydney Metro Project, with currently no secured projects to replace this project's earning contribution.
- Reduced ongoing costs in the EFC business.
- CFT USA losses continuing.

Dividends

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

Significant events occurring after the report 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 half year ended 31 December 2023.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001 is set out on page 7 and forms part of the Director's Report for half year ended 31 December 2023.

Rounding

The Company is a kind referred to in Australian Securities & Investment Commission (ASIC) Corporations 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.

Signed in accordance with a resolution of the Directors.

**Mr Denis Wagner**

Chairman

Toowoomba, Qld

21 February 2024

DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF WAGNERS HOLDING COMPANY LIMITED

As lead auditor for the review of Wagners Holding Company Limited for the half-year ended 31 December 2023, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



D P Wright
Director

BDO Audit Pty Ltd

Brisbane, 21 February 2024

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Wagners Holding Company Limited

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2023

| | Note | 31 Dec 2023 \$'000 | 31 Dec 2022 \$'000 |
|--|------|-----------------------|-----------------------|
| Revenue from contracts with customers | 3(a) | 264,601 | 219,636 |
| Other income | 3(b) | 1,280 | 471 |
| Direct material and cartage costs | | (127,891) | (108,046) |
| Employee benefits expense | | (53,055) | (45,014) |
| Depreciation – right-of-use assets | 8 | (3,876) | (3,536) |
| Depreciation and amortisation expense – other | | (10,020) | (10,051) |
| Finance costs – lease liabilities | 8 | (3,058) | (2,378) |
| Net finance costs – other | | (3,769) | (2,248) |
| Contract work and purchased services | | (10,319) | (8,683) |
| Repairs and maintenance | | (23,464) | (18,925) |
| Transport and travel | | (8,771) | (10,454) |
| Impairment of EFC assets | 3(d) | (5,682) | - |
| Fair value adjustment on derivative instruments | | (1,998) | (119) |
| Impairment of trade receivables | | 188 | (185) |
| Other expenses | 3(d) | (8,458) | (10,976) |
| Profit/(loss) before income tax | | 5,708 | (508) |
| Income tax expense | 4 | (2,896) | (262) |
| Profit/(loss) for the period | | 2,812 | (770) |
| Other comprehensive income (net of tax) | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Adjustment from translation of foreign controlled entities | | 128 | - |
| | | 128 | - |
| Total comprehensive income/(loss) for the period | | 2,940 | (770) |

| Earnings per share | | Cents | Cents |
|----------------------------|----|-------|-------|
| Basic earnings per share | 11 | 1.5 | (0.4) |
| Diluted earnings per share | 11 | 1.5 | (0.4) |

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Consolidated statement of financial position
as at 31 December 2023

| | Note | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|---|------|-----------------------|-----------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 30,457 | 11,363 |
| Trade and other receivables | 5 | 65,628 | 95,148 |
| Inventories | 6 | 40,147 | 41,255 |
| Derivative instruments | | 457 | 1,257 |
| Other assets | | 1,968 | 3,363 |
| Total Current Assets | | 138,657 | 152,386 |
| Non-current Assets | | | |
| Other financial assets | | 7 | 7 |
| Property, plant and equipment | 7 | 154,189 | 163,617 |
| Right-of-use assets | 8 | 128,718 | 130,439 |
| Intangible assets | | 2,104 | 2,164 |
| Deferred tax assets | | 4,534 | 2,058 |
| Total Non-current Assets | | 289,552 | 298,285 |
| Total Assets | | 428,209 | 450,671 |
| Current Liabilities | | | |
| Trade and other payables | | 52,849 | 64,523 |
| Borrowings | 9 | 7,715 | 23,026 |
| Lease liabilities | 8 | 10,607 | 10,404 |
| Derivative instruments | | 3,841 | 2,643 |
| Current tax payable | | 11 | - |
| Provisions | | 12,789 | 10,062 |
| Total Current Liabilities | | 87,812 | 110,658 |
| Non-current Liabilities | | | |
| Borrowings | 9 | 78,911 | 81,712 |
| Lease liabilities | 8 | 133,921 | 133,712 |
| Provisions | | 578 | 610 |
| Total Non-current Liabilities | | 213,410 | 216,034 |
| Total Liabilities | | 301,222 | 326,692 |
| Net Assets | | 126,987 | 123,979 |
| Equity | | | |
| Issued capital | | 411,564 | 411,564 |
| Pre IPO distributions to related entities | | (354,613) | (354,613) |
| Reserves | | 166 | (30) |
| Retained earnings | | 69,870 | 67,058 |
| Total Equity | | 126,987 | 123,979 |

The accompanying notes form part of these financial statements



Wagners Holding Company Limited
Consolidated statement of changes in equity
for the half-year ended 31 December 2023

| | Note | Share capital \$'000 | Pre IPO distributions to related entities \$'000 | Reserves \$'000 | Retained earnings \$'000 | Total \$'000 |
|--|------|-------------------------|---|--------------------|--------------------------------|-----------------|
| Balance at 1 July 2022 | | 411,564 | (354,613) | 14 | 69,935 | 120,900 |
| Loss for the half-year | | - | - | - | (770) | (770) |
| Other comprehensive income, net of tax | | - | - | - | - | - |
| Total comprehensive loss for the half-year | | - | - | - | (770) | (770) |
| Employee options exercised | | - | - | - | - | - |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Recognition of share based payments | | - | - | (250) | - | (250) |
| Balance at 31 December 2022 | | 411,564 | (354,613) | (236) | 63,165 | 119,880 |
| Balance at 1 July 2023 | | 411,564 | (354,613) | (30) | 67,058 | 123,979 |
| Profit for the half-year | | - | - | - | 2,812 | 2,812 |
| Other comprehensive income, net of tax | | - | - | 128 | - | 128 |
| Total comprehensive income for the half-year | | - | - | 128 | 2,812 | 2,940 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Recognition of share based payments | | - | - | 68 | - | 68 |
| Balance at 31 December 2023 | | 411,564 | (354,613) | 166 | 69,870 | 126,987 |

The accompanying notes form part of these financial statements

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Wagners Holding Company Limited
Consolidated statement of cash flows
for the half-year ended 31 December 2023

| | Note | 31 Dec 2023 \$'000 | 31 Dec 2022 \$'000 |
|---|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 325,006 | 238,787 |
| Payments to suppliers and employees (inclusive of GST) | | (268,883) | (220,842) |
| Interest received | | 2 | - |
| Dividends received | | 439 | 265 |
| Finance costs | | (6,982) | (4,623) |
| Income tax paid | | (3,462) | (923) |
| Net cash provided by operating activities | 12 | 46,120 | 12,664 |
| Cash flow from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 1,114 | 145 |
| Payments for property, plant and equipment | | (7,744) | (15,257) |
| Net cash used in investing activities | | (6,630) | (15,112) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 3,438 | 19,636 |
| Repayment of lease liabilities | | (2,273) | (1,624) |
| Repayment of borrowings | | (21,551) | (7,756) |
| Net cash provided by/(used in) financing activities | | (20,386) | 10,256 |
| Net increase in cash and cash equivalents | | 19,104 | 7,808 |
| Cash and cash equivalents at beginning of half-year | | 11,363 | 12,200 |
| Effect of currency translation on cash and cash equivalents | | (10) | 2 |
| Cash and cash equivalents at end of half-year | | 30,457 | 20,010 |

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Notes to the consolidated interim financial report
for the half-year ended 31 December 2023

1 Statement of Significant Accounting Policies

Wagners Holding Company Limited (the 'Company') is a company domiciled in Australia. The consolidated interim financial report of the Company for the half-year ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as the 'Group'). The consolidated interim financial report was authorised for issue by the directors on 21 February 2024.

(a) Statement of compliance

The consolidated interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the information normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ending 30 June 2023; and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

(b) Basis of preparation

The accounting policies and methods of computation applied by the Group in the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2023 except for the adoption of new and amended standards as set out below.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business.

New and revised standards

A number of new or amended standards became applicable for the current reporting period. The impact of the adoption of these standards did not have any impact on the Group accounting policies and did not require retrospective adjustments.

(c) Critical accounting estimates and judgments

The preparation of the interim financial report 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.

1 Statement of Significant Accounting Policies (continued)

(c) Critical accounting estimates and judgments (continued)

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 annual report.

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.

Other amounts reflect corporate areas servicing 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.

2 Segment reporting (continued)

Reconciliations of reportable segment revenues & profit or loss.

| | CMS \$'000 | CFT \$'000 | EFC \$'000 | Other \$'000 | Total \$'000 |
|---|----------------|---------------|----------------|-----------------|-----------------|
| Half-year ended 31 December 2023 | | | | | |
| Segment revenue | 234,514 | 31,090 | 209 | 1,602 | 267,415 |
| Inter-segment elimination | (1,188) | (88) | - | (1,538) | (2,814) |
| Revenue from contracts with customers | 233,326 | 31,002 | 209 | 64 | 264,601 |
| Other income | 604 | 31 | 32 | 613 | 1,280 |
| Total revenue for the period | 233,930 | 31,033 | 241 | 677 | 265,881 |
| Profit before interest & income tax | 27,681 | 1,318 | (6,732) | (7,734) | 14,533 |
| Finance costs | | | | | (6,829) |
| Fair value adjustment on derivative instruments | | | | | (1,998) |
| Interest income | | | | | 2 |
| Income tax expense | | | | | (2,896) |
| Profit for the half-year | | | | | 2,812 |

| | CMS \$'000 | CFT \$'000 | EFC \$'000 | Other \$'000 | Total \$'000 |
|---|----------------|----------------|----------------|-----------------|-----------------|
| Half-year ended 31 December 2022 | | | | | |
| Segment revenue | 191,324 | 28,434 | 303 | 2,021 | 222,082 |
| Inter-segment elimination | (398) | - | (27) | (2,021) | (2,446) |
| Revenue from contracts with customers | 190,926 | 28,434 | 276 | - | 219,636 |
| Other income | 401 | (1) | - | 71 | 471 |
| Total revenue for the period | 191,327 | 28,433 | 276 | 71 | 220,107 |
| Profit before interest & income tax | 14,157 | (1,809) | (2,265) | (5,846) | 4,237 |
| Finance costs | | | | | (4,626) |
| Fair value adjustment on derivative instruments | | | | | (119) |
| Interest income | | | | | - |
| Income tax expense | | | | | (262) |
| Loss for the half-year | | | | | (770) |

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3 Revenue & expenses

| | 31 Dec 2023 \$'000 | 31 Dec 2022 \$'000 |
|--|-----------------------|-----------------------|
| (a) Revenue from contracts with customers | | |
| Revenue from contracts with customers | 264,601 | 219,636 |
| (b) Other income | | |
| Profit on sale of property, plant and equipment | 592 | 71 |
| Dividends received | 439 | 265 |
| Rent and hire received | 196 | 106 |
| Other income | 53 | 29 |
| | 1,280 | 471 |
| | 265,881 | 220,107 |

(c) Disaggregation of revenue

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

| | 31 Dec 2023 | | | | | 31 Dec 2022 | | | | |
|----------------------------|----------------|---------------|---------------|-----------------|-----------------|----------------|---------------|---------------|-----------------|-----------------|
| | CMS \$'000 | CFT \$'000 | EFC \$'000 | Other \$'000 | Total \$'000 | CMS \$'000 | CFT \$'000 | EFC \$'000 | Other \$'000 | Total \$'000 |
| Australia | | | | | | | | | | |
| Point-in-time | 180,117 | 18,948 | 13 | 63 | 199,141 | 175,286 | 9,053 | 142 | - | 184,481 |
| Over-time | 53,210 | 9,338 | - | - | 62,548 | 15,640 | 13,448 | - | - | 29,088 |
| United States | | | | | | | | | | |
| Over-time | - | 1,016 | - | - | 1,016 | - | 3,003 | - | - | 3,003 |
| United Kingdom | | | | | | | | | | |
| Point-in-time | - | - | 196 | - | 196 | - | 134 | - | - | 134 |
| New Zealand | | | | | | | | | | |
| Point-in-time | - | 1,700 | - | - | 1,700 | - | 1,820 | - | - | 1,820 |
| Over-time | - | - | - | - | - | - | 1,110 | - | - | 1,110 |
| Total point-in-time | 180,117 | 20,648 | 209 | 63 | 201,036 | 175,286 | 10,873 | 276 | - | 186,435 |
| Total over-time | 53,210 | 10,354 | - | - | 63,564 | 15,640 | 17,561 | - | - | 33,201 |
| | 233,327 | 31,002 | 209 | 63 | 264,601 | 190,926 | 28,434 | 276 | - | 219,636 |

(d) Expenses

Profit for the half year 31 December 2023 included:

- Increased employee benefits expenses of \$53,055,000 (1H FY23: \$45,014,000) and Repairs & maintenance of \$23,464,000 (1H FY23: \$18,864,000) against the prior corresponding period, mainly due to increased work on a large precast contract and bulk haulage contracts, and wage growth consistent with increased inflation.
- Other expenses included costs for Rental and hire of \$5,264,000 (1H FY23: \$6,037,000).
- Impairment charges of \$5,682,000 relating to the EFC divisions assets, affecting the statement of financial position items of property, plant & equipment (\$5,032k), inventory (\$248k) & provisions (\$402k). The impairment has been recognised as a result of the strategic review and scale back announced on 22 January 2024.

4 Income tax expense

| | 31 Dec 2023 \$'000 | 31 Dec 2022 \$'000 |
|--|-----------------------|-----------------------|
| Profit/(loss) before income tax expense | 5,708 | (508) |
| Prima facie tax payable using Australian tax rate of 30% (2022: 30%) | 1,712 | (152) |
| <i>Adjusted for:</i> | | |
| Current year tax losses and temporary differences not brought to account | 700 | 409 |
| Foreign tax rate differential | 581 | 67 |
| Other net non-deductible/(non-assessable) items | (97) | (62) |
| Income tax expense | 2,896 | 262 |

5 Trade and other receivables

| | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|---|-----------------------|-----------------------|
| Current | | |
| Trade receivables | 61,119 | 83,250 |
| Contract assets | 5,475 | 13,107 |
| Provision for expected credit loss of trade receivables | (1,126) | (1,314) |
| | 65,468 | 95,043 |
| Other receivables | 160 | 105 |
| | 65,628 | 95,148 |

6 Inventories

| | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|--------------------------|-----------------------|-----------------------|
| Raw materials and stores | 18,550 | 24,263 |
| Work in progress | 501 | 518 |
| Finished goods | 21,096 | 16,474 |
| | 40,147 | 41,255 |

7 Property, plant & equipment

| | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|--|-----------------------|-----------------------|
| Land & buildings | | |
| Land improvements & buildings – at cost | 27,477 | 27,427 |
| Less accumulated depreciation | (8,218) | (7,075) |
| | 19,259 | 20,352 |
| Plant & equipment | | |
| Plant & equipment – at cost | 189,498 | 187,844 |
| Less accumulated depreciation | (103,089) | (93,995) |
| | 86,409 | 93,849 |
| Motor vehicles | | |
| Motor vehicles – at cost | 67,760 | 67,844 |
| Less accumulated depreciation | (41,573) | (38,628) |
| | 26,187 | 29,216 |
| Assets under construction – at cost | 22,334 | 20,200 |
| Total property, plant & equipment | 154,189 | 163,617 |

(a) Movements in carrying amounts

| Half-year ended 31 December 2023 \$'000 | Land & buildings | Plant & equipment | Motor vehicles | Assets under construction | Total |
|--|---------------------|----------------------|-------------------|------------------------------|----------------|
| Opening net book value | 20,352 | 93,849 | 29,216 | 20,200 | 163,617 |
| Additions | - | 525 | 1,204 | 6,015 | 7,744 |
| Transfers between classes | 50 | 2,127 | 8 | (2,185) | - |
| Transferred to inventories | - | - | - | (1,635) | (1,635) |
| Impairment charges (note 2(d)) | (760) | (4,260) | (12) | - | (5,032) |
| Exchange differences | - | 154 | 43 | (61) | 136 |
| Depreciation | (383) | (5,966) | (3,611) | - | (9,960) |
| Disposals | - | (20) | (661) | - | (681) |
| Closing net book value | 19,259 | 86,409 | 26,187 | 22,334 | 154,189 |

8 Right-of-use assets & Lease liabilities

| | 31 Dec 2023 | | | 30 Jun 2023 | | |
|-------------------------------|-------------------|-----------------------|-----------------|-------------------|-----------------------|-----------------|
| | Current \$'000 | Non-current \$'000 | Total \$'000 | Current \$'000 | Non-current \$'000 | Total \$'000 |
| Right-of-use assets | | | | | | |
| Land improvements & buildings | - | 128,718 | 128,718 | - | 130,439 | 130,439 |
| Lease liabilities | | | | | | |
| Land improvements & buildings | (10,607) | (133,921) | (144,528) | (10,404) | (133,712) | (144,116) |

(a) Movements in carrying amounts

| Half-year ended 31 December 2023 \$'000 | Right-of use asset | Lease liability |
|--|-----------------------|--------------------|
| Opening net book value | 130,439 | (144,116) |
| Additions | - | - |
| Modifications/re-assessments ¹ | 2,685 | (2,685) |
| Payments | - | 5,331 |
| Depreciation ² | (4,406) | - |
| Interest | - | (3,058) |
| Closing net book value | 128,718 | (144,528) |

1 Modifications are the result of both the exercising of a lease terms extension option and also increased lease payments due to market reviews and inflation.

2 Profit or loss depreciation (\$3,876k) varies due to \$530k of depreciation capitalised into inventory.

9 Borrowings

| | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|---|-----------------------|-----------------------|
| Current | | |
| <i>Secured liabilities</i> | | |
| Finance facility | - | 15,694 |
| Chattel mortgages | 7,715 | 7,332 |
| | 7,715 | 23,026 |
| Non-current | | |
| <i>Secured liabilities</i> | | |
| Finance facility | 75,000 | 75,000 |
| Chattel mortgages | 3,911 | 6,712 |
| | 78,911 | 81,712 |
| Total current and non-current secured liabilities: | | |
| Finance facility | 75,000 | 90,694 |
| Chattel mortgages | 11,626 | 14,044 |
| | 86,626 | 104,738 |

There were no breaches of covenants during the period.

10 Issued capital and share based payments

Movement in share capital

| Date | Details | No. of shares | \$'000 |
|-------------------------|-------------------------------|--------------------|----------------|
| 1 July 2023 | Opening balance | 187,618,665 | 411,564 |
| | <i>No movements in period</i> | - | - |
| 31 December 2023 | Closing balance | 187,618,665 | 411,564 |

- During the half-year, tranches under its executive share option plan the Company issued 1,586,568 total share options (2022: 2,276,811) over ordinary shares, split equally in tranches over three performance periods. These options had a fair value at grant date of \$0.26 (Tranche 1), \$0.19 (Tranche 2) & \$0.15 (Tranche 3) per share option (2022: \$0.08 [Tranche 1], \$0.12 [Tranche 2] & \$0.15 [Tranche 3]).
- There were no movements in ordinary share capital of the Company in either the current or the prior half-year.

11 Earnings per share

| | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------|--------------|
| Profit/(loss) for the half year period (\$'000) | 2,812 | (770) |
| Weighted average number of shares for basic earnings per share (no. of shares) | 187,618,665 | 187,618,665 |
| Basic earnings per share (cents per share) | 1.5 | (0.4) |
| Weighted average number of shares for diluted earnings per share (no. of shares) | 191,594,336 | 192,794,127 |
| Diluted earnings per share (cents per share) | 1.5 | (0.4) |

12 Cash flow information

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

| | 31 Dec 2023 \$'000 | 31 Dec 2022 \$'000 |
|--|-----------------------|-----------------------|
| Profit/(loss) after income tax | 2,812 | (770) |
| Non-cash flows in profit/(loss) | | |
| Depreciation of property, plant & equipment | 9,960 | 9,991 |
| Depreciation of right-of-use assets | 4,406 | 3,536 |
| Amortisation of intangible assets | 60 | 60 |
| Fair value adjustment on derivative instruments | 1,998 | 119 |
| Net (gain)/loss on disposal of non-current assets | (432) | (71) |
| Performance rights | 67 | (249) |
| Impairment of EFC assets | 5,682 | - |
| Changes in operating assets and liabilities | | |
| (Increase)/decrease in trade and other receivables | 30,689 | (2,449) |
| (Increase)/decrease in other assets | (504) | (1,746) |
| (Increase)/decrease in inventories | 1,327 | 6,117 |
| (Increase)/decrease in deferred tax assets | (2,476) | (946) |
| Increase/(decrease) in income taxes payable | 1,910 | 285 |
| Increase/(decrease) in trade and other payables | (11,671) | (1,656) |
| Increase/(decrease) in provisions | 2,292 | 443 |
| Net cash provided by/(used in) operating activities | 46,120 | 12,664 |

13 Subsequent events

To the Directors' best knowledge, there has not arisen in the interval between 31 December 2023 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.



Wagners Holding Company Limited Directors' declaration

In the opinion of the Directors of Wagners Holding Company Limited:

- (a) the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) 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 Toowoomba, Queensland on 21 February 2024.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "Denis Wagner", written over a light grey horizontal line.

Mr Denis Wagner

Chairman

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Wagners Holding Company Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Wagners Holding Company Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) 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 Financial Report* section of our report. We are independent of the Company 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 the 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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.

Auditor's responsibility for the review of the 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 2023 and its financial 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.

BDO Audit Pty Ltd

BDO



D P Wright

Director

Brisbane, 21 February 2024