

**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 2021 to 31 December 2021
Prior corresponding period	1 July 2020 to 31 December 2020

<b>Results for announcement to the market</b>	<b>Half-year to 31 Dec 2021 \$'000</b>	<b>Half-year to 31 Dec 2020 \$'000</b>	<b>Change %</b>
Revenue from continuing operations	171,098	155,024	10%
Net profit/(loss) before tax from continuing operations	6,822	2,167	315%
Net profit/(loss) after tax from continuing operations	4,727	1,388	341%

Please refer to commentary in Directors' Report and associated presentation that was released to the market on 22 February 2021 for further commentary.

<b>Dividend information</b>	<b>Half-year to 31 Dec 2021 cents</b>	<b>Half-year to 31 Dec 2020 cents</b>	<b>Change %</b>
No interim dividend per ordinary share declared	-	-	-
There were no dividend reinvestment plans in operation during the period.			

<b>Net tangible assets per security</b>	<b>Half-year to 31 Dec 2021 \$</b>	<b>Half-year to 31 Dec 2020 \$</b>	<b>Change %</b>
Net tangible assets per ordinary shares	0.62	0.54	115%

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 2021 and management presentation for the half-year ended 31 December 2021.

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 2021**

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**Wagners Holding Company Limited**  
**Interim financial report**  
**for the half-year ended 31 December 2021**

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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 2021.

#### 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

#### 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 22 February 2022.

Operating Earnings before Interest, Tax, Depreciation and Amortisation is a non-IFRS disclosure. In the opinion of the Directors, the Group's EBITDA 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 2021 to allow shareholders to make a meaningful comparison with the results for the half year ended 30 June 2021 and for the half year ended 31 December 2020 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 the Group's Earnings before Interest & Tax (EBIT), providing users with the ability to assess Group performance outside of the significant investment being made into growing the EFC business.
- Showing the fair value changes on derivatives with finance costs, as management consider this to be a more appropriate reflection on finance costs.

## Operating and financial review (continued)

### Non statutory results (continued)

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

	1H FY 22 Actual \$'000	2H FY 21 Actual \$'000	1H FY 21 Actual \$'000
Revenue	170,956	165,455	154,889
Direct material and cartage costs	(77,247)	(68,313)	(67,592)
<b>Operating gross profit</b>	<b>93,709</b>	<b>97,142</b>	<b>87,297</b>
Other income	1,180	1,667	778
Operating expenses	(70,624)	(72,392)	(65,512)
<b>Operating EBITDA</b>	<b>24,265</b>	<b>26,417</b>	<b>22,563</b>
Depreciation & amortisation	(11,710)	(11,768)	(10,962)
<b>Operating EBIT</b>	<b>12,555</b>	<b>14,649</b>	<b>11,601</b>
EFC – EBIT	(1,878)	(1,168)	(817)
<b>Group EBIT</b>	<b>10,677</b>	<b>13,481</b>	<b>10,784</b>
Net finance costs	(5,916)	(5,484)	(5,466)
Fair value adjustment on derivative instruments	2,061	4,284	(3,151)
<b>Net profit before tax</b>	<b>6,822</b>	<b>12,281</b>	<b>2,167</b>
Income tax expense	(2,095)	(3,668)	(779)
<b>Net profit after tax</b>	<b>4,727</b>	<b>8,613</b>	<b>1,388</b>

Half year ended 31 December 2021 results compared to the prior corresponding periods were impacted by the following:

- Increased revenue from Cement, Concrete, Steel & CFT offset by lower revenue from Precast following completion of the initial Cross River Rail project (CRR).
- Operating EBIT reduction from 2H FY21 mainly due to lower contribution from CRR.
- Improved operating EBIT from 1H FY21 due to CRR & Cement.
- Continued expansion costs for USA and increase in EFC growth investment this half year.
- Continued increase in volumes from Concrete, however continued market pressure on concrete margins remain leading to disappointing earnings contribution from fixed concrete plants.

In the second half of this year we intend to:

- Begin manufacturing of CFT at our Texas facility.
- Begin manufacturing EFC through a facility in outer London (currently under construction).
- Increase activity in the Australian domestic pedestrian infrastructure and bridge division of CFT.
- Continue to invest heavily in our low carbon technology.

### Dividends

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

**Significant events occurring after the balance 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 2021.

**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 2021.

**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

22 February 2022

## Auditor's Independence Declaration



Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
[www.bdo.com.au](http://www.bdo.com.au)

Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

### DECLARATION OF INDEPENDENCE BY C K HENRY 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 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

**C K Henry**  
Director

**BDO Audit Pty Ltd**

Brisbane, 22 February 2022

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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 2021**

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue from contracts with customers	3(a)	171,098	155,024
Other income	3(b)	1,180	778
Direct material and cartage costs		(77,371)	(67,698)
Employee benefits expense		(34,137)	(27,063)
Depreciation – right-of-use assets	8	(3,109)	(2,784)
Depreciation and amortisation expense – other		(8,678)	(8,260)
Finance costs – lease liabilities	8	(2,143)	(2,087)
Net finance costs – other		(3,773)	(3,379)
Fuel		(2,109)	(2,490)
Contract work and purchased services		(4,457)	(6,814)
Freight and postal		(1,428)	(742)
Legal and professional		(826)	(738)
Rental and hire		(3,372)	(2,801)
Repairs and maintenance		(17,884)	(18,474)
Travel and accommodation		(2,960)	(3,660)
Utilities		(2,318)	(2,053)
Fair value adjustment on derivative instruments		2,061	(3,151)
Impairment (recovery) of trade receivables		(143)	227
Other expenses		(2,808)	(1,668)
<b>Profit before income tax</b>		<b>6,822</b>	<b>2,167</b>
Income tax expense	4	(2,095)	(779)
<b>Profit attributable to equity holders of the parent</b>		<b>4,727</b>	<b>1,388</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		39	95
		39	95
<b>Total comprehensive income attributable to equity holders of the parent</b>		<b>4,766</b>	<b>1,483</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	12	2.5	0.7
Diluted earnings per share	12	2.5	0.7

The accompanying notes form part of these financial statements



**Wagners Holding Company Limited**  
**Consolidated statement of financial position**  
**as at 31 December 2021**

	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		11,733	22,240
Trade and other receivables	5	43,421	50,015
Inventories	6	34,510	24,308
Derivative instruments		69	-
Other assets		2,398	618
<b>Total Current Assets</b>		<b>92,131</b>	<b>97,181</b>
<b>Non-current Assets</b>			
Other financial assets		7	7
Property, plant and equipment	7	147,552	141,508
Right-of-use assets	8	93,242	93,739
Intangible assets		2,343	2,402
Deferred tax assets		5,411	6,945
<b>Total Non-current Assets</b>		<b>248,555</b>	<b>244,601</b>
<b>Total Assets</b>		<b>340,686</b>	<b>341,782</b>
<b>Current Liabilities</b>			
Trade and other payables		36,478	43,077
Borrowings	9	10,676	8,450
Lease liabilities	8	7,143	6,666
Derivative instruments		1,903	3,849
Current tax liabilities		961	1,105
Provisions		9,388	9,170
<b>Total Current Liabilities</b>		<b>66,549</b>	<b>72,317</b>
<b>Non-current Liabilities</b>			
Borrowings	9	61,679	62,638
Lease liabilities	8	93,946	93,269
Derivative instruments		-	46
Provisions		626	559
<b>Total Non-current Liabilities</b>		<b>156,251</b>	<b>156,512</b>
<b>Total Liabilities</b>		<b>222,800</b>	<b>228,829</b>
<b>Net Assets</b>		<b>117,886</b>	<b>112,953</b>
<b>Equity</b>			
Issued capital		410,915	410,915
Pre IPO distributions to related entities		(354,613)	(354,613)
Reserves		151	386
Retained earnings		61,433	56,265
<b>Total Equity</b>		<b>117,886</b>	<b>112,953</b>

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 2021**

	Note	Share capital \$'000	Pre IPO distributions to related entities \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2020</b>		410,915	(354,613)	(159)	46,264	102,407
Profit for the half-year		-	-	-	1,388	1,388
Exchange differences from translation of foreign controlled entities, net of tax		-	-	95	-	95
<b>Total comprehensive income for the half-year</b>		-	-	95	1,388	1,483
<i>Transactions with owners in their capacity as owners:</i>						
Recognition of share based payments	11	-	-	146	-	146
<b>Balance at 31 December 2020</b>		<b>410,915</b>	<b>(354,613)</b>	<b>82</b>	<b>47,652</b>	<b>104,036</b>
<b>Balance at 1 July 2021</b>		<b>410,915</b>	<b>(354,613)</b>	<b>386</b>	<b>56,265</b>	<b>112,953</b>
Profit for the half-year		-	-	-	4,727	4,727
Exchange differences from translation of foreign controlled entities, net of tax		-	-	38	1	39
<b>Total comprehensive income for the half-year</b>		-	-	38	4,728	4,766
Employee options exercised		-	-	(440)	440	-
<i>Transactions with owners in their capacity as owners:</i>						
Recognition of share based payments	11	-	-	167	-	167
<b>Balance at 31 December 2021</b>		<b>410,915</b>	<b>(354,613)</b>	<b>151</b>	<b>61,433</b>	<b>117,886</b>

The accompanying notes form part of these financial statements

**Wagners Holding Company Limited**  
**Consolidated statement of cash flows**  
**for the half-year ended 31 December 2021**

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		195,978	183,130
Payments to suppliers and employees (inclusive of GST)		(185,593)	(146,113)
Interest received		19	35
Dividends received		281	364
Finance costs		(5,816)	(5,446)
Income tax paid		(705)	(2,581)
<b>Net cash provided by operating activities</b>	13	<b>4,164</b>	<b>29,389</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		269	210
Payments for property, plant and equipment		(14,787)	(6,602)
<b>Net cash used in investing activities</b>		<b>(14,518)</b>	<b>(6,392)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		10,480	1,323
Repayment of lease liabilities		(1,458)	(1,185)
Repayment of borrowings		(9,213)	(12,601)
<b>Net cash used in financing activities</b>		<b>(191)</b>	<b>(12,463)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,545)</b>	<b>10,534</b>
<b>Cash and cash equivalents</b>			
Cash at beginning of half-year		22,240	3,436
Effect of currency translation on cash and cash equivalents		38	94
<b>Cash at end of half-year</b>		<b>11,733</b>	<b>14,064</b>

The accompanying notes form part of these financial statements

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**Wagners Holding Company Limited**  
**Notes to the consolidated interim financial report**  
**for the half-year ended 31 December 2021**

**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 2021 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 22 February 2022.

**(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 2021; 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 2021 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's 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 2021 annual report.

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## 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 two 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.

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

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

## 2 Segment reporting (continued)

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

	CMS \$'000	CFT \$'000	EFC \$'000	Other \$'000	Total \$'000
<b>Half-year ended 31 December 2021</b>					
Segment revenue	153,180	18,459	142	825	172,606
Inter-segment elimination	(829)	(36)	(83)	(560)	(1,508)
<b>Revenue from contracts with customers</b>	152,351	18,423	59	265	171,098
Other income	885	98	-	197	1,180
<b>Total revenue for the period</b>	<b>153,236</b>	<b>18,521</b>	<b>59</b>	<b>462</b>	<b>172,278</b>
<b>Profit before interest &amp; income tax</b>	<b>18,608</b>	<b>374</b>	<b>(1,877)</b>	<b>(6,428)</b>	<b>10,677</b>
Finance costs					(5,935)
Fair value adjustment on derivative instruments					2,061
Interest income					19
Income tax expense					(2,095)
<b>Profit for the half-year</b>					<b>4,727</b>

	CMS \$'000	CFT \$'000	EFC \$'000	Other \$'000	Total \$'000
<b>Half-year ended 31 December 2020</b>					
Segment revenue	139,534	15,992	135	605	156,266
Inter-segment elimination	(880)	-	(45)	(317)	(1,242)
<b>Revenue from contracts with customers</b>	138,654	15,992	90	288	155,024
Other income	548	82	-	148	778
<b>Total revenue for the period</b>	<b>153,236</b>	<b>16,074</b>	<b>90</b>	<b>436</b>	<b>155,802</b>
<b>Profit before interest &amp; income tax</b>	<b>14,811</b>	<b>2,241</b>	<b>(817)</b>	<b>(5,451)</b>	<b>10,784</b>
Finance costs					(5,501)
Fair value adjustment on derivative instruments					(3,151)
Interest income					35
Income tax expense					(779)
<b>Profit for the half-year</b>					<b>1,388</b>

### 3 Revenue & expenses

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>(a) Revenue from contracts with customers</b>		
Revenue from contracts with customers	171,098	155,024
<b>(b) Other income</b>		
Profit on sale of property, plant and equipment	153	158
Dividends received	281	364
Rent and hire received	48	107
Other income	698	149
	<b>1,180</b>	<b>778</b>
	<b>172,278</b>	<b>155,802</b>

### (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 2021					31 Dec 2020				
	CMS \$'000	CFT \$'000	EFC \$'000	Other \$'000	Total \$'000	CMS \$'000	CFT \$'000	EFC \$'000	Other \$'000	Total \$'000
Australia										
Point-in-time	152,216	6,973	59	265	159,513	138,506	9,321	90	288	148,205
Over-time	-	9,184	-	-	9,184	-	6,565	-	-	6,565
United States										
Over-time	-	1,343	-	-	1,343	-	106	-	-	106
New Zealand										
Point-in-time	-	656	-	-	656	-	-	-	-	-
Over-time	-	267	-	-	267	-	-	-	-	-
PNG & Malaysia										
Point-in-time	135	-	-	-	135	148	-	-	-	148
<b>Total point-in-time</b>	<b>152,351</b>	<b>7,629</b>	<b>59</b>	<b>265</b>	<b>160,304</b>	<b>138,654</b>	<b>9,321</b>	<b>90</b>	<b>288</b>	<b>148,353</b>
<b>Total over-time</b>	<b>-</b>	<b>10,794</b>	<b>-</b>	<b>-</b>	<b>10,794</b>	<b>-</b>	<b>6,671</b>	<b>-</b>	<b>-</b>	<b>6,671</b>



#### 4 Income tax expense

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Profit before income tax expense</b>	<b>6,822</b>	<b>2,167</b>
Prima facie tax payable using Australian tax rate of 30% (2020: 30%)	2,047	650
<i>Adjusted for:</i>		
Non-deductible expenses	48	129
<b>Income tax expense</b>	<b>2,095</b>	<b>779</b>

#### 5 Trade and other receivables

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current</b>		
Trade receivables	41,904	49,985
Provision for expected credit loss of trade receivables	(1,039)	(759)
	<b>40,865</b>	<b>49,226</b>
Contract assets	2,326	767
Other receivables	230	22
	<b>43,421</b>	<b>50,015</b>

While the COVID-19 situation remains fluid and has seen a number of industries severely economically impacted, the Group has not adjusted its expected loss rate in the half-year ended 31 December 2021 due to it seeing no current trend with its customers extending outside payment terms. In addition, the Group foresees significant Government backed spending in the construction and infrastructure sectors in the coming financial periods.

#### 6 Inventories

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Raw materials and stores	19,640	11,894
Work in progress	679	747
Finished goods	14,191	11,667
	<b>34,510</b>	<b>24,308</b>

Due to the current and most recent ocean freight conditions with significant delays experienced worldwide and future work on hand, the Group brought forward purchases of raw materials and stockpile these locally until market conditions stabilise.

## 7 Property, plant & equipment

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Land &amp; buildings</b>		
Land improvements & buildings – at cost	22,268	22,231
Less accumulated depreciation	(6,075)	(5,722)
	<b>16,193</b>	<b>16,509</b>
<b>Plant &amp; equipment</b>		
Plant & equipment – at cost	157,813	159,203
Less accumulated depreciation	(78,591)	(78,059)
	<b>79,222</b>	<b>81,144</b>
<b>Motor vehicles</b>		
Motor vehicles – at cost	52,410	50,422
Less accumulated depreciation	(28,065)	(24,829)
	<b>24,345</b>	<b>25,593</b>
Assets under construction – at cost	<b>27,792</b>	<b>18,262</b>
<b>Total property, plant &amp; equipment</b>	<b>147,552</b>	<b>141,508</b>

### (a) Movements in carrying amounts

Half-year ended 31 December 2021 \$'000	Land & buildings	Plant & equipment	Motor vehicles	Assets under construction	Total
Opening net book value	16,509	81,144	25,593	18,262	141,508
Additions	37	3,035	2,185	9,530	14,787
Exchange differences	-	2	(11)	-	(9)
Depreciation	(353)	(4,871)	(3,394)	-	(8,618)
Disposals	-	(88)	(28)	-	(116)
<b>Closing net book value</b>	<b>16,193</b>	<b>79,222</b>	<b>24,345</b>	<b>27,792</b>	<b>147,552</b>

## 8 Right-of-use assets & Lease liabilities

	31 Dec 2021			30 Jun 2021		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
<b>Right-of-use assets</b>						
Land improvements & buildings	-	93,242	93,242	-	93,739	93,739
<b>Lease liabilities</b>						
Land improvements & buildings	(7,143)	(93,946)	(101,089)	(6,666)	(93,269)	(99,935)

### (a) Movements in carrying amounts

Half-year ended 31 December 2021 \$'000	Right-of use asset	Lease liability
Opening net book value	93,739	(99,935)
Additions	1,980	(1,980)
Modifications	632	(632)
Payments	-	3,601
Depreciation	(3,109)	-
Interest	-	(2,143)
<b>Closing net book value</b>	<b>93,242</b>	<b>(101,089)</b>

## 9 Borrowings

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current</b>		
<i>Secured liabilities</i>		
Chattel mortgages	10,676	8,450
	<b>10,676</b>	<b>8,450</b>
<b>Non-current</b>		
<i>Secured liabilities</i>		
Finance facility	56,500	56,500
Chattel mortgages	5,179	6,138
	<b>61,679</b>	<b>62,638</b>
<b>Total current and non-current secured liabilities:</b>		
Finance facility	56,500	56,500
Chattel mortgages	15,855	14,588
	<b>72,355</b>	<b>71,088</b>

There were no breaches of covenants during the period.

## 10 Issued capital

### Movement in share capital

Date	Details	No. of shares	\$'000
1 July 2021	Opening balance	187,196,887	410,915
21 December 2021	Shares issued – employee share plan trust <sup>1</sup>	421,778	-
<b>31 December 2021</b>	<b>Closing balance</b>	<b>187,618,665</b>	<b>410,915</b>

1 Shares were issued to the employee share plan trust for the total employee options issued under the long term incentive plan which achieved vesting conditions.

## 11 Share based payments

As part of the previously disclosed Long Term Incentive Plan (Omnibus Incentive Plan) for Company employees, the Company issued 828,285 options on 26 November 2021 with the following vesting conditions:

1	<b>Vesting Dates</b>	Tranche 1 – 31 August 2022 Tranche 2 – 31 August 2023 Tranche 3 and prior unvested options – 31 August 2024
2	<b>Vesting Conditions</b>	<p>For Tranche 1 the vesting conditions are set out as follows:</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 Options shall vest; or</li> <li>(b) at least 12.5% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Options shall vest; or</li> <li>(c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Options shall vest.</li> </ul> <p>The Target EPS for Tranche 2 is 32% increase on the Offer EPS (Tranche 2 Target EPS) &amp; for Tranche 3 is 10% increase on the Tranche 2 Target EPS, with the following conditions:</p> <ul style="list-style-type: none"> <li>(a) at least 10% (but less than 12.5%) higher than the Tranche Target EPS, 50% of the respective Tranche Options shall vest; or</li> <li>(b) at least 12.5% (but less than 15%) higher than the Tranche Target EPS, 75% of the respective Tranche Options shall vest; or</li> <li>(c) at least 15% higher than the Tranche Target EPS, 100% of the respective Tranche Options shall vest.</li> </ul> <p><b>Additional vesting terms</b></p> <p>Any Tranche 1 or 2 Options which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively 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 Options were issued.

## 11 Share based payments (continued)

As well as the above options, on 26 November 2021 the Company also issued options 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 table below:

1	<b>Number of Options</b>	438,064	1,013,711
2	<b>Expiry Date</b>	26 November 2024	26 November 2025
3	<b>Vesting Dates</b>	Tranche 1 and additional options – 31 August 2022	Tranche 1 – 31 August 2022 Tranche 2 and additional options – 31 August 2023
4	<b>Vesting Conditions</b>	<p>For Tranche 1 the vesting conditions are set out as follows:</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 Options shall vest; or</li> <li>(b) at least 10% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Options shall vest; or</li> <li>(c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Options shall vest.</li> </ul> <p><b>Additional vesting terms</b></p> <p>Where Tranche 1 EPS is at least 20% higher than the Offer EPS, all additional options issued shall vest.</p>	<p>For Tranche 1 the vesting conditions are set out as follows:</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 Options shall vest; or</li> <li>(b) at least 10% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Options shall vest; or</li> <li>(c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Options shall vest.</li> </ul> <p>The Target EPS for Tranche 2 is 33% increase on the Offer EPS (Tranche 2 Target EPS), with the following conditions:</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 Options 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 Options shall vest; or</li> <li>(c) at least 15% higher than the Tranche 2 Target EPS, 100% of the Tranche 2 Options shall vest.</li> </ul> <p><b>Additional vesting terms</b></p> <p>Any prior Tranche Options which did not vest on the respective Tranche Vesting Date and the additional options issued 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>

## 11 Share based payments (continued)

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

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

The total expense for all share based payment recognised through Profit or Loss for the half year 31 December 2021 was \$167,108. The expense was calculated based on the probability of vesting conditions being met and the fair value of options granted. During the half year ended 31 December 2021, a total of 266,623 options were exercised for a nil exercise price. This had a nil impact on the value of share capital.

## 12 Earnings per share

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Profit/(loss) attributable to ordinary shareholders of the Company	4,727	1,388
Weighted average number of shares for basic earnings per share	187,219,810	187,196,887
<b>Basic earnings per share (cents per share)</b>	<b>2.5</b>	<b>0.7</b>
Weighted average number of shares for diluted earnings per share	191,085,824	189,070,440
<b>Diluted earnings per share (cents per share)</b>	<b>2.5</b>	<b>0.7</b>

### 13 Cash flow information

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

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Profit/(loss) after income tax	4,727	1,388
<b>Non-cash flows in profit/(loss)</b>		
Depreciation of property, plant & equipment	8,618	8,200
Depreciation of right-of-use assets	3,109	2,784
Amortisation of intangible assets	60	60
Fair value adjustment on derivative instruments	(2,061)	3,151
Net (gain)/loss on disposal of non-current assets	(153)	(158)
Performance rights	167	146
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	6,598	10,945
(Increase)/decrease in other assets	(1,775)	(1,478)
(Increase)/decrease in inventories	(10,202)	(3,141)
(Increase)/decrease in current tax assets	(144)	(246)
(Increase)/decrease in deferred tax assets	1,534	(1,556)
Increase/(decrease) in trade and other payables	(6,599)	9,334
Increase/(decrease) in provisions	285	(40)
<b>Net cash provided by/(used in) operating activities</b>	<b>4,164</b>	<b>29,389</b>

### 14 Subsequent events

To the Directors' best knowledge, there has not arisen in the interval between 31 December 2021 and the date of this report any item, any other transaction or event of a material and unusual nature that will, or may, significantly affect the operations of the Group.

## Wagners Holding Company Limited

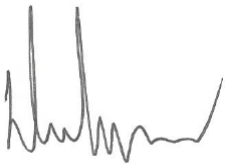
### Directors' declaration

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 2021 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 22 February 2022.

Signed in accordance with a resolution of the Directors.



**Mr Denis Wagner**

Chairman



## 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 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2021 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.

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### 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 2021 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



C K Henry  
Director

Brisbane, 22 February 2022