

For personal use only



Commercial Project
Corner Joint Window

A CLEARER VIEW EMERGES

Bulk Glass Storage
with full PPE



Disruptive international shipping has required us to be focused to maintain supply throughout our network.

A PROBLEM-SOLVING APPROACH

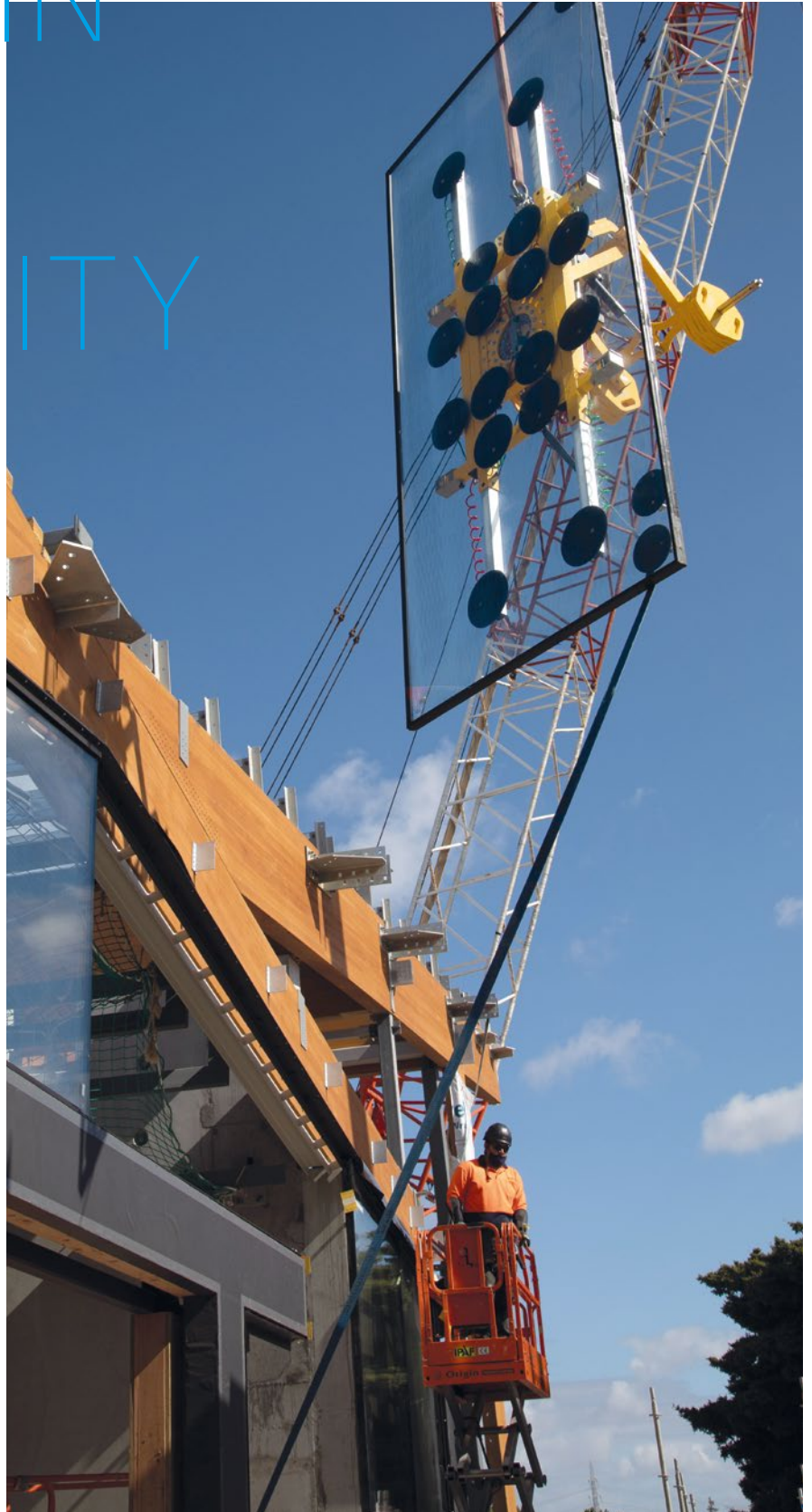
For personal use only

For personal use only

PEOPLE REMAIN OUR PRIORITY

Our investments in safety, wellbeing and training mean that our people have the necessary knowledge, equipment and processes to produce and install high-quality products safely.

Specialist Glass Installation Equipment, this image 1.1 tonne double glazed unit



For personal use only

DELIVERING DESPITE DISRUPTIONS

Our customer surveys continue to show positivity and strength as we work with our customers in a challenging and disruptive environment.

Residential Home
with Low E Double Glazing



Furnace Operating,
Producing Toughened Safety Glass



Our strategy is underpinned by investing in world-class equipment that produces high-quality and high-performance glass products. Metroglass' range, capability and expertise mean it is well positioned to deliver on the upcoming building insulation standard changes in FY23 for both New Zealand and Australia.

For personal use only

INVESTING
IN OUR
FUTURE

Residential Home,
Toughened Safety Glass Shower Screen



For personal use only

For personal use only

CONTENTS

| | |
|-----------------------------------|----|
| Our Year in Review | 6 |
| Chair and CEO Report | 8 |
| How we Operate | 12 |
| New Zealand Market Review | 14 |
| Australian Glass Group | 16 |
| Our Strategy | 18 |
| ESG / Sustainability | 20 |
| Board of Directors | 22 |
| Senior Leadership Team | 24 |
| Financial Statements | 27 |
| Notes to the Financial Statements | 33 |
| Independent Auditor's Report | 62 |
| Corporate Governance | 68 |
| Remuneration Report | 76 |
| Statutory Information | 80 |
| Company Directory | 85 |

OUR YEAR



NEW ZEALAND
REVENUE

EBIT¹ \$7.4_m (61%)



AUSTRALIAN GLASS
GROUP REVENUE

EBIT \$(0.3)_m +57%

Group profitability significantly impacted by lockdowns in New Zealand and higher supply chain costs.

\$236.1_m
GROUP REVENUE
(FY21: \$232.3m)

\$5.9_m
Group EBIT¹
(FY21: \$17.2m)

\$52.3_m
Net Debt
(FY21: \$48.0m)

3.78_x
Leverage Ratio²
(FY21: 1.7x)

\$10.5_m
CAPEX
(FY21: \$6.0m)

For personal use only

IN REVIEW

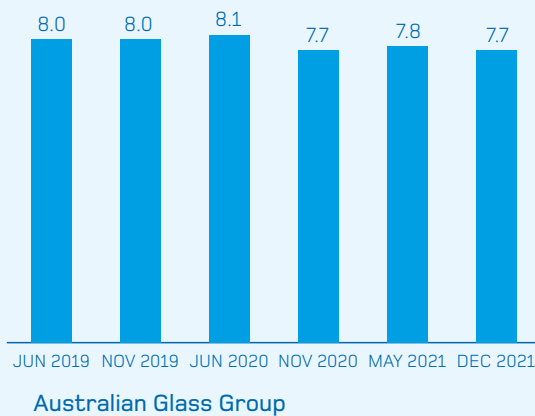
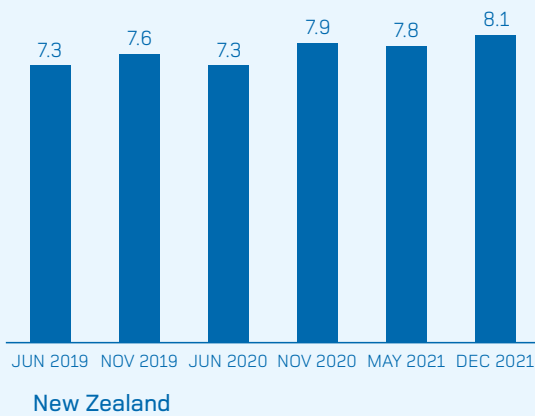


GROWTH IN RETROFIT



AUSTRALIAN GLASS GROUP DOUBLE GLAZING SALES GROWTH

Customer survey results show sustained satisfaction¹



¹ Survey question: "On a scale of 1 to 10, how likely are you to recommend Metroglass to a friend or colleague?"

For personal use only

CHAIR AND CEO REPORT



PETER GRIFFITHS
Chair



SIMON MANDER
CEO

For a second successive year the pandemic has had a material impact on the profitability of the company.

While COVID-19 has caused disruption, a range of other ongoing external pressures have also affected our activities during the year and restricted our ability to operate efficiently. We have taken steps to manage and mitigate these challenges in accordance with our strategy of customer focus, quality and efficiency.

We have managed to service our customers well during these difficult times. We haven't resolved everything yet, however. Heading into the new financial year, we're still experiencing intermittent staff shortages due to Omicron, broader labour market challenges are apparent, input costs are rising and there is still the potential for continued shipping disruption.

However, operational pressures are now easing, customer demand remains robust, and to address cost pressures significant adjustments to pricing have been implemented. Further changes are under consideration.

Our strategic actions and investment in double glazing processing and high-performance glass have prepared us for the upcoming changes in residential building regulation in both New Zealand and Australia. We look forward to maintaining this momentum in FY23 and beyond.

Restrictions Severely Impact Performance

All of our processing plants in New Zealand were locked down during the typically busy August period, with the Auckland closure of our main facility extending into mid-September. As in previous lockdowns, we continued to pay our people, provided wellbeing support, stayed connected with customers, and undertook a range of actions to minimise the financial impacts.

In contrast, Australian Glass Group (AGG) were able to maintain operations throughout the year but were impacted by reduced employee availability and the fast-evolving state-by-state testing and isolation requirements that affected manufacturing efficiency.

Global supply chains have been strained for most of the year. Our agile approach in balancing the available supply to our national demand footprint and increases in our safety levels has enabled us to manage stock volatility without significant difficulties for our customers.

The rapid increases in input costs highlighted in the first half have continued and have been addressed in significant cumulative price increases in New Zealand and in Australia. However, the lag in their effective dates means that this will only be fully recognised in the coming financial year.

Financial Performance

The group achieved revenue of \$236.1 million (2% higher than the prior year) supported by strong growth in Australia and solid activity before and after the lockdown period in New Zealand.

Profitability for the group was significantly impacted by higher input costs, supply chain disruptions and the New Zealand lockdown. Group Earnings Before Interest and Tax (EBIT) reduced by 66%, to \$5.9 million. Reported Net Loss After Tax was (\$0.5) million.

The fourth quarter of the financial year improved over the prior comparable period as we began regaining momentum in performance post the recent Omicron outbreak. Managing cost pressures remain a priority, and we expect margins to improve as the implemented price increases flow into FY23.

Strategic Choices Set Up Metroglass for the Future

This year we have continued to strengthen Metroglass' strategic position with targeted investments that deliver increased capability, capacity and quality. In New Zealand, our investment ensures we have strong capabilities ready in place for the building insulation standard changes effective from November 2022. AGG's capital expenditure was focused on operational efficiency to support double-glazing sales growth ahead of National Construction Code changes coming into force later in FY23.

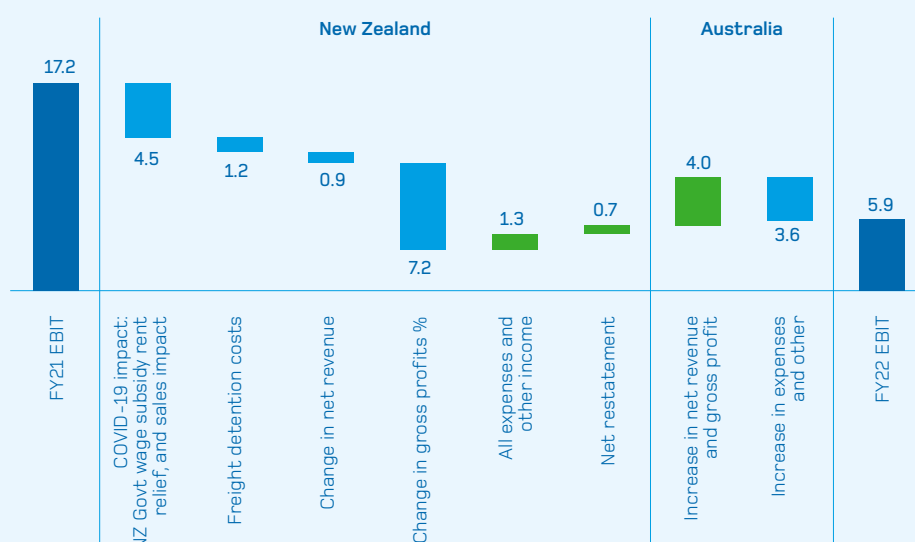
The group also progressed well with projects that deliver sustained improvements in customer service across all of our channels. This has resulted in record levels of customer satisfaction in New Zealand, with our most recent customer survey the highest rating since we started surveying in 2019. In AGG, customers continue to rate us highly.



Group revenue supported by strong growth in Australia, but impacted by the New Zealand lockdowns

Group EBIT

Group EBIT declined from \$17.2 million (restated¹) to \$5.9 million primarily as a result of New Zealand's lockdown in August and September, higher glass and freight costs, and freight detention charges. These increased supply chain costs were severe and had an immediate effect on gross profit. Market pricing adjustments have been implemented to recover margins; however, these are not fully recognised in FY22. Pleasingly, AGG's EBIT improved by \$0.4 million compared to FY21. Despite an increase in sales and gross profit, it was largely offset by an increase in COVID-19 restriction and supply chain-related costs.



1 Certain comparative amounts have been restated, refer note 6.7

Our strategic programme continues to unlock the potential of the business, with investments in capability and quality as well as a strong focus on improving our offering to customers.

For personal use only



Low E Double Glazing, allowing large walls of glass to maximise open living.

Capital Management

For some time, the board has had a clear focus on debt reduction, and this has placed us in a strong position to manage the impacts resulting from the pandemic. During the year, we continued to invest in planned capital expenditure and increased stock levels, which resulted in our net debt increasing from \$48.0 million to \$52.3 million.

Consequently, Metroglass' net debt to EBITDA ratio rose to 3.78x at 31 March 2022. In our FY21 Annual Report we outlined our capital management approach. We continue to hold to this with free cash prioritised towards essential capital expenditure and reducing debt to a point when consideration can be given to the resumption of dividends.

It remains the board's intention to resume a dividend programme as soon as business conditions allow.

Outlook

We have seen residential consenting actively in New Zealand reach record levels. We expect building activity to remain at current levels for the balance of the year, given the capacity constraints in the industry. Similar conditions are expected in Australia as strong approvals and a capacity-constrained industry have elongated the pipeline of construction.

The pandemic continues to drive an uncertain outlook in the short to medium term, and there is well-publicised risk of ongoing supply chain delays, labour shortages, increasing interest rates and cost inflation. Our focus will be on gross margin improvement, to manage the inflationary pressures in our supply chain and the constraints on labour that are not expected to improve in the near term.

Our strategic programme continues to unlock the potential of the business, with investments in capability and quality as well as a strong focus on improving our offering to customers. These will all create value opportunities for the business alongside building code regulation change in our markets.

In what has been another incredibly challenging year, we'd like to take this opportunity, on behalf of the board and management team, to thank our employees, customers, suppliers and shareholders for their continued commitment and support.



PETER GRIFFITHS
Metroglass Chair



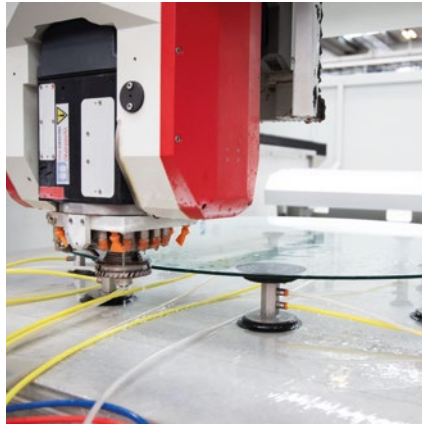
SIMON MANDER
Metroglass CEO

Church Artwork Digitally Printed
onto 4m Glass Panes.



For some time, the board has had a clear focus on debt reduction, and this has placed us in a strong position to manage the impacts resulting from the pandemic.

HOW WE OPERATE



Source float and specialty glass such as Low E from international suppliers



Processing



Products

- Cutting
- Edgework
- Shapes
- Toughening
- Heat strengthening
- Heat soaking
- Laminating
- Digital printing

- Safety & security glass
- Double glazing
- Triple glazing
- Frameless glass balustrades
- Frameless glass showers
- Glass canopies
- Facade glass
- Glazing services
- Glass engineering services

Making the most of our competitive advantages

Customer Service

Dedicated customer service experts provide technical support and advice to customers.

Manufacturing Complexity and Scale

Significant investment in processing automation delivers price and range advantage with short lead times.

Distribution Footprint

A powerful distribution network provides local connection supported by an international supply chain. A total of 7 processing sites spanning Australia and New Zealand, and 12 branches or retail sites geographically spread across New Zealand.

Glass Engineering Services

Our team of technical experts solve complex glass design problems that meet stringent compliance standards, for our customers.

Extensive Range

Market-leading technology and broad product range are underpinned by strong relationships with leading global glass manufacturers that enables scale, capacity and innovation.

In-house Glazing

215 glazing employees, plus additional contractors, means aligned installation support to meet customers' needs.

For personal use only



Markets

NEW ZEALAND

- Residential
- Retrofit double glazing
- Commercial glazing

AUSTRALIA

- Residential

\$58.1m

Australia revenue
+11%

\$178.0m

New Zealand revenue
(1%)

Metro Performance Glass is at the forefront of providing high-performance glass and industry-leading service to Australasian residential and commercial glazing markets. We have an extensive network of seven Australasian processing plants and 12 distribution or retail sites across New Zealand.

882

Total employees in New Zealand



227

Total employees in Australia



- METRO DISTRIBUTION SITES
- METRO PROCESSING SITES

Metroglass is the largest glass processor in New Zealand and operates a diversified channel strategy across residential, commercial glazing and Retrofit. Our four regionally spread processing plants and 12 Metro Direct branches allow us to provide the local connections and service that our customers value, backed by a resilient international network.

Strong activity before and after the lockdown period has delivered a solid revenue of \$178.0 million, \$1.8 million (or 1%) lower than the prior year. However, disrupted supply chains, elevated input costs and the lockdown period have significantly impacted profitability as EBIT declined to \$7.4 million (FY21: \$18.7 million).

The business introduced a series of price increases to account for the inflationary factors; however, these will not be fully realised until FY23. In FY22, gross profit margin declined from 48.0% to 43.3%.



NEW ZEALAND MARKET REVIEW

Hotel Canopy Laminated Toughened
Safety Glass with PET Coloured Films.

This is the second year that a lockdown has significantly impacted the New Zealand business, compounding the affects of an already strained supply chain and dampening momentum across the industry. Our focus has remained on strong and clear communication with customers, sufficient stock levels, and operational stability that provides certainty to the market.

The recent Omicron outbreak has placed pressure on processing facilities with elevated absenteeism, particularly in February and March 2022. This is now beginning to abate. Recruitment remains a key focus this year in order to maintain efficiency across the business.

The Residential segment delivered revenue of \$115.6 million, 2% below the prior year. Our efforts to diversify the customer portfolio are progressing well and are reflected in a stable market share. The lockdowns and wider supply chain disruptions created a series of project delays in the commercial glazing segment this year, as revenue declined 9% to \$33.5 million.

In our Retrofit segment we have continued to see strong growth, with revenue increasing 16% to \$28.9 million.

Metroglass is well positioned for upcoming changes to building insulation standards in New Zealand.

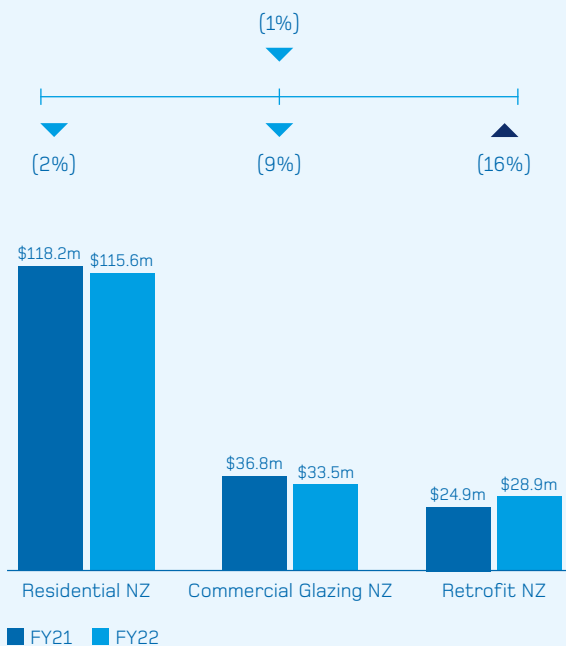
In late November 2021 the Ministry for Business, Innovation and Environment (MBIE) announced that they would be introducing changes to the minimum thermal performance requirements for compliance with the Building Code Clause H1 Energy Efficiency.

The changes introduce six new climate zones to better reflect the specific weather experienced in different parts of New Zealand. This ensures buildings are built with specific minimum insulation requirements for their local climate.

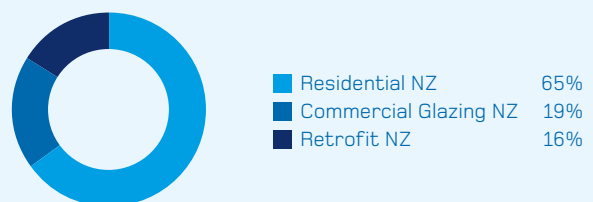
This is a significant change and will almost universally require the use of Low Emissivity (Low E) glass in windows. There is a one-year transition period for the sector to understand and prepare for the changes before they become mandatory from November 2022.

Metroglass passionately supports this change to achieve warmer, healthier and drier homes in New Zealand. The business has made significant investments in Low E technology and processing capability in recent years. We have an experienced team, world-class facilities, and a range of high-performing Low E glass specifications, which means we are well positioned to service this evolving market.

FY22 revenue by segment



Segmental split by revenue



NZ revenue

\$178m
(1%)

NZ EBIT

\$7.4m
(61%)

Customer survey result

8.1/10¹

¹ Survey question: "On a scale of 1 to 10, how likely are you to recommend Metroglass to a friend or colleague?"

For personal use only

AUSTRALIAN GLASS GROUP

The transformation of Australian Glass Group (AGG) into a specialist double-glazing business has gained momentum through FY22 despite the headwinds of COVID-19 restrictions, disruptions to international supply chains and reduced employee availability.

AGG's three processing plants servicing the south-east Australian markets have operated well, managing the evolving state requirements, and limiting impacts to its customers.

Despite the disruptive environment, AGG generated strong sales and delivered an 11% increase in revenue to \$58.1 million. AGG's EBIT loss of \$0.3 million improved \$0.4 million on the prior year and is a marked improvement on FY19.

Market pricing in Australia has trended positively, in-part reflecting the cost inflation pressures but also in recognition of the increasing value of glass throughout the industry. Gross Margin improved to 28.4% from 23.7% supported by the increase in pricing and solid operational disciplines.

Throughout the year, market conditions have remained positive in the construction sector, supported by a number of state and federal initiatives.



only use original for all

Insulglass Low E Plus® allowing high glass-to-wall ratios and yet significant insulation with both high clarity and visible light.



Late in the financial year New South Wales was once again impacted by large-scale flooding, disrupting the supply chain. Pleasingly, activity in the State has now begun to rebound.

As AGG enter the next phase of their turnaround strategy, their focus remains on consistent operating performance, profitability and benefiting from regulatory changes that will accelerate the adoption of double-glazing in the south-east of Australia. In FY22, double-glazing sales grew 14%.

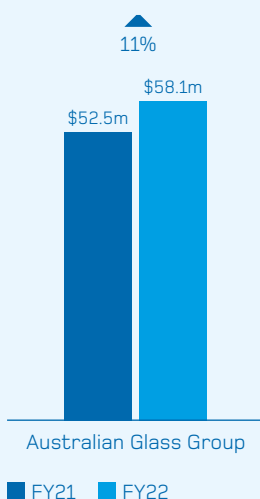
AGG prepare for growth in double glazing adoption as National Construction Code changes.

The growing use of double glazing in south-east Australia, supported by upcoming National Construction Code (NCC) changes, continues to underpin our revenue growth and future strategy.

The proposed NCC changes in Energy Efficiency are due to be released during FY23 and will impact AGG and the Australian glazing Industry.

This change increases the thermal performance requirements for new residential buildings and will result in a minimum standard of double glazing in colder climate zones, for example Canberra, the majority of Victoria and all of Tasmania. Currently compliance with the industry standard and construction code is satisfied through single glazed windows. Additionally, where standard aluminium frames are used in colder climates (which is the majority of our market), there will also be higher demand in more advanced high Low E double glazing.

FY22 revenue growth



Customer survey results

7.7/10¹

¹ Survey question: "On a scale of 1 to 10, how likely are you to recommend Metroglass to a friend or colleague?"

Double glazing growth FY22²

14%
(FY21 9%)

² As measured by double glazing revenue

AGG revenue

\$58.1m
+11%

AGG EBIT Loss

\$(0.3)m
+57%

OUR STRATEGY

What

OUR VISION
To be the leader
in glass solutions

Why

OUR PURPOSE
Making lives
brighter every day

How

FOR CUSTOMERS
By providing the best service
FOR OUR PEOPLE
By providing a great place to work

The Metro Way

SAFETY

Working safe,
living well

PRODUCT AND PROCESS QUALITY

Right first time,
every time

OUR CUSTOMER

At the centre of
everything we do

OUR PEOPLE

We value,
inspire, train and
develop our team

OWNING OUR WORK

We take
responsibility and
work as one team

For personal use only

1

Deliver market-leading customer service to our customers

Quality and service are key differentiators for our customers and critical to their success and profitability.

- NZ market share in the key Residential segment for FY22 was stable compared to FY21, driven by a focus on customer retention and customer acquisition strategies
- Conducted our sixth group-wide customer survey, with New Zealand achieving their highest result with 8.1 out of 10¹
- AGG results remained strong at 7.7 out of 10
- Further developed the AGG business as a leading supplier of high-performance double glazing in south-east Australia, positioning well for the upcoming National Construction Code (NCC) changes that will necessitate the use of double glazing in colder climate

2

Develop our organisational capabilities

Our people are the key to unlock our value proposition and critical relationships with customers. To cultivate this we are investing in our people, their capabilities and our support systems.

- Implemented an environmental and health monitoring programme for capturing baseline, new and ongoing data for environmental and personal exposure to job-related health hazards to develop an informed hazard management plan
- Continued the implementation of our online safety management platform for capturing and reporting safety and health data to facilitate effective risk management through measurement and recording of KPIs, action plans and compliance assurance
- We continue to support, upskill and build capability in our production and glazing, with more than 79 apprentices enrolled. In FY22, 8 employees completed their qualification

3

Uphold our scale strength through product and channel leadership

Metroglass' scale and leadership position in the New Zealand flat-glass market provides advantages across customer support, procurement, manufacturing and distribution.

We will continue to operate across multiple channels in NZ, offering varied cycle exposures and growth opportunities.

AGG operate in a much larger and more fragmented market where a smaller targeted player can be successful. AGG will continue to build a strong market position targeted on providing double glazing and high-performance glass in the south-east Australian market.

Glass is a rapidly evolving product and we are well placed to continue to provide market-leading offerings.

- Retrofit, our direct-to-consumer business, again strengthened its channel leadership position with revenue increasing 16% as consumers spent more on home renovation
- Provided commercial and technical leadership through the H1 Building Code industry consultation process, culminating in a number of changes announced by the Ministry of Business, Innovation and Environment (MBIE) that recognises the significant thermal performance improvements available through the use of high-performing Low E glass
- AGG continued to grow their high-performance double-glazing product offering, increasing double-glazing sales by 14%

4

Leverage our scale to deliver solutions efficiently

A persistent focus on increasing efficiency and automation and lowering costs is essential for the long-term sustainability of our business, and to enable us to compete successfully against imports and changing industry dynamics.

- Global supply chain disruption has been an ongoing challenge across both New Zealand and Australia. Through our advanced planning and logistics capability, we have ensured our plants have maintained operations without significant disruption to customers
- Reduced per-unit energy and water consumption across our manufacturing footprint through targeted capital investments and focused lean manufacturing problem-solving techniques
- Successfully implemented our capital investment programme, improving capability, quality and capacity.

For personal use only

For personal use only

ESG/ SUSTAIN- ABILITY

Lamination Line Cleaning
and Quality Control



As one of Australasia's leading manufacturers and installers of double-glazing and glass products, it is important that we take an active role in understanding our environmental and social impact. As part of our purpose to make lives brighter every day, the group is committed to sustainability within the environment in which we operate and the communities we serve.

We know enhancing our strong environmental, social and governance credentials will help us create long-term value and this year we have continued to build on our approach to Environmental, Social and Governance (ESG) reporting.

The Metro Way

SAFETY

Working safe, living well

PRODUCT AND PROCESS QUALITY

Right first time, every time

OUR CUSTOMER

At the centre of everything we do

OUR PEOPLE

We value, inspire, train and develop our team

OWNING OUR WORK

We take responsibility and work as one team

Environmental

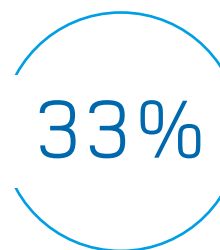
- Launched the group's first Environmental Sustainability Policy.
- 99% of Metroglass New Zealand's glass processing waste is recycled for use in other products, such as insulation.
- Key resources in the processing of glass are electricity and water, and we are committed to making efforts to reduce our consumption.
- Water is reused in our production process, and rainwater is collected from our roof at our Highbrook site.
- Approximately 13% of the electricity used at AGG's Victoria plant is from solar panels on the factory roof.
- Variable Speed Drives (VSD) have been installed on motors, which is expected to reduce electricity consumption by up to 40% of certain furnace assets.
- We have started to develop our first Group Carbon emission footprint.
- We are collaborating with our suppliers on initiatives to reduce the environmental impact from within our supply chain.

Social

- Our culture is reflective of our core values: "The Metro Way":
- The safety and wellbeing of our people are fundamental and are underpinned by a clear set of principles and a workplan to embed a strong safety and wellbeing management system. Our key measure of TRIFR¹ continues to trend lower, the Group measure was 5.89 in FY22 (FY21: 5.48; FY20: 8.03).
- Health and wellness checks were offered to all NZ employees during the year.
- All Metroglass New Zealand employees are offered free health insurance as a standard part of their remuneration package.
- 79 apprentices enrolled at 31 March 2022; 8 qualified in FY22.
- A flexible working policy has been introduced.
- Metroglass is committed to providing a supportive environment throughout the company, fostering diversity and inclusion:
 - 33% female representation on the board
 - 33% female representation on the Senior Leadership Team (SLT).
- We are committed to all employees and contractors being paid a fair and equitable wage.
- We are providing training and guidance to hiring managers focused on eliminating unconscious bias from our recruitment processes and systems.

Governance

- We regularly review our corporate governance systems and always look for opportunities to improve, complying with the recommendations of the NZX Corporate Governance Code in all material respects.
- The performance of the board is independently reviewed to ensure the collective and individual directors are performing to a high standard. The last review was carried out by Propero Consulting in 2021, and a skills matrix is presented in the Annual Report on p. 70.
- The board has initiated workstreams to enhance our Enterprise Risk Management frameworks, focused on the standards set by the External Reporting Board (XRB) and the Task Force for Climate-related Disclosures (TCFD) recommendations.



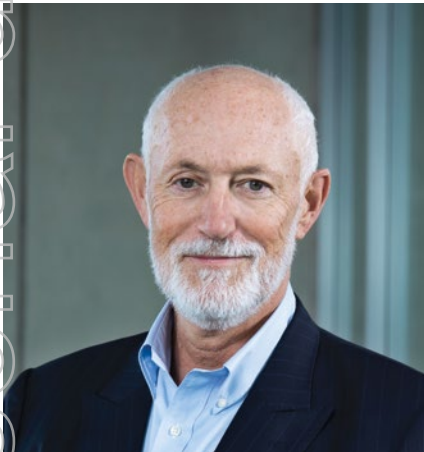
Female representation on board and SLT

1 Total Reportable Incident Frequency Rate (TRIFR) is measured by calculating the number of medical treatment cases, and lost-time injuries per 200,000 hours worked.

For personal use only

BOARD OF DIRECTORS

For personal use only



PETER GRIFFITHS

Independent, Non-Executive Chair and Member of the People and Culture Committee

Appointed: September 2016

After a career in the energy industry Peter has become a professional director. His last executive position was as Managing Director of BP Oil New Zealand, retiring in 2009. He has previously served on a number of boards including Z Energy, Marsden Maritime Holdings, The New Zealand Refining Company, and New Zealand Oil and Gas. He is also Chair of the New Zealand Business and Parliament Trust and has private interests in general aviation. Peter holds a Bachelor of Science (Honours) from Victoria University of Wellington.



JULIA MAYNE

Independent, Non-Executive Director, Member of the Audit and Risk Committee

Appointed: September 2021

Julia is Sydney based and is currently the Head of Commercial at Scottish Pacific Business Finance. Prior to this, she completed several consulting, programme management or Acting CEO roles focused on business improvement. From 2001 to 2015, Julia held senior financial leadership positions across the Fletcher Building Group, including the roles of General Manager Finance – Building Products division, the CFO of the Crane Division, and Divisional Finance Manager – Stramit Building Products. Julia is a qualified CPA, has a CPA MBA from Deakin University, a Bachelor of Commerce (Honours) from the University of NSW and a Bachelor of Commerce from the University of Wollongong.



JENN BESTWICK

Independent, Non-Executive Director, Member of the Audit and Risk Committee

Appointed: May 2022

Jenn's background is in strategy and organisational performance and she has previously held a number of senior management roles and performed various reviews for government agencies. Jenn currently works across sectors as diverse as science and Innovation, education, tourism, engineering and environment. She is also the Chair of Tonkin + Taylor Group Limited, Chair of the Tertiary Education Commission, and holds directorships for Invercargill City Holdings Limited and Antarctica New Zealand. Jenn has a Bachelor of Laws from the University of Nottingham, UK, and is a Member of the Institute of Directors.

For personal use only



RHYS JONES

Independent, Non-Executive Director, Member of the People and Culture Committee

Appointed: April 2018

Rhys has had a 30-year career working in the Australasian building material and packaging industries. He is currently the Managing Director and CEO of Vulcan Steel Limited, a dual-listed trans-Tasman steel distributor with over 30 business units across Australasia. He is also a director of Carbine Aginvest Corporation Limited (formally Tru-Test Corporation Limited) and Ridley Corporation Limited. Prior to joining Vulcan Steel in 2006, Rhys has held senior roles, in particular with Carter Holt Harvey Ltd and Fletcher Challenge, including as Chief Operating Officer of the Pulp, Paper and Packaging business of Carter Holt Harvey. He holds a Master of Business Studies from Massey University and a Bachelor of Science from Victoria University of Wellington.



GRAHAM STUART

Independent, Non-Executive Director, Chair of the Audit and Risk Committee

Appointed: December 2019

Graham has over 30 years' experience in senior executive and governance roles in New Zealand and internationally. He was previously the CEO of Sealord Group from 2007 to 2014 and prior to that was CFO and Director of Strategy with the Fonterra Co-operative Group from 2001 to 2007. Graham is the Chair of EROAD Limited, an independent director and Chair of the audit committee of Tower Limited, independent director and Chair of Northwest Healthcare Property Management Limited. He is a Fellow of Chartered Accountants Australia & New Zealand. Graham has a Master of Science from Massachusetts Institute of Technology and a Bachelor of Commerce from the University of Otago.



MARK EGLINTON

Independent, Non-Executive Director, Chair of the People and Culture Committee

Appointed: April 2020

Mark is currently the Group Chief Executive Officer and a director of NDA Group, a leading international engineering and fabrication business. Prior to this, he was the Chief Executive Officer of Tenon Limited (NZX listed at that time) from 2005 to 2009 and held several senior positions with Fletcher Building, including the role of Managing Director of Fletcher Aluminium & Plyco Doors from 1999 to 2001. Mark has a Bachelor of Commerce and a Bachelor of Laws from the University of Otago.

SENIOR LEADERSHIP TEAM



For personal use only

SIMON MANDER

Chief Executive Officer

Simon has broad leadership expertise at senior levels across industries ranging from ag-tech, building products, to flexible and fibre-based packaging. During Simon's career, he has specialised in performance improvement, as well as in strategy development and execution. He has worked internationally in a number of industries and has recent experience in the New Zealand and Australian building products market.

Simon joined Metroglass from Tru-Test Corporation Limited, a world-leading New Zealand-based ag-tech company where he was CEO. Prior roles have been with well-known companies such as Fletcher Building, DS Smith, Carter Holt Harvey, Partners in Performance, Lion Nathan and McKinsey. He was also a director of NZX-listed Wellington Drive Technologies for ten years.

Simon has a trade background in aircraft engineering and holds a Bachelor of Engineering (Mech) from the University of Auckland. In addition, he represented New Zealand in yachting on a number of occasions including in the International 470 class at the 1988 Olympic Games.

BRENT MEALINGS

Chief Financial Officer

Brent was appointed as Chief Financial Officer in January 2020. He joined Metroglass following a 17-year career with Fonterra Co-operative Group where he held various leadership positions, most recently Director Commercial Global Operations. Prior to Fonterra Brent worked within New Zealand and internationally in other industries including brewing, management consulting, electricity generation and gold mining.

Brent is a Chartered Accountant and holds a Master of Business Administration from the University of Canterbury.

ROBYN GIBBARDGeneral Manager
Upper North Island

Robyn leads the Upper North Island region for Metroglass and has worked in the business for more than 20 years. She has previously led Metroglass' sales force nationally and held many customer-facing roles across commercial glazing, branch management and sales management.

ANDREAS PAXIEGeneral Manager
Lower North Island

Andreas leads the Lower North Island region and joined the company in March 2022. He has a strong background in commercial sales, project management and general management across a wide variety of industries and was most recently National Sales Manager for Securely and General Manager for the Lower North Island for Wormald. Andreas has also been a senior leader for a diverse range of other companies including IBM, Pacific Wallcoverings and ACCO brands. He holds a Bachelor of Technology (Operations Research) from Massey University, and a postgraduate Diploma in Business from Henley Management College.

NICK HARDY-JONES

General Manager South Island

Nick leads the South Island region for Metroglass and has been with the company since 2016. He previously spent five years in leadership roles within Metroglass' South Island Commercial and Glazing Businesses. Prior to working in the glass industry, Nick held category, product and sales management roles within the commercial and residential roofing and cladding industries. He holds a Bachelor of Commerce from the University of Canterbury.

AMANDEEP KAUR

Group Safety and Wellbeing Manager

Amandeep leads Group Health and Safety across both our New Zealand and Australia businesses, responsible for the development and implementation of our health and safety strategy. She brings with her a wealth of experience, with strengths in creating and implementing a high-performing safety culture. Before joining the company, Amandeep held senior health and safety roles at Harrison Grierson, Sinclair Knight Merz, and Compass Group, after starting her career in quality assurance with Nestlé, Frucor and Real Foods.

Amandeep holds a Master in Food Science Technology as well as a Graduate Diploma in Occupational Health and Safety.

DAYNA ROBERTS

Human Resources Director

Dayna leads Metroglass' Human Resources team nationally. She has over 10 years' experience in HR, Talent and Recruitment, spending eight years at Fletcher Building before commencing with Metroglass. Dayna holds a Bachelor of Business in Marketing and Management and an NZ Diploma in Business from the Auckland University of Technology.

BARRY PATERSONGeneral Manager Commercial
Glazing and Technical

Barry leads Metroglass' technical team and commercial glazing business nationally. He has 15 years of experience across the New Zealand and Australian glass industries. Barry has held a diverse range of commercial and management finance roles in the arable and manufacturing industries, and was a director on the board of Westland Milk Products from 2010 to 2016.

He holds a Bachelor of Commerce and Management and a Postgraduate Diploma in Marketing from Lincoln University.

NICK JOHNSON

Chief Information Officer

Nick joined Metroglass' Senior Leadership Team as Chief Information Officer in December 2017. He has broad experience in strategic and operational management, having held several senior roles in quality assurance, manufacturing and IT.

With over 18 years' experience in IT professional services organisations, Nick has worked closely with a variety of different industries across New Zealand, Australia and the Asia-Pacific region. He has experience working in primary (meat, dairy, produce, wine and forestry), manufacturing (food, pharmaceuticals and engineering), supply chain, FMCG, retail and utilities industries. Nick has also worked with not-for-profit organisations, including charities.

He has a Bachelor of Science (Honours) in Chemistry and is a graduate of the Royal Society of Chemistry.

Non-GAAP Financial Information

NON-GAAP FINANCIAL INFORMATION

Metroglass' standard profit measure prepared under New Zealand Generally Accepted Accounting Practice (GAAP) is profit for the period, or net profit after tax. Metroglass has used non-GAAP measures which are not prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) when discussing financial performance in this document. The directors and management believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of the Group's financial performance, financial position or returns, and used internally to evaluate the performance of business units and to establish operational goals. These measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

Definitions of non-GAAP financial measures used in this report:

- * **EBITDA:** Earnings before interest, tax, depreciation and amortisation.
- * **EBITDA before significant items:** EBITDA less significant items; being: FY21 gain on disposal of vehicles under sales and leaseback agreement.
- * **EBIT before significant items:** EBIT less significant items, being: FY21 gain on disposal of vehicles under sales and leaseback agreement.
- * **NPATA:** Profit for the period before the amortisation of acquisition-related intangibles and its associated tax effect.

GAAP TO NON-GAAP RECONCILIATION

| Full year to 31 March | FY22 (\$M) | FY21 (\$M) |
|---|---------------|---------------|
| Profit for the period before significant items | (0.5) | 7.2 |
| Add: Gain on disposal of vehicles under sale and leaseback agreement | – | 1.0 |
| Profit for the period (GAAP) | (0.5) | 8.1 |
| Add: Taxation expense | 0.0 | 3.3 |
| Add: Net finance expense | 6.3 | 6.8 |
| Earnings before interest and tax (EBIT) (GAAP) | 5.9 | 18.2 |
| Add: Depreciation and amortisation | 18.7 | 20.3 |
| EBITDA | 24.6 | 38.5 |
| EBIT (GAAP) | 5.9 | 18.2 |
| Less: Gain on disposal of vehicles under sale and leaseback agreement | – | (1.0) |
| EBIT before significant items | 5.9 | 17.2 |
| EBITDA | 24.6 | 38.5 |
| Less: Gain on disposal of vehicles under sale and leaseback agreement | – | (1.0) |
| EBITDA before significant items | 24.6 | 37.5 |

For personal use only

Transport Hub Lift Shaft, Laminated
Toughened Safety Glass with RED Pet Film



OUR RESULTS

CONTENTS

| | |
|--|----|
| Consolidated Statement of Comprehensive Income | 28 |
| Consolidated Statement of Financial Position | 29 |
| Consolidated Statement of Changes in Equity | 30 |
| Consolidated Statement of Cash Flows | 31 |
| Notes to the Consolidated Financial Statements | 33 |
| 1. Basis Of Preparation | 33 |
| 2. Financial Performance | 35 |
| 3. Working Capital | 38 |
| 4. Long-Term Assets | 47 |
| 5. Debt & Equity | 52 |
| 6. Other | 56 |

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2022

| | NOTES | CONSOLIDATED 2022 \$'000 | CONSOLIDATED 2021 \$'000 (Restated) ¹ |
|---|------------|--------------------------------|---|
| Sales revenue | 2.1 | 236,063 | 232,274 |
| Cost of sales | | (142,472) | (133,427) |
| Gross profit | 2.1 | 93,591 | 98,847 |
| Distribution and glazing-related expenses | | (45,441) | (43,361) |
| Selling and marketing expenses | | (13,160) | (13,267) |
| Administration expenses | | (32,446) | (32,429) |
| Other income and gains and losses | 2.6 | 3,367 | 7,421 |
| Profit before significant items, interest and tax | | 5,911 | 17,211 |
| Significant items | 2.4 | – | 951 |
| Profit before interest and tax | | 5,911 | 18,162 |
| Finance expense | | (6,327) | (6,768) |
| (Loss)/Profit before income taxation | | (416) | 11,394 |
| Income taxation (expense) | 6.1 | (43) | (3,289) |
| (Loss)/Profit for the year | | (459) | 8,105 |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss in the future: | | | |
| Exchange differences on translation of foreign operations | | (474) | 530 |
| Cash flow hedges (net of tax) | | 612 | (1,151) |
| Total comprehensive (loss)/ income for the year attributable to shareholders | | (321) | 7,484 |
| Earnings per share | | | |
| Basic and diluted earnings per share (cents per share) | 2.5 | (0.2) | 4.4 |

¹ Certain comparative amounts have been restated, refer note 6.7

The Board of Directors authorised these financial statements for issue on 22 June 2022

For and on behalf of the Board:



Peter Griffiths
Chair



Graham Stuart
Director

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

at 31 March 2022

| | NOTES | CONSOLIDATED 2022 \$'000 | CONSOLIDATED 2021 \$'000 (Restated) ¹ |
|---|-------|--------------------------------|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 13,064 | 7,530 |
| Trade receivables | 3.1 | 34,957 | 33,978 |
| Inventories | 3.2 | 27,402 | 22,379 |
| Derivative financial instruments | 3.5 | 68 | 136 |
| Other current assets | | 2,570 | 2,280 |
| Total current assets | | 78,061 | 66,303 |
| Non-current assets | | | |
| Property, plant and equipment | 4.1 | 54,748 | 52,467 |
| Right-of-use assets | 4.2 | 70,505 | 50,626 |
| Deferred tax assets | 6.2 | 10,965 | 10,638 |
| Financial assets at fair value through profit or loss | 3.5 | 2,098 | 2,576 |
| Intangible assets | 4.3 | 54,710 | 56,632 |
| Other non-current assets | | 1,051 | – |
| Total non-current assets | | 194,077 | 172,939 |
| Total assets | | 272,138 | 239,242 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 3.3 | 30,626 | 27,862 |
| Deferred income | 3.4 | 2,608 | 2,076 |
| Income tax liability | | 518 | 445 |
| Derivative financial instruments | 3.5 | 274 | 374 |
| Lease liabilities | 5.2 | 6,535 | 6,559 |
| Provisions | 3.6 | 1,920 | 1,724 |
| Total current liabilities | | 42,481 | 39,040 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 5.1 | 65,319 | 55,519 |
| Derivative financial instruments | 3.5 | 274 | 1,575 |
| Lease liabilities | 5.2 | 74,745 | 54,042 |
| Provisions | 3.6 | 3,790 | 3,665 |
| Total non-current liabilities | | 144,128 | 114,801 |
| Total liabilities | | 186,609 | 153,841 |
| Net assets | | 85,529 | 85,401 |
| Equity | | | |
| Contributed equity | 5.3 | 307,198 | 307,198 |
| Retained earnings | | (51,735) | (51,571) |
| Group reorganisation reserve | 6.3 | (170,665) | (170,665) |
| Share-based payments reserve | 6.3 | 1,366 | 1,212 |
| Foreign currency translation reserve | | 41 | 515 |
| Cash flow hedge reserve | | (676) | (1,288) |
| Total equity | | 85,529 | 85,401 |

¹ Certain comparative amounts have been restated, refer note 6.7

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

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

| | | | | | CONSOLIDATED 2022 | | | |
|--|-------|---------------------------------|--------------------|--------------------------------|---|--|--|--|
| | Notes | Contributed Equity \$'000 | Reserves \$'000 | Retained earnings \$'000 | Total \$'000 | | | |
| Opening balance at 1 April 2021 | | 307,198 | (170,226) | (51,571) | 85,401 | | | |
| (Loss)/Profit for the year | | – | – | (459) | (459) | | | |
| Movement in foreign currency translation reserve | | – | (474) | – | (474) | | | |
| Other comprehensive income for the year | | – | 612 | – | 612 | | | |
| Total comprehensive income/(loss) for the year | | – | 138 | (459) | (321) | | | |
| Dividends paid | | – | – | – | – | | | |
| Expiry of share-based payments | 5.2 | – | (294) | 294 | – | | | |
| Movement in share-based payments reserve | 6.3 | – | 448 | – | 448 | | | |
| Total transactions with owners, recognised directly in equity | | – | 154 | 294 | 448 | | | |
| Balance at 31 March 2022 | | 307,198 | (169,934) | (51,735) | 85,529 | | | |
| | | | | | CONSOLIDATED 2021 (RESTATED) ¹ | | | |
| | Notes | Contributed Equity \$'000 | Reserves \$'000 | Retained earnings \$'000 | Total \$'000 | | | |
| Opening balance at 1 April 2020, as previously reported | | 307,198 | (169,886) | (61,469) | 75,843 | | | |
| Fair value restatement of financial asset | 6.7 | – | – | 1,793 | 1,793 | | | |
| Restated opening balance at 1 April 2020 | | 307,198 | (169,886) | (59,676) | 77,636 | | | |
| Restated profit for the year | 6.7 | – | – | 8,105 | 8,105 | | | |
| Movement in foreign currency translation reserve | | – | 530 | – | 530 | | | |
| Other comprehensive income/(loss) for the year | | – | (1,151) | – | (1,151) | | | |
| Total comprehensive income/(loss) for the year | | – | (621) | 8,105 | 7,484 | | | |
| Dividends paid | | – | – | – | – | | | |
| Movement in share-based payments reserve | 6.3 | – | 281 | – | 281 | | | |
| Total transactions with owners, recognised directly in equity | | – | 281 | – | 281 | | | |
| Balance at 31 March 2021 | | 307,198 | (170,226) | (51,571) | 85,401 | | | |

¹ Certain comparative amounts have been restated, refer note 6.7

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

Consolidated Statement of Cash Flows

for the year ended 31 March 2022

| | CONSOLIDATED | CONSOLIDATED |
|---|-----------------|---|
| | 2022 \$'000 | 2021 \$'000 (Restated) ¹ |
| Cash flows from operating activities | | |
| Receipts from customers | 235,939 | 234,450 |
| Payments to suppliers and employees | (218,051) | (198,523) |
| Government wage subsidy and grants received | 2,470 | 6,510 |
| Interest received | 100 | 100 |
| Interest paid | (3,448) | (3,094) |
| Interest paid on leases | (3,139) | (3,064) |
| Income taxes paid | (617) | (7,532) |
| Net cash inflow from operating activities | 13,254 | 28,847 |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant and equipment | 358 | 3,714 |
| Payments for property, plant and equipment | (10,399) | (5,793) |
| Payments for intangible assets | (89) | (225) |
| Net cash outflow from investing activities | (10,130) | (2,304) |
| Cash flows from financing activities | | |
| Lease liability principal payments | (6,940) | (5,789) |
| Drawdown/ (repayment) of borrowings (net) | 10,257 | (31,146) |
| Drawdown of other financing | (803) | 3,632 |
| Other financing principal payments | – | (445) |
| Net cash inflow/(outflow) from financing activities | 2,514 | (33,748) |
| Net increase/(decrease) | 5,638 | (7,205) |
| Cash and cash equivalents at the beginning of the year | 7,530 | 14,742 |
| Effects of exchange rate changes on cash and cash equivalents | (104) | (7) |
| Cash and cash equivalents at the end of the year | 13,064 | 7,530 |

¹ Certain comparative amounts have been restated, refer note 6.7

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

The table below sets out the annual movement in net debt:

| | CONSOLIDATED | CONSOLIDATED |
|--|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Opening balance of interest-bearing liabilities at 1 April | 55,519 | 81,630 |
| Drawdown/ (repayment) of borrowings (net) | 10,257 | (31,146) |
| Other financing movement (net) | (803) | 3,187 |
| Foreign exchange and other adjustments | 346 | 1,848 |
| Closing balance of interest-bearing liabilities at 31 March | 65,319 | 55,519 |
| Less: cash and cash equivalents | (13,064) | (7,530) |
| Net debt at 31 March | 52,255 | 47,989 |

Consolidated Statement of Cash Flows (continued)

for the year ended 31 March 2022

| | CONSOLIDATED | CONSOLIDATED |
|--|----------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities | | |
| (Loss)/profit for the Year | (459) | 8,105 |
| Adjustments for: | | |
| Depreciation and amortisation | 18,687 | 20,304 |
| Property, plant and equipment (gain)/ loss on disposal | – | (951) |
| Share-based payments expense | 448 | 281 |
| Movement in deferred tax | (751) | (1,942) |
| Movement in credit loss provision | (635) | (1,435) |
| COVID-19 rent relief | (138) | (367) |
| Surplus/(loss) on disposal of assets | (42) | 324 |
| Movement in financial asset at fair value through profit or loss and associated non-cash income | (789) | (583) |
| Lease modification | (222) | – |
| Other | 451 | 211 |
| | 17,009 | 15,842 |
| Impact of changes in working capital items | | |
| Trade and other receivables | (420) | 1,243 |
| Inventory | (5,073) | 2,072 |
| Other current assets | (293) | 5,732 |
| Trade accounts payable and employee entitlements | 1,817 | 2,608 |
| Deferred income | 533 | (5,293) |
| Interest accruals | (69) | 184 |
| Provisions | 195 | 675 |
| Income tax liability | 14 | (2,321) |
| | (3,296) | 4,900 |
| Net cash inflow from operating activities | 13,254 | 28,847 |

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

Notes to the Consolidated Financial Statements

1 BASIS OF PREPARATION

1.1 Basis of preparation

Reporting entity

These financial statements are for Metro Performance Glass Limited ('the Company') and its subsidiaries (together, 'the Group'). The Group supplies processed flat glass and related products primarily to the residential and commercial building sectors. The Company is a for-profit entity for financial reporting purposes and has operations and sales in New Zealand and Australia.

Statutory base

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Lady Fisher Place, East Tamaki, Auckland.

Basis of preparation

These consolidated financial statements have been approved for issue by the Board of Directors on 22 June 2022.

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

Metro Performance Glass Limited is a limited liability company registered under the New Zealand Companies Act 1993 and is a Financial Market Conduct reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of the New Zealand Stock Exchange (NZX) Main Board Listing Rules.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities at fair value.

Principles of consolidation

The financial statements incorporate the assets and liabilities of all subsidiaries of Metro Performance Glass Limited ('the company' or 'the parent entity') as at 31 March 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities over which the Group has control. It is a controlled entity of the Group if the Company is exposed and has a right to variable returns from the entity and is able to use its power over the entity to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of the impairment of the asset transferred.

Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusively of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in each accounting note as appropriate.

Notes to the Consolidated Financial Statements (continued)

Going concern

During the year ended 31 March 2022 the Group was adversely affected by shut down periods and operating disruptions caused by the COVID-19 pandemic and supply chain constraints. As a result, the loss for the year was \$0.5 million (2021: \$8.1 million profit) and the net debt increased from \$48.0 million at 31 March 2021 to \$52.3 million at 31 March 2022.

The Directors have considered the forecast cash flows and covenant compliance for the foreseeable future (see note 5.1 regarding covenant changes agreed during the year) and have concluded that the Group will be able to comply with those covenants for the 12 months following the approval of the consolidated financial statements. The Directors have considered the funding requirements and note that the Group's loan facilities do not expire until October 2023 and there is no indication that these will not be able to be renewed or refinanced at that time. This period of time provides the Group with various options to refinance its borrowings.

Further detail on the Group's forecasts, which reflect the matters referred to above and are used in the assessment of both forecast financial covenant compliance and the carrying value of goodwill, is provided in note 4.3.

Notwithstanding this challenging period, taking regard of the above and while acknowledging the uncertainties around forecasting in the COVID-19 environment, the Directors consider these uncertainties do not represent material uncertainties affecting the going concern position of the Group. Accordingly, the financial statements are prepared on a going concern basis.

Foreign Currency Translation

Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency and rounded where necessary to the nearest thousand dollars.

Transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in 'Other comprehensive income'.

Changes in Accounting Policy and Disclosures

New and amended standards adopted by the Group

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2021, and as described in those annual financial statements, apart from the change below.

Change in Intangible Assets Accounting Policy

In March 2021, the IFRS Interpretations Committee (Committee), which is responsible for interpreting the application of IFRS, issued an agenda decision that the cost incurred in configuring and customising software provided under SaaS arrangements must be expensed immediately unless they:

- create an intangible asset, separate from the software, that the customer controls; or
- are paid to the supplier (or their agent) of the cloud-based software for significant customisation work (in a way that such work is not separable from the base software), in which case the costs are recorded as a prepayment for services and amortised over the expected term of the SaaS arrangement.

The Committee's agenda decision was ratified by the International Accounting Standards Board in April 2021. Refer to note 6.7.

1.2 COVID-19

The global pandemic in relation to COVID-19 was declared by the World Health Organization on 11 March 2020. An outbreak of the Delta variant in New Zealand during August 2021, and the subsequent Alert Level 4 and 3 lockdowns imposed by the New Zealand Government had a significant impact on the Group's second-quarter performance, particularly as the New Zealand operations were deemed non-essential and as result were closed under Alert Level 4 conditions. The New Zealand operations have been able to operate at the other alert levels. The Group's Australian business has continued to operate during the period, albeit with a number of restrictions impacting the efficiency of the operation.

Notes to the Consolidated Financial Statements (continued)

2 Financial Performance

2.1 Segment Information

Operating segments of the Group at 31 March 2022 have been determined based on financial information that is regularly reviewed by the Board in conjunction with the Chief Executive Officer and Chief Financial Officer, collectively known as the Chief Operating Decision-maker for the purpose of allocating resources, assessing performance and making strategic decisions.

Substantially all of the Group's revenue is derived from the sale of glass and related products and services. This revenue is split by channel only at the revenue level into Commercial Glazing, Residential and Retrofit. Commercial glazing revenue reflects sales through four specific commercial glazing operations in New Zealand. The allocation of sales between residential and commercial can be difficult as the Group does not always know the end-use application. Following the acquisition of Australian Glass Group Pty Ltd (AGG) on 1 September 2016 the Group operates in two geographic segments, New Zealand and Australia.

In the tables below:

- Group costs consist of insurance, professional services, director fees and expenses, listed company fees and share incentive scheme costs.
- Refer to Note 2.4 for details of significant items.

| | CONSOLIDATED 2022 | | | |
|--|-----------------------|---------------------|-------------------------------------|-----------------|
| | New Zealand \$'000 | Australia \$'000 | Eliminations and Other \$'000 | Group \$'000 |
| Commercial Glazing | 33,457 | – | – | 33,457 |
| Residential | 115,592 | 58,077 | (4) | 173,665 |
| Retrofit | 28,941 | – | – | 28,941 |
| Total revenue | 177,990 | 58,077 | (4) | 236,063 |
| Gross profit | 77,107 | 16,488 | (4) | 93,591 |
| Segmental EBITDA before significant items | 21,189 | 4,558 | – | 25,747 |
| Group costs | – | – | (1,149) | (1,149) |
| Group EBITDA before significant items | | | | 24,598 |
| Depreciation and amortisation | (13,282) | (4,865) | – | (18,687) |
| EBIT before significant items | 7,367 | (307) | (1,149) | 5,911 |
| Significant items | – | – | – | – |
| EBIT | 7,367 | (307) | (1,149) | 5,911 |
| Segment assets | 326,147 | 69,997 | (124,006) | 272,138 |
| Segment non-current assets (excluding deferred tax assets) | 135,316 | 47,796 | – | 183,112 |
| Segment liabilities | 97,837 | 26,968 | 61,804 | 186,609 |

Notes to the Consolidated Financial Statements (continued)

CONSOLIDATED 2021

| | New Zealand \$'000 | Australia \$'000 | Eliminations and Other \$'000 | Group \$'000 |
|--|-----------------------|---------------------|-------------------------------------|-----------------|
| Commercial glazing | 36,761 | – | – | 36,761 |
| Residential | 118,171 | 52,490 | – | 170,661 |
| Retrofit | 24,852 | – | – | 24,852 |
| Total revenue | 179,784 | 52,490 | – | 232,274 |
| Gross profit | 86,384 | 12,463 | – | 98,847 |
| Segmental EBITDA before significant items | 33,759 | 4,505 | – | 38,264 |
| Group costs | – | – | (749) | (749) |
| Group EBITDA before significant items | | | | 37,514 |
| Depreciation and amortisation | (15,089) | (5,215) | – | (20,304) |
| EBIT before significant items | 18,670 | (710) | (749) | 17,211 |
| Significant items | 951 | – | – | 951 |
| EBIT | 19,621 | (710) | (749) | 18,162 |
| Segment assets | 300,429 | 65,950 | (127,137) | 239,242 |
| Segment non-current assets (excluding deferred tax assets) | 115,320 | 46,981 | – | 162,301 |
| Segment liabilities | 75,832 | 21,989 | 56,020 | 153,841 |

2.2 Revenue

Accounting policy

Revenue comprises the value of the consideration received for the sale of goods and services, net of GST, rebates and discounts and after eliminating sales within the Group.

The Group derives revenue from the sale of customised glass products. Revenue is recognised at a point in time when a Group entity has transferred control, which is when it has delivered the glass products to the customer, the customer has accepted the products and collectability of the related receivables is highly probable.

The Group also provides glazing services along with the sale of its glass products. Revenue is recognised for the glazing and associated glass products when the glazing services have been completed, the customer has approved the installation services and collectability of the related receivables is highly probable.

2.3 Operating expenditure

| | CONSOLIDATED 2022 \$'000 | CONSOLIDATED 2021 \$'000 |
|--|--------------------------------|--------------------------------|
| Raw materials and consumables used | 72,421 | 63,701 |
| Employee benefit expenses | 100,239 | 99,136 |
| Subcontractor costs | 6,220 | 5,423 |
| Depreciation and amortisation | 18,687 | 20,304 |
| Transportation and logistics | 9,221 | 8,146 |
| Occupancy costs | 1,405 | 1,052 |
| Advertising | 938 | 879 |
| Other expenses | 24,388 | 23,843 |
| Total cost of sales, distribution and glazing related expenses, selling and marketing expenses, and administration expenses | 233,519 | 222,484 |

Notes to the Consolidated Financial Statements (continued)

| | CONSOLIDATED | CONSOLIDATED |
|--|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Audit and review of financial statements | | |
| Audit and review of financial statements - PwC | 581 | 367 |
| Other services performed by PwC | | |
| Tax review | 5 | |
| Assurance report relating to the Group's covenant compliance certificate | 6 | 5 |
| | 592 | 372 |

2.4 Significant items

| | CONSOLIDATED | CONSOLIDATED |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Gain on disposal of vehicles under sale & leaseback agreement | – | (951) |
| Total significant items before taxation | – | (951) |
| Tax expense/(benefit) on above items | – | 266 |
| Total significant items after taxation | – | (685) |

Accounting policy

Significant items are a non-GAAP measure and are based on the Group's internal policy as follows. Transactions considered for classification as significant items are material restructuring costs, acquisition and disposal costs, impairment or reversal of impairment of assets, business integration, and transactions or events outside of the Group's ongoing operations that have a significant impact on reported profit.

2.5 Earnings per share**Basic**

Basic earnings per share is calculated by dividing the profit after tax of the Group by the weighted average number of ordinary shares outstanding during the period. The diluted earnings per share are the same as the basic earnings per share.

| | CONSOLIDATED | CONSOLIDATED |
|--|--------------|--------------|
| | 2022 | 2021 |
| Profit/(loss) after tax (\$'000) | (459) | 8,105 |
| Weighted average number of ordinary shares outstanding ('000s) | 185,378 | 185,378 |
| Basic earnings per share (cents per share) | (0.2) | 4.4 |

Net tangible assets

Net tangible assets per share is a non-GAAP measure that is required to be disclosed by the NZX Listing Rules.

The calculation of the Group's net tangible assets per share and its reconciliation to the consolidated balance sheet is presented below:

| | CONSOLIDATED | CONSOLIDATED |
|--|--------------|--------------------|
| | 2022 | 2021 (Restated) |
| Total assets (\$'000) | 272,138 | 239,242 |
| Less: intangible assets | (54,710) | (56,632) |
| Less: total liabilities | (186,609) | (153,841) |
| Net tangible assets (\$'000) | 30,819 | 28,769 |
| Shares on issue at the end of the period ('000s) | 185,378 | 185,378 |
| Net tangible assets per share (cents per share) | 16.62 | 15.52 |

Notes to the Consolidated Financial Statements (continued)

2.6 Other income and gains and losses

| | | CONSOLIDATED | CONSOLIDATED (RESTATED) |
|---|------|----------------|----------------------------|
| | Note | 2022 \$'000 | 2021 \$'000 |
| NZ Government Wage Subsidy and Grants | | 2,470 | 6,461 |
| Financial assets at fair value through profit or loss - fair value movement and income receipts from the investment | 6.7 | 889 | 683 |
| Other | | 8 | 277 |
| | | 3,367 | 7,421 |

NZ Government Wage Subsidy

The Group applied for the New Zealand Government wage subsidy in August 2021, receiving two payments in late August and early September of \$2.2 million in total (for the year ended 31 March 2021: \$6.1 million).

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and when the Group will comply with the attached conditions. Government grants relating to income are deferred and recognised in profit or loss over the period necessary to match them with the conditions that they are intended to compensate.

3 Working Capital**3.1 Trade receivables**

The following table summarises the impact of the credit loss provision on the trade receivables balance:

| | CONSOLIDATED | CONSOLIDATED |
|-----------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Trade receivables | 35,636 | 35,295 |
| Credit loss provision | (679) | (1,317) |
| | 34,957 | 33,978 |

| | CONSOLIDATED | CONSOLIDATED |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Movements in the credit loss provision are as follows: | | |
| Opening balance | 1,317 | 2,838 |
| Provision (reversed) during the year | (141) | (1,435) |
| Receivables written off during the year as uncollectable | (497) | (86) |
| Balance at the end of the year | 679 | 1,317 |

Notes to the Consolidated Financial Statements (continued)

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions, and is managed at Group level.

The table below sets out information about the credit quality of trade receivables net of the expected credit loss provision:

| | CURRENT | 0-59 DAYS ¹ | 60-89 DAYS | 90 DAYS AND LATER | TOTAL |
|---------------------------------|---------------|------------------------|---------------|-------------------|---------------|
| 31 March 2022 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross carrying amount | 27,128 | 4,787 | 1,172 | 2,549 | 35,636 |
| Baseline | 50 | 27 | 28 | 66 | 171 |
| Specific | – | – | – | 508 | 508 |
| Total expected credit loss rate | 0.18% | 0.56% | 2.39% | 22.52% | 1.91% |
| Credit loss provision | 50 | 27 | 28 | 574 | 679 |

| | CURRENT | 30-59 DAYS | 60-89 DAYS | 90 DAYS AND LATER | TOTAL |
|---------------------------------|---------------|---------------|---------------|-------------------|---------------|
| 31 March 2021 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross carrying amount | 27,429 | 3,785 | 963 | 3,118 | 35,295 |
| Baseline | 57 | 12 | 10 | 108 | 187 |
| Market | 92 | 14 | 1 | 111 | 218 |
| Specific | – | – | – | 912 | 912 |
| Total expected credit loss rate | 0.54% | 0.69% | 1.14% | 36.27% | 3.73% |
| Credit loss provision | 149 | 26 | 11 | 1,131 | 1,317 |

¹ During the year ended 31 March 2022, the Australian business completed a system change which resulted in the trade receivable ageing being calculated based on due date rather than invoice date, with the exception of contractual retentions which continue to be aged based on invoice date. Management believe there is no material impact as a result of this change in presentation.

The Group extends credit to its customers based on an assessment of credit worthiness. Terms differ by customer and may extend to 60 days past invoice date. Ageing is based on agreed credit terms and at balance date, a portion of the Group's receivables are also subject to contractual retentions which can last up to and exceed 12 months.

As of 31 March 2022, allowing for retention balances of \$1.5 million (2021: \$1.6 million) trade receivables of \$6.4 million (2021: \$5.1 million) were past due but not impaired.

Estimates and judgements

Credit loss provision

To measure expected credit losses, trade receivables have been grouped and reviewed on the basis of the number of days past due. The credit loss provision has been calculated by considering the impact of the following characteristics:

- The baseline loss rate takes into account the write-off history of the Group over a five-year period as a predictor of future conditions and applies an increasing expected credit loss estimate by trade receivables ageing profiles.
- Specific credit loss provisions are made based on any specific customer collection issues that are identified. Collections and payments from the Group's customers are continuously monitored and a credit loss provision is maintained to cover any specific customer credit losses anticipated.

COVID-19 impact

The economic conditions have been stable in the construction sector during the year. The Group has considered its credit risk assessment and concluded its baseline and specific provisions at \$0.7 million (2021: \$1.3 million) were sufficient and not requiring any additional COVID-19 overlay.

Notes to the Consolidated Financial Statements (continued)

Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for estimated uncollectable amounts and expected credit losses. The carrying amount of the asset is reduced through the use of provision accounts, and the amount of the loss is recognised in the statement of comprehensive income within 'Administration expenses'. Individual debtor accounts are reviewed for impairment and a provision is raised based on management's best estimate of recoverability. Trade receivables are also assessed for credit risk on a forward-looking basis with a provision raised where a credit loss is considered likely. When a trade receivable is uncollectable, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement against the impairment losses on receivables.

3.2 Inventories

| | CONSOLIDATED | CONSOLIDATED |
|--|----------------|------------------------------|
| | 2022 \$'000 | 2021 \$'000 (Restated) |
| Raw materials, primarily flat glass stock-sheets | 19,122 | 16,222 |
| Spare parts | 4,616 | 3,913 |
| Work in progress | 3,664 | 2,244 |
| | 27,402 | 22,379 |

The cost of inventories recognised as an expense and included in 'Cost of sales' amounted to \$72.4 million (2021: \$63.7 million).

Accounting policy

Raw materials and stock, and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories also comprise spare parts, which are used to maintain service to, and repair the Group's plant assets. Spare parts are stated at the lower of weighted average cost and net realisable value. Prior year spare parts amount has been reclassified from other current assets to inventory, refer note 6.7.

3.3 Trade and other payables

| | CONSOLIDATED | CONSOLIDATED |
|------------------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Trade accounts payable | 21,952 | 17,278 |
| Employee entitlements | 8,209 | 7,304 |
| GST payable | 173 | 913 |
| Other interest accruals | 292 | 362 |
| Management incentive accrual | – | 2,005 |
| | 30,626 | 27,862 |

Trade accounts payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The carrying amount represents fair value due to their short-term nature.

Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and lieu leave, are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The Group recognises a liability and an expense for bonuses on a formula that takes into consideration the profit attributable to the Group's shareholders. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes to the Consolidated Financial Statements (continued)

3.4 Deferred Income

The Group recognises a contract liability when a deposit is received before the product or service is transferred to the customer.

| | CONSOLIDATED | CONSOLIDATED |
|-------------------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Customer contract liabilities | 2,608 | 2,076 |
| | 2,608 | 2,076 |

3.5 Financial instruments**Financial Instruments**

Management determines the classification of the Group's financial assets and liabilities at initial recognition. The Group's financial liabilities for the periods covered by these consolidated financial statements consist of overdrafts, loans, trade and other payables, interest rate swaps and forward exchange contracts. The Group's financial assets for the periods covered by these consolidated financial statements include cash, accounts receivable, and those that are classified at fair value through profit or loss ("FVTPL", rather than cost). Consistent with level 3 of the fair value hierarchy, if quoted market prices are not available, the methodology used to calculate the fair values of financial assets and liabilities is to identify the expected cash flows and then discount these values back to the present value.

The Group measures all financial liabilities, with the exception of interest rate swaps and forward exchange contracts, at amortised cost. Interest rate swaps and forward exchange contracts are measured at fair value with changes in fair value recognised in 'Other comprehensive income'.

Financial liabilities measured at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade and other payables, bank overdrafts and loans are classified as financial liabilities measured at amortised cost.

Fair value measurement of financial assets and liabilities

The Group's financial assets and liabilities by category are summarised as follows:

Cash and cash equivalents

These are short term in nature and their carrying value is equivalent to their fair value.

Trade and other receivables

These assets are short term in nature and are reviewed for impairment; their carrying value approximates their fair value.

Financial assets at fair value through profit or loss

The Group's investment in the loan to 5R Solutions is a level 3 investment in the fair value hierarchy because one or more of the significant inputs is not based on observable market data. This loan agreement grants the Group an option to convert the loan into 50% of the equity in 5R Solutions. The investment is valued internally at each balance date based on the value of 50% of the equity in 5R solutions. The valuation technique is a multiple of earnings, less debt, adjusted for the proportion of ownership and a discount for lack of control. An EBITDA multiple of five times (based on comparable transactions) has been used and applied against the Group's estimate of maintainable EBITDA earnings (based on the current and forecast earnings of 5R Solutions). Changes in the multiple or maintainable EBITDA would change the valuation.

Trade payables and borrowings

Trade payables and borrowings are measured at amortised cost. The fair value of trade and other payables approximates carrying value due to their short-term nature. The carrying value of the Group's bank borrowings also represents the fair value of the borrowings due to management's assessment that the interest rates approximate the market interest rate for a commercial loan of a comparable lending period.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management is carried out by a central finance function (the head office finance team) under policies approved by the board of directors, including the Treasury policy. The head office finance team focuses on the unpredictability of financial markets and identifies, evaluates and seeks to hedge financial risks in close co-operation with the Group's operating units to minimise potential adverse effects on the financial performance of the Group.

The Board approves policies covering foreign exchange risk, interest rate risk and credit risk. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group uses different methods including sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk to measure risk.

Notes to the Consolidated Financial Statements (continued)

Derivatives

The Group holds derivative financial instruments to hedge its foreign currency exposure and interest costs. The Group has designated forward exchange contracts and interest rate swaps as cash flow hedge instruments.

Cash flow hedge instruments hedge the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss.

At 31 March 2022 and 31 March 2021, all derivatives measured at fair value (interest rate swaps and forward exchange contracts) were valued using valuation techniques where all significant inputs were based on observable market data. Accordingly they are categorised as level 2.

Specific valuation techniques used to value the Group's derivatives are as follows:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- The fair value of interest rate swap contracts is determined using forward interest rates at the balance sheet date, with the resulting value discounted back to present value.

These fair values are based on valuations provided by the Westpac Banking Corporation and ASB Bank Limited as at 31 March 2022 and 31 March 2021.

The Group's cash flow hedging reserves relate to the following hedging instruments:

| | CONSOLIDATED 2022 | | | |
|---|--|----------------------------|--------------------------|----------------------------|
| | Spot component of currency forwards \$'000 | Interest rate swaps \$'000 | Hedge on AUD Loan \$'000 | Total hedge reserve \$'000 |
| Opening balance 1 April 2021 | 167 | 1,121 | – | 1,288 |
| Change in fair value of hedging instrument recognised in 'Other comprehensive income' (OCI) | (32) | (1,301) | 465 | (868) |
| Deferred tax | 12 | 374 | (130) | 256 |
| Balance at 31 March 2022 | 147 | 194 | 335 | 676 |

The effects of the foreign-currency-related hedging instruments on the Group's financial position and performance are as follows:

| | CONSOLIDATED | CONSOLIDATED |
|--|--------------|--------------|
| | 2022 \$'000 | 2021 \$'000 |
| Foreign currency forwards | | |
| Carrying amount asset/(liability) | (206) | (238) |
| Notional amount | 23,277 | 23,375 |
| Maturity date | Apr22-Mar23 | Apr21-Mar22 |
| Hedge ratio ¹ | 1:1 | 1:1 |
| Change in discounted spot value of outstanding hedging instruments since 1 April | (32) | 2,163 |
| Change in value of hedged item used to determine hedge effectiveness | 32 | (2,163) |
| Weighted average hedged EUR/NZD rate for the year (including forward points) | 0.6088 | 0.5843 |
| Weighted average hedged USD/NZD rate for the year (including forward points) | 0.6897 | 0.6971 |
| Weighted average hedged EUR/AUD rate for the year (including forward points) | 0.6317 | 0.6326 |
| Weighted average hedged USD/AUD rate for the year (including forward points) | 0.7292 | 0.7265 |

¹ The foreign currency forwards are denominated in the same currency as the highly probably future inventory purchases (USD and EUR); therefore, the hedge is 1:1.

Notes to the Consolidated Financial Statements (continued)

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

| | CONSOLIDATED | CONSOLIDATED |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Interest rate swaps | | |
| Carrying amount (liability) | (274) | (1,575) |
| Notional amount | 23,284 | 23,402 |
| Maturity date | Aug23 | Aug23 |
| Hedge ratio | 1:1 | 1:1 |
| Change in fair value of outstanding hedging instruments since 1 April | (1,301) | (554) |
| Change in value of hedged item used to determine hedge effectiveness | 1,301 | 554 |
| Average proportion of debt hedged during the year | 38.70% | 37.60% |

Financial instruments by category

| | CONSOLIDATED 2022 | | | |
|---|--|--|--|-----------------|
| | Assets at amortised cost \$'000 | Asset at fair value through profit or loss \$'000 | Derivatives used for hedging \$'000 | Total \$'000 |
| Assets as per statement of financial position | | | | |
| Cash and cash equivalents | 13,064 | | – | 13,064 |
| Derivatives - foreign exchange contracts | – | | 68 | 68 |
| Financial Assets at fair value through profit or loss | | 2,098 | | 2,098 |
| Trade and other receivables | 34,957 | | – | 34,957 |
| Balance at 31 March 2022 | 48,021 | 2,098 | 68 | 50,187 |

| | CONSOLIDATED 2021 | | | |
|---|--|--|--|-----------------|
| Note | Assets at amortised cost \$'000 | Asset at fair value through profit or loss \$'000 | Derivatives used for hedging \$'000 | Total \$'000 |
| Assets as per statement of financial position | | | | |
| Cash and cash equivalents | 7,530 | | – | 7,530 |
| Derivatives - foreign exchange contracts | – | | 136 | 136 |
| Financial Assets at fair value through profit or loss | 6.7 | 2,576 | – | 2,576 |
| Trade and other receivables | 33,978 | | – | 33,978 |
| Balance at 31 March 2021 | 41,508 | 2,576 | 136 | 44,220 |

Notes to the Consolidated Financial Statements (continued)

| | CONSOLIDATED 2022 | | |
|--|--|---|-----------------|
| | Liabilities at amortised cost \$'000 | Derivatives used for hedging \$'000 | Total \$'000 |
| Liabilities as per statement of financial position | | | |
| Cash and cash equivalents | – | – | – |
| Trade and other payables excluding non-financial liabilities | 29,326 | – | 29,326 |
| Provisions | 5,710 | – | 5,710 |
| Derivatives - foreign exchange contracts (current liabilities) | – | 274 | 274 |
| Derivatives - interest rate swaps (non-current liabilities) | – | 274 | 274 |
| Interest-bearing liabilities | 65,319 | – | 65,319 |
| Lease liabilities | 81,280 | – | 81,280 |
| Balance at 31 March 2022 | 181,635 | 548 | 182,183 |

| | CONSOLIDATED 2021 | | |
|--|--|---|-----------------|
| | Liabilities at amortised cost \$'000 | Derivatives used for hedging \$'000 | Total \$'000 |
| Liabilities as per statement of financial position | | | |
| Cash and cash equivalents | – | – | – |
| Trade and other payables excluding non-financial liabilities | 26,033 | – | 26,033 |
| Provisions | 5,389 | – | 5,389 |
| Derivatives - foreign exchange contracts (current liabilities) | – | 374 | 374 |
| Derivatives - interest rate swaps (non-current liabilities) | – | 1,575 | 1,575 |
| Interest-bearing liabilities | 55,519 | – | 55,519 |
| Lease liabilities | 60,601 | – | 60,601 |
| Balance at 31 March 2021 | 147,542 | 1,949 | 149,491 |

Accounting policy

On initial designation of a derivative as a cash flow hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction. Documentation includes the nature of the risk being hedged, together with the methods that will be used to assess the hedging instrument's effectiveness. The Group also documents its assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in cash flows of the respective hedged items.

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'Other comprehensive income' and presented in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss section of the statement of comprehensive income.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and purchases of recognised assets are denominated in a currency that is not NZD which is the company's functional currency. Approximately 95% of annual flat-sheet glass raw materials are purchased in foreign currencies, being United States Dollar (USD), Euro (EUR) and Australian Dollar (AUD). In accordance with the Company Treasury policy, foreign exchange risk is managed prospectively over a period to a maximum period of 12 months with allowable limits of coverage up to 100% over the 6-month term, reducing to 50% up to the 12-month term. Where deemed acceptable by the directors, coverage can be extended over a longer period.

Notes to the Consolidated Financial Statements (continued)

Exposure to foreign exchange risk

| | CONSOLIDATED 2022 | | |
|---------------------------------|-------------------|----------------|---------------|
| | AUD \$'000 | USD \$'000 | EUR \$'000 |
| 31 March 2022 | | | |
| Cash and cash equivalents | 3,253 | 425 | 1,023 |
| Trade receivables | 9,157 | – | – |
| Trade accounts payable | (6,235) | (2,478) | (1,005) |
| Balance at 31 March 2022 | 6,175 | (2,053) | 18 |

| | CONSOLIDATED 2021 | | |
|---------------------------------|-------------------|----------------|---------------|
| | AUD \$'000 | USD \$'000 | EUR \$'000 |
| 31 March 2021 | | | |
| Cash and cash equivalents | 621 | 1 | 1 |
| Trade receivables | 7,663 | – | – |
| Trade accounts payable | (5,270) | (2,402) | (424) |
| Balance at 31 March 2021 | 3,014 | (2,401) | (423) |

Cash flow hedge reserve movement shown in the statement of comprehensive income reflects the tax-affected change in fair value of forward foreign exchange currency contracts during the reporting period.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% strengthening/weakening of the New Zealand Dollar (NZD) against the following currencies at the reporting date. The table shows the (decrease)/increase in profit or loss and equity as a result of the 10% movements. The analysis assumes that all other variables, in particular interest rates, remain constant. The same basis has been applied for all periods presented.

| | CONSOLIDATED | CONSOLIDATED |
|---------------------------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Profit or loss | | |
| 10% strengthening of the NZD against: | | |
| AUD | (561) | (274) |
| USD | 187 | 218 |
| EUR | (2) | 38 |
| 10% weakening of the NZD against: | | |
| AUD | 686 | 335 |
| USD | (228) | (267) |
| EUR | 2 | (47) |

| | CONSOLIDATED | CONSOLIDATED |
|--|--------------|--------------|
|--|--------------|--------------|

Notes to the Consolidated Financial Statements (continued)

| | 2022 \$'000 | 2021 \$'000 |
|---------------------------------------|----------------|----------------|
| Equity | | |
| 10% strengthening of the NZD against: | | |
| USD | (1,702) | (1,885) |
| EUR | 222 | (218) |
| 10% weakening of the NZD against: | | |
| USD | 2,080 | 2,304 |
| EUR | 222 | 267 |

Profit or loss movements are mainly attributable to the exposure outstanding on AUD trade receivables at the end of the reporting period. Equity movements are the result of changes in fair value of derivative instruments designated as hedging instruments in cash flow hedges.

Commodity cost risk

The primary raw material used by the Group is flat glass which is imported from suppliers around the world. While there are numerous manufacturers of flat sheet glass, the Group is exposed to commodity price risk and therefore manages access to supply through close relationships with suppliers. Cost is an important variable in the determination of supply, and the Group is clearly exposed to changes in the cost of glass.

3.6 Provisions

| | CONSOLIDATED 2022 \$'000 | CONSOLIDATED 2021 \$'000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Warranty provision | 115 | 226 |
| Employee expenses provision | 1,795 | 1,448 |
| Lease Make Good provision | 10 | 50 |
| Total current provisions | 1,920 | 1,724 |
| Lease Make Good provision | 3,790 | 3,665 |
| Total non-current provisions | 3,790 | 3,665 |
| Total provisions | 5,710 | 5,389 |

Accounting Policy

Provisions are recognised when the Group has a present obligation as a result of a past event, where it is probable that a cost will be incurred to settle the obligation and a reliable estimate of that obligation is able to be made.

Notes to the Consolidated Financial Statements (continued)

4 Long-Term Assets

4.1 Property, Plant and equipment

| | CONSOLIDATED 2022 | | | |
|--|-------------------------------|---|--------------------------|-----------------|
| | Plant and equipment \$'000 | Furniture, fittings and equipment \$'000 | Motor vehicles \$'000 | Total \$'000 |
| Opening balance | | | | |
| Cost | 87,099 | 4,378 | 10,882 | 102,359 |
| Accumulated depreciation | (41,359) | (3,451) | (5,082) | (49,892) |
| Net book value at 1 April 2021 | 45,740 | 927 | 5,800 | 52,467 |
| Additions | 9,236 | 533 | 2,135 | 11,904 |
| Disposals | (64) | – | (267) | (331) |
| Depreciation expense | (7,208) | (546) | (1,308) | (9,062) |
| Foreign exchange impact | (197) | – | (33) | (230) |
| Closing net book value at 31 March 2022 | 47,507 | 914 | 6,327 | 54,748 |
| Represented by: | | | | |
| Cost | 96,074 | 4,911 | 12,718 | 113,703 |
| Accumulated depreciation | (48,567) | (3,997) | (6,391) | (58,955) |
| Net book value at 31 March 2022 | 47,507 | 914 | 6,327 | 54,748 |

| | CONSOLIDATED 2021 | | | |
|--|-------------------------------|---|--------------------------|-----------------|
| | Plant and equipment \$'000 | Furniture, fittings and equipment \$'000 | Motor vehicles \$'000 | Total \$'000 |
| Opening balance | | | | |
| Cost | 83,509 | 3,910 | 16,682 | 104,101 |
| Accumulated depreciation | (33,376) | (2,973) | (8,107) | (44,456) |
| Net book value at 1 April 2020 | 50,133 | 937 | 8,575 | 59,645 |
| Additions | 3,928 | 469 | 925 | 5,322 |
| Disposals | (580) | (1) | (2,056) | (2,637) |
| Depreciation expense | (8,471) | (478) | (1,692) | (10,641) |
| Foreign exchange impact | 730 | – | 48 | 778 |
| Closing net book value at 31 March 2021 | 45,740 | 927 | 5,800 | 52,467 |
| Represented by: | | | | |
| Cost | 87,099 | 4,378 | 10,882 | 102,359 |
| Accumulated depreciation | (41,359) | (3,451) | (5,082) | (49,892) |
| Net book value at 31 March 2021 | 45,740 | 927 | 5,800 | 52,467 |

Critical estimates and judgements

Economic lives of intangible assets and property, plant and equipment

Property, plant and equipment are long-lived assets that are amortised/depreciated over their estimated useful lives. The estimated useful lives are reviewed annually and may change if necessary. The actual useful life of an asset may be shorter or longer than what had been estimated, which will affect amortisation, depreciation and the carrying values of these assets.

Notes to the Consolidated Financial Statements (continued)

Accounting policy

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is calculated using the straight-line value method to allocate the cost of assets over their expected useful lives. The rates are as follows:

| | Depreciation rate | Depreciation basis |
|----------------------------------|-------------------|--------------------|
| Plant and equipment | 7-15% | Straight line |
| Motor vehicles | 12-20% | Straight line |
| Furniture, fixtures and fittings | 20-25% | Straight line |

4.2 Right-of-use assets

| | CONSOLIDATED 2022 | | | |
|--|--------------------|--------------------------|---------------------|-----------------|
| | Property \$'000 | Motor vehicles \$'000 | Equipment \$'000 | Total \$'000 |
| Opening balance | | | | |
| Cost | 83,280 | 2,765 | 210 | 86,255 |
| Accumulated depreciation | (34,973) | (554) | (102) | (35,629) |
| Net book value at 1 April 2021 | 48,307 | 2,211 | 108 | 50,626 |
| Additions | 23,211 | 5,138 | 284 | 28,633 |
| Disposals | (766) | (4) | (28) | (798) |
| Depreciation expense | (6,730) | (1,049) | (92) | (7,871) |
| Foreign exchange impact | (85) | – | – | (85) |
| Closing net book value at 31 March 2022 | 63,937 | 6,296 | 272 | 70,505 |
| Represented by: | | | | |
| Cost | 101,013 | 7,894 | 358 | 109,265 |
| Accumulated depreciation | (37,076) | (1,598) | (86) | (38,760) |
| Net book value at 31 March 2022 | 63,937 | 6,296 | 272 | 70,505 |

| | CONSOLIDATED 2021 | | | |
|--|--------------------|--------------------------|---------------------|-----------------|
| | Property \$'000 | Motor vehicles \$'000 | Equipment \$'000 | Total \$'000 |
| Opening balance | | | | |
| Cost | 84,778 | 368 | 204 | 85,350 |
| Accumulated depreciation | (34,773) | (169) | (45) | (34,987) |
| Net book value at 1 April 2020 | 50,005 | 199 | 159 | 50,363 |
| Additions | 4,639 | 2,400 | – | 7,039 |
| Disposals | – | (18) | – | (18) |
| Depreciation expense | (6,760) | (377) | (56) | (7,193) |
| Foreign exchange impact | 423 | 7 | 5 | 435 |
| Closing net book value at 31 March 2021 | 48,307 | 2,211 | 108 | 50,626 |
| Represented by: | | | | |
| Cost | 83,280 | 2,765 | 210 | 86,255 |
| Accumulated depreciation | (34,973) | (554) | (102) | (35,629) |
| Net book value at 31 March 2021 | 48,307 | 2,211 | 108 | 50,626 |

Notes to the Consolidated Financial Statements (continued)

In determining the lease term the Group includes any periods covered by options to extent where the Group is reasonably certain to exercise that option.

Accounting policy

The Group leases mainly relate to buildings which are typically made for fixed periods of 1 to 16 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present-value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any restoration costs. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

4.3 Intangible Assets

| | CONSOLIDATED 2022 | | | |
|--|----------------------------------|------------------------------------|-----------------------------|-----------------|
| | Customer relationships \$'000 | Goodwill on acquisitions \$'000 | Computer software \$'000 | Total \$'000 |
| Opening balance (restated) | | | | |
| Cost | 13,055 | 149,712 | 9,493 | 172,260 |
| Accumulated amortisation and impairment | (11,847) | (95,221) | (8,560) | (115,628) |
| Net book value at 1 April 2021 | 1,208 | 54,491 | 933 | 56,632 |
| Additions | – | – | 61 | 61 |
| Disposals | – | – | – | – |
| Amortisation expense | (1,208) | – | (547) | (1,755) |
| Foreign exchange impact | – | (255) | 27 | (228) |
| Closing net book value at 31 March 2022 | – | 54,236 | 474 | 54,710 |
| Represented by: | | | | |
| Cost | 13,055 | 149,364 | 6,588 | 169,007 |
| Accumulated amortisation and impairment | (13,055) | (95,128) | (6,114) | (114,297) |
| Net book value at 31 March 2022 | – | 54,236 | 474 | 54,710 |

Notes to the Consolidated Financial Statements (continued)

| | CONSOLIDATED 2021 (RESTATED) | | | |
|---|----------------------------------|------------------------------------|-----------------------------|-----------------|
| | Customer relationships \$'000 | Goodwill on acquisitions \$'000 | Computer software \$'000 | Total \$'000 |
| Opening balance | | | | |
| Cost | 12,929 | 147,846 | 9,119 | 169,894 |
| Accumulated amortisation and impairment | (10,271) | (94,718) | (7,406) | (112,395) |
| Net book value at 1 April 2020 | 2,658 | 53,128 | 1,713 | 57,499 |
| Additions | – | – | 201 | 201 |
| Amortisation expense | (1,450) | – | (1,020) | (2,470) |
| Foreign exchange impact | – | 1,363 | 39 | 1,402 |
| Closing net book value at 31 March 2021 | 1,208 | 54,491 | 933 | 56,632 |
| Represented by: | | | | |
| Cost | 13,055 | 149,712 | 9,493 | 172,260 |
| Accumulated amortisation and impairment | (11,847) | (95,221) | (8,560) | (115,628) |
| Net book value at 31 March 2021 (restated) | 1,208 | 54,491 | 933 | 56,632 |

Critical estimates and judgements: Goodwill

The Group tests intangible assets for impairment to ensure they are not carried at above their recoverable amounts:

- at least annually for goodwill with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least at each reporting date).

Impairment tests are performed by assessing the recoverable amount of each individual asset or CGU. The recoverable amount is determined as the higher amount calculated under a value-in-use (VIU) or a fair value less costs of disposal (FVLCD) calculation. Both methods utilise pre-tax cash flow projections based on financial projections approved by the Directors.

Impairment tests for goodwill

The Group's segments have been classified as New Zealand and Australia aligning with the way the business is reviewed. The New Zealand goodwill balance arose prior to the Group's Initial Public Offering (IPO) in July 2014. The Australian goodwill arose in August 2016 with the acquisition of AGG. Goodwill balances are as follows:

| | CONSOLIDATED | | CONSOLIDATED | |
|-------------|----------------|--|----------------|--|
| | 2022 \$'000 | | 2021 \$'000 | |
| New Zealand | 30,879 | | 30,879 | |
| Australia | 23,357 | | 23,612 | |
| | 54,236 | | 54,491 | |

Impairment testing for both CGUs was completed using the VIU method.

Key assumptions in the 31 March 2022 impairment assessment (VIU) calculations (and the equivalent assumptions in the 31 March 2021 calculations) are as follows:

| | CONSOLIDATED | | CONSOLIDATED | |
|--|--------------|-----------|--------------|-----------|
| | 2022 | | 2021 | |
| | New Zealand | Australia | New Zealand | Australia |
| Compound annual revenue growth – 3 years | 7.1% | 14.3% | (0.2%) | 7.7% |
| Long-term growth rate | 1.3% | 1.3% | 1.3% | 1.3% |
| Discount rate (pre tax, post IFRS 16) | 13.2% | 11.9% | 11.3% | 10.6% |
| Discount rate (post tax, post IFRS 16) | 9.5% | 8.3% | 8.1% | 7.4% |

Notes to the Consolidated Financial Statements (continued)

Cashflow projections

The impairment testing used pre-tax cash flow projections for both CGUs based on financial projections approved by the directors covering a three-year period. In forming these projections, the directors considered the views of several economic forecasters, observable market data points (including building consents), feedback from customers, analysis of existing forward books of work, anticipated customer wins and/or losses and other competitive dynamics.

The directors have used a single set of cash flow projections in the 31 March 2022 testing, which is consistent with the methodology used at 31 March 2021. The directors have also referenced longer term independent forecast estimates in a consistent way compared to last year.

Despite the ongoing uncertainty caused by COVID-19 in the year ended 31 March 2022, new homes consented have continued at historically elevated levels in New Zealand. The value of non-residential building consents have also increased year on year. The New Zealand CGU was significantly impacted by COVID-19 during the financial year ended 31 March 2022 and this negative impact is not considered to be an ongoing factor in the medium term earnings outlook. In late 2021, the Ministry of Building and Innovation announced changes to the building code (H1 Standards) that will require an increase in the thermal properties of window units as part of a suite of changes designed to improve the thermal performance of New Zealand homes. The medium term outlook for the NZ CGU is balanced between an expectation that the current consenting levels will decline from the current peak and the positive impact from the change in the H1 standards which progressively take effect from November 2022.

The Australian CGU has also experienced short term issues from COVID-19 and severe weather events in the year ended 31 March 2022. The business remains well placed for growth in the coming years as the penetration of double-glazing increases alongside changing construction codes and consumer preferences.

Long-term growth rate

Cash flows beyond the three-year period are extrapolated using estimated long-term growth rate. The long-term growth rate assumptions are supported by long-term population growth rates in New Zealand and Australia and the increased use and prevalence of glass products in the Group's markets. The long-term growth rates have been left unchanged in the 2022 testing.

Discount rate

The discount rate (post tax) represents the current market assessment of the risks specific to the CGU, taking into account the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and its operating segments and is derived from its weighted average costs of capital (WACC).

The discount rates used are supported by independent third party expert advice. The discount rates at 31 March 2022 were higher than the prior year on account of market increases in interest rates (risk-free rates) and the consideration of market-specific risks.

Market capitalisation comparison

The Group compares the carrying amount of net assets with the market capitalisation value at each balance date. The share price at 31 March 2022 was \$0.30 equating to a market capitalisation of \$55.6 million. This market value excludes any control premium and may not reflect the value of all of the Group's net assets. The carrying amount of the Group's net assets at 31 March 2022 was \$85.5 million (\$0.46 per share). Management and the Directors have considered the reasons for this difference and concluded all relevant factors had been allowed for in their VIU model.

Sensitivity to changes in key assumptions

The impairment assessments confirmed that, for the New Zealand and Australian business units, the recoverable amounts exceed carrying values as at 31 March 2022. Based on the current uncertainty of future economic conditions the key sensitivity is the New Zealand building activity outlook. No other reasonably possible change in other key assumptions used in the determination of the recoverable value of CGU's would result in a material impairment to the Group.

Accounting policy

Goodwill

Goodwill represents the excess of the consideration paid for an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Any goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each group of the CGUs that is expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Notes to the Consolidated Financial Statements (continued)

Computer software

Acquired computer software licences that are not defined as a SaaS arrangement are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group are recognised as intangible assets when management intends to use the software and anticipate it will generate probable future economic benefits.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Amortisation of computer software is calculated on a straight-line basis over a useful life of four years.

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date.

The contractual customer relationships acquired are estimated to have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight-line method over the expected life, being 10 years of the customer relationship in New Zealand.

5 DEBT & EQUITY**5.1 Interest-bearing liabilities**

| | CONSOLIDATED | CONSOLIDATED |
|-----------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Bank borrowings | 62,296 | 52,175 |
| Other asset financing | 3,023 | 3,344 |
| | 65,319 | 55,519 |

Bank borrowings are secured by a first-ranking composite general security deed. The Group's bank borrowing facilities negotiated on 14 October 2020 comprise a syndicated revolving loan facility of \$75 million for a three-year term expiring in October 2023, as well as overdraft and bank guarantees totalling \$8.15 million. Following the impact of the COVID lockdowns in August and September 2021, the Group received temporary covenant amendments. The Group complied with all covenants throughout the year.

(A) Assets pledged as security

The bank loans are secured under both a General Security Deed and Specific Security Deed which results in registered charges over assets of the Group. In addition, there are positive and negative pledge undertakings through shares held of various subsidiaries.

(B) Fair value

The carrying value of the Group's bank borrowings also represents the fair value of the borrowings due to management's assessment that the interest rates approximate the market interest rate for a commercial loan of a comparable lending period.

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is expensed in the statement of comprehensive income over the period of the borrowings using the effective interest method.

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

Notes to the Consolidated Financial Statements (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

As at 31 March 2022 the Group had cash of \$13.1 million (2021: \$7.5 million). Information in respect of negotiated credit facilities is shown below.

| | CONSOLIDATED | CONSOLIDATED |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Committed credit facilities pursuant to syndicated facility | 83,145 | 93,253 |
| Drawdown at balance date | (66,664) | (56,876) |
| Available credit facilities | 16,481 | 36,377 |

The table below analyses both of the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of cash flows.

| | CONSOLIDATED 2022 | | | | |
|---|-------------------------------|------------------------------------|------------------------------------|---------------------|-----------------|
| | Less than 1 year \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | > 5 years \$'000 | Total \$'000 |
| Interest-bearing liabilities and interest owing | 3,452 | 64,139 | 886 | 1,228 | 69,685 |
| Interest rate swap | – | 274 | – | – | 274 |
| Foreign exchange contracts | 274 | – | – | – | 274 |
| Lease liabilities | 11,072 | 10,828 | 28,213 | 67,941 | 118,054 |
| Trade accounts payable | 21,952 | – | – | – | 21,952 |
| Total at 31 March 2022 | 36,750 | 75,241 | 29,079 | 69,169 | 210,239 |

| | CONSOLIDATED 2021 | | | | |
|---|-------------------------------|------------------------------------|------------------------------------|---------------------|-----------------|
| | Less than 1 year \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | > 5 years \$'000 | Total \$'000 |
| Interest-bearing liabilities and interest owing | 2,134 | 1,812 | 55,036 | 1,272 | 60,254 |
| Interest rate swap | – | – | 1,575 | – | 1,575 |
| Foreign exchange contracts | 374 | – | – | – | 374 |
| Lease liabilities | 9,433 | 8,836 | 20,770 | 41,177 | 80,216 |
| Trade accounts payable | 17,278 | – | – | – | 17,278 |
| Total at 31 March 2021 | 29,219 | 10,648 | 77,381 | 42,449 | 159,697 |

Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During the period, the Group's borrowings at variable rates were denominated in both New Zealand and Australian dollars. If interest rates in New Zealand and Australia increased by 10% the impact would be an additional cost of \$0.26 million and a subsequent decrease of \$0.26 million if rates decreased by 10%. (In 2021 an interest rate increase of 10% would have resulted in additional costs of \$0.12 million and a subsequent decrease of \$0.12 million if rates decreased by 10%.)

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis by entering into interest rate swaps.

Notes to the Consolidated Financial Statements (continued)

5.2 Lease liabilities

| | CONSOLIDATED | CONSOLIDATED |
|--|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Opening lease liabilities recognised at 1 April | 60,601 | 59,485 |
| Additions | 28,613 | 7,004 |
| Termination | (799) | (19) |
| Interest for the period | 3,201 | 3,088 |
| COVID-19 rent relief | (138) | (367) |
| Lease payments made | (10,091) | (9,060) |
| Foreign exchange impact | (107) | 470 |
| Lease liabilities at 31 March 2022 | 81,280 | 60,601 |
| Current lease liabilities | 6,535 | 6,559 |
| Non-current lease liabilities | 74,745 | 54,042 |
| Total lease liabilities | 81,280 | 60,601 |

Lease liabilities maturity analysis

| | Minimum lease payments \$'000 | Interest \$'000 | Present value \$'000 |
|---|----------------------------------|--------------------|-------------------------|
| Within one year | 11,071 | (4,536) | 6,535 |
| One to five years | 39,041 | (14,788) | 24,253 |
| Beyond five years | 67,941 | (17,449) | 50,492 |
| Lease liabilities at 31 March 2022 | 118,053 | (36,773) | 81,280 |

| | Minimum lease payments \$'000 | Interest \$'000 | Present value \$'000 |
|---|----------------------------------|--------------------|-------------------------|
| Within one year | 9,433 | (2,874) | 6,559 |
| One to five years | 29,605 | (8,800) | 20,805 |
| Beyond five years | 41,177 | (7,940) | 33,237 |
| Lease liabilities at 31 March 2021 | 80,215 | (19,614) | 60,601 |

Estimates and judgements: Incremental borrowing rates and lease terms

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

During the Alert Level 4 lockdown's in April 2020 and August/September 2021, the Group negotiated with its landlords to obtain rent relief on various properties. The Group adopted the NZ IFRS 16 Leases practical expedient in relation to rent concessions, and as such, the relief obtained from these is reflected through a reduction in lease liabilities with a corresponding expense reduction recognised in the consolidated statement of comprehensive income for the year ended March 2022 \$0.1 million (2021 \$0.4 million).

5.3 Contributed equity

| | CONSOLIDATED | CONSOLIDATED |
|------------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Opening balance | 307,198 | 307,198 |
| Closing balance | 307,198 | 307,198 |

Notes to the Consolidated Financial Statements (continued)

At 31 March 2022 the Company had issued 185,378,086 fully paid ordinary shares (2021: 185,378,086 fully paid ordinary shares). No shares were issued or cancelled during the year (2021: nil). Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of shares held. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote. The Company does not have a limited amount of authorised capital.

Accounting policy

Ordinary shares are classified as equity.

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

Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Dividend distribution to Group shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the board.

Metro Performance Glass paid no dividends in 2021 and 2022.

Capital management

The Group's syndicated revolving loan facility agreement restricts the Group from making a distribution to shareholders unless the leverage ratio before and after the distribution is below 2.0 (up to 31 December 2021: below 1.5).

The Group and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio and leverage ratio. The Group's respective ratios at 31 March 2022 were as follows:

| | CONSOLIDATED | CONSOLIDATED |
|---------------------------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Interest-bearing liabilities | 65,319 | 55,519 |
| Prepaid financing costs | 380 | 628 |
| Less: cash and cash equivalents | (13,064) | (7,530) |
| Net debt | 52,635 | 48,617 |
| Equity | 85,529 | 85,401 |
| Gearing ratio | 38.1% | 36.3% |

| | CONSOLIDATED | CONSOLIDATED |
|---|-----------------|-----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Interest-bearing liabilities | 65,319 | 55,519 |
| Prepaid financing costs | 380 | 628 |
| Less: cash and cash equivalents | (13,064) | (7,530) |
| Net debt | 52,635 | 48,617 |
| Profit before interest, tax, depreciation and amortisation¹ | 13,921 | 28,765 |
| Leverage ratio | 3.78 : 1 | 1.69 : 1 |

1 Calculated on pre-IFRS 16 basis, excluding significant items as per bank covenant definitions.

Notes to the Consolidated Financial Statements (continued)

6 OTHER

6.1 Income taxation

| | CONSOLIDATED | CONSOLIDATED |
|---|----------------|------------------------------|
| | 2022 \$'000 | 2021 \$'000 (Restated) |
| Profit before income taxation | (416) | 11,394 |
| Income taxation expense at the Group's effective tax rate | (116) | 3,000 |
| Tax effect of non-deductible and non-assessable items | (44) | 130 |
| Prior year adjustment | 203 | 159 |
| Income tax expense | 43 | 3,289 |
| Represented by: | | |
| Current taxation | 794 | 5,231 |
| Deferred taxation | (751) | (1,942) |
| | 43 | 3,289 |

Imputation credit account

The amount of imputation credits at balance date available for future distributions is \$28.3 million at 31 March 2022, (\$26.9 million at 31 March 2021).

6.2 Deferred taxation

Consolidated deferred tax assets and liabilities are attributable to the following:

| | CONSOLIDATED 2022 | | |
|-------------------------------|-------------------|-----------------------|---------------|
| | Assets \$'000 | Liabilities \$'000 | Net \$'000 |
| Property, plant and equipment | – | (1,731) | (1,731) |
| Right-of-use assets | – | (19,393) | (19,393) |
| Inventory and receivables | 29 | – | 29 |
| Cash flow hedge | 269 | – | 269 |
| Intangibles | 146 | 0 | 146 |
| Lease liabilities | 22,526 | – | 22,526 |
| Provisions and accruals | 3,693 | – | 3,693 |
| Tax losses | 5,426 | – | 5,426 |
| | 32,089 | (21,124) | 10,965 |
| | CONSOLIDATED 2021 | | |
| | Assets \$'000 | Liabilities \$'000 | Net \$'000 |
| Property, plant and equipment | – | (1,855) | (1,855) |
| Right-of-use assets | – | (13,701) | (13,701) |
| Inventory and receivables | 32 | – | 32 |
| Cash flow hedge | 524 | – | 524 |
| Intangibles | – | (360) | (360) |
| Lease liabilities | 16,409 | – | 16,409 |
| Provisions and accruals | 3,810 | – | 3,810 |
| Tax losses | 5,779 | – | 5,779 |
| | 26,554 | (15,916) | 10,638 |

Notes to the Consolidated Financial Statements (continued)

Movement in temporary differences during the year:

| | CONSOLIDATED 2022 | | | |
|-------------------------------|---|---|--------------------------------|----------------------------------|
| | Opening balance 1 April 2021 \$'000 | Recognised in profit or loss \$'000 | Recognised in OCI \$'000 | Balance 31 Mar 2022 \$'000 |
| Property, plant and equipment | (1,855) | 552 | (428) | (1,731) |
| Right-of-use assets | (13,701) | (5,724) | 32 | (19,393) |
| Inventory and receivables | 32 | (3) | (0) | 29 |
| Cash flow hedge | 524 | – | (255) | 269 |
| Intangibles | (360) | 168 | 338 | 146 |
| Lease liabilities | 16,409 | 6,149 | (32) | 22,526 |
| Provisions and accruals | 3,810 | (99) | (18) | 3,693 |
| Tax losses | 5,779 | (292) | (61) | 5,426 |
| | 10,638 | 751 | (424) | 10,965 |

| | CONSOLIDATED 2021 (RESTATED) | | | |
|-------------------------------|---|---|--------------------------------|----------------------------------|
| | Opening balance 1 April 2020 \$'000 | Recognised in profit or loss \$'000 | Recognised in OCI \$'000 | Balance 31 Mar 2021 \$'000 |
| Property, plant and equipment | (1,365) | (434) | (56) | (1,855) |
| Right-of-use assets | (14,256) | 697 | (142) | (13,701) |
| Inventory and receivables | 139 | (116) | 9 | 32 |
| Cash flow hedge | 66 | – | 458 | 524 |
| Intangibles | (1,075) | 735 | (20) | (360) |
| Lease liabilities | 16,807 | (537) | 139 | 16,409 |
| Provisions and accruals | 2,657 | 1,056 | 97 | 3,810 |
| Tax losses | 4,935 | 541 | 303 | 5,779 |
| | 7,908 | 1,942 | 788 | 10,638 |

Accounting policy

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in 'Other comprehensive income' or directly in equity. In this case, the tax is also recognised in 'Other comprehensive income' or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. No deferred tax liability was recognised on initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted, by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements (continued)

6.3 Group Reserves

Group reorganisation reserve

Upon acquisition of Metroglass Holdings Limited in July 2014, the assets and liabilities acquired were measured at their pre-combination carrying amounts without fair value uplift. The difference between the consideration transferred and the carrying value of the assets and liabilities acquired of \$170.7 million was recorded in the group reorganisation reserve.

Accounting policy

Where an acquisition occurs through group reorganisation, the identifiable assets and liabilities acquired are measured at their pre-combination carrying amounts without fair value uplift. No new goodwill is recorded. Any difference between the consideration transferred and the carrying value of the assets and liabilities acquired is recorded in equity.

Share-based payments reserve

The Group currently has a long-term incentive plan for selected employees. The plan's participants are members of the Senior Leadership Team and other selected senior managers. The reserve is used to record the accumulated value of the plan which has been recognised in the statement of comprehensive income.

The plan is designed to secure those employees' retention in Metro Performance Glass and to reward performance that underpins the achievement of Metro Performance Glass' business strategy and long-term shareholder wealth creation. Participants are offered an annual award of a specified number of both performance rights and share options in Metro Performance Glass (in accordance with the plan rules).

The performance rights enable participants to acquire shares in Metro Performance Glass with no consideration payable, subject to Metro Performance Glass achieving set performance hurdles and meeting certain vesting conditions.

The share options enable participants to acquire shares in Metro Performance Glass at a market-based exercise price, subject to Metro Glass achieving set performance hurdles and meeting certain vesting conditions.

In the event that the respective performance hurdles are not met on the vesting date, retesting will be permitted after a further six and twelve months from the measurement date.

The following share options and performance share rights (PSR) have been issued and had not lapsed or been exercised at 31 March 2022.

| Plan Name | Date issued | Number of options | Number of PSR | Options exercise price | Vesting date |
|---------------|-------------|-------------------|---------------|------------------------|--------------|
| 2019 LTI plan | 24-May-18 | 1,193,009 | 374,275 | \$0.89 | 7-Jun-21 |
| 2020 LTI plan | 23-May-19 | 3,434,556 | 1,287,961 | \$0.45 | 6-Jun-22 |
| 2021 LTI plan | 19-Jun-20 | 2,704,717 | 1,442,516 | \$0.20 | 3-Jul-23 |
| 2022 LTI plan | 21-May-21 | 1,563,033 | 808,464 | \$0.42 | 4-Jun-24 |

Accounting policy

The long-term incentive plan is an equity-settled share-based payment which provides eligible employees with the opportunity to acquire shares in the Group. The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period. The fair value of the plan has been assessed by an independent valuer.

| | CONSOLIDATED | CONSOLIDATED |
|---|--------------|--------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Share-based payments reserve | | |
| Opening balance | 1,212 | 931 |
| Transfer to equity on vesting of employee share purchase scheme | (294) | – |
| Movement in share-based payments reserve | 448 | 281 |
| Closing balance | 1,366 | 1,212 |

Notes to the Consolidated Financial Statements (continued)

6.4 Related Party Transactions

Subsidiaries

The Group's principal subsidiaries at 31 March 2022 and 31 March 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

| Name of entity | Country of incorporation | 2022 Interest | 2021 Interest |
|--|--------------------------|---------------|---------------|
| Metropolitan Glass & Glazing Limited | New Zealand | 100% | 100% |
| Metroglass Finance Limited | New Zealand | 100% | 100% |
| Australian Glass Group Holding Pty Ltd | Australia | 100% | 100% |
| Australian Glass Group Finance Pty Ltd | Australia | 100% | 100% |

Directors

The names of persons who were directors of the Company at any time during the financial period are as follows: Peter Griffiths, Russell Chenu, Angela Bull, Rhys Jones, Graham Stuart, Mark Eglinton and Julia Mayne.

Russell Chenu retired on 5 August 2021. Julia Mayne was appointed on 1 September 2021.

Key management and Board of Directors' compensation

Key management are members of the Executive Team, being direct reports of the CEO. The compensation paid to key management for employee service is shown below:

| | CONSOLIDATED | CONSOLIDATED |
|---|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Salaries and other short-term employee benefits | 2,459 | 2,747 |
| Management incentive ¹ | 819 | – |
| Termination benefits | – | 211 |
| Share-based payments | 220 | 167 |
| | 3,498 | 3,125 |

¹ Relates to amounts paid pursuant to prior year financial and operating performance.

Board of Directors' compensation

| | CONSOLIDATED | CONSOLIDATED |
|-----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| Directors' fees | 605 | 628 |
| | 605 | 628 |

Notes to the Consolidated Financial Statements (continued)

6.5 Contingencies

At 31 March 2022 the Group had no contingent liabilities or assets.

6.6 Commitments

At 31 March 2022 the Group has contractual commitments for the acquisition of plant and equipment of \$1.1 million for the year ending 31 March 2023.

6.7 Prior period adjustments

During the year ended 31 March 2022, the Group identified that the establishment of the loan agreement with 5R Solutions Limited (5R) in 2015 should have been recognised as a financial asset at fair value through profit or loss ("FVTPL"), rather than at amortised cost.

As noted in the Basis for Preparation note, the impact of the change in accounting policy related to Intangible Assets also had an impact on the prior period. The Group concluded that the configuration and customisation expenditure on a SaaS arrangement performed by a contracted third party did not create any intangible assets and therefore should be expensed in the year they were incurred, which was the year ended 31 March 2021.

The Group reclassified the spare parts balance from other current assets to inventories (note 3.2) to reflect the nature of the assets.

The impact of the restatement on the consolidated financial statements at 31 March 2021 is set out in the tables below:

Impact on the Statement of Comprehensive Income for the year ended 31 March 2021

| | Consolidated 2021 Annual Report \$'000 | Intangible Asset Change \$'000 | 5R Reinstatement \$'000 | Consolidated Restated \$'000 |
|--|---|---|-------------------------------|------------------------------------|
| Gross profit | 98,847 | – | – | 98,847 |
| Distribution and glazing-related expenses | (43,361) | – | – | (43,361) |
| Selling and marketing expenses | (13,267) | – | – | (13,267) |
| Administration expenses | (31,010) | (1,419) | – | (32,429) |
| Other Income | 6,738 | – | 683 | 7,421 |
| Profit before significant items, interest and tax | 17,947 | (1,419) | 683 | 17,211 |
| Significant items | 951 | – | – | 951 |
| Finance Expense | (6,768) | – | – | (6,768) |
| Finance Income | 100 | – | (100) | – |
| Income taxation expense | (3,686) | 397 | – | (3,289) |
| Profit for the year | 8,544 | (1,022) | 583 | 8,105 |
| Earnings per share | Cents | Cents | Cents | Cents |
| Basic and diluted earnings per share | 4.6 | (0.5) | 0.3 | 4.4 |

Impact on the Statement of Financial Position at 31 March 2021

| | 2021 as reported \$'000 | Spare Parts Reclassification Change \$'000 | Intangible Asset Change \$'000 | 5R 1 April 2020 Restated \$'000 | 5R Restatement \$'000 | 2021 Restated \$'000 |
|--|-------------------------------|---|---|--|-----------------------------|----------------------------|
| Other Current Assets | 6,393 | (3,913) | – | (200) | – | 2,280 |
| Inventory | 18,466 | 3,913 | – | – | – | 22,379 |
| Financial Assets at fair value through profit or loss | – | – | – | 1,993 | 583 | 2,576 |
| Deferred Tax Assets | 10,241 | – | 397 | – | – | 10,638 |
| Intangible Assets | 58,051 | – | (1,419) | – | – | 56,632 |
| Total assets | 237,888 | (3,913) | (1,022) | 1,793 | 583 | 239,243 |
| Net Assets | 84,047 | – | (1,022) | 1,793 | 583 | 85,401 |
| Retained earnings | (52,925) | – | (1,022) | 1,793 | 583 | (51,571) |
| Total equity | 84,047 | (1,022) | (1,022) | 1,793 | 583 | 85,401 |

Notes to the Consolidated Financial Statements (continued)

Impact on the Statement of Cash Flows for the year ended 31 March 2021

| | 2021 as reported \$'000 | Intangible Asset Change \$'000 | 5R Restatement \$'000 | 2021 Restated \$'000 |
|---|-------------------------------|--------------------------------------|-----------------------------|----------------------------|
| Payments to suppliers and employees | (196 996) | (1 527) | | (198 523) |
| Net cash inflow from operating activities | 30 374 | (1 527) | | 28,847 |
| Payments for intangible assets | (1 752) | 1 527 | | (225) |
| Net cash outflow from investing activities | (3 831) | 1 527 | | (2,304) |

Impact on the reconciliation of profit/(loss) after income tax to net cash inflow from operating activities for the year ended 31 March 2021.

| | 2021 as reported \$'000 | Intangible Asset Change \$'000 | 5R Restatement \$'000 | 2021 Restated \$'000 |
|---|-------------------------------|--------------------------------------|-----------------------------|----------------------------|
| (Loss)/profit for the Year | 8,544 | (1,022) | 583 | 8,105 |
| Depreciation and amortisation | 20,412 | (109) | | 20,303 |
| Movement in deferred tax | (1,545) | (397) | | (1,942) |
| Movement in financial asset at fair value through profit or loss and associated non-cash income | – | | (583) | (583) |
| Net cash inflow from operating activities | 30,374 | (1,527) | – | 28,847 |

Impact on the Statement of Financial Position at 1 April 2020

| | 1 April 2020 \$'000 | Accounting Policy Change Spare Parts \$'000 | Intangible Asset Change \$'000 | 5R Restatement \$'000 | 1 April 2020 Restated \$'000 |
|---|------------------------|---|--------------------------------------|-----------------------------|------------------------------------|
| Inventories | 20,276 | 3,675 | – | – | 23,951 |
| Other current assets | 12,711 | (3,675) | – | (200) | 8,836 |
| Financial Assets at fair value through profit or loss | – | | | 1,993 | 1,993 |
| Total assets | 258,420 | – | – | 1,793 | 260,213 |
| Retained earnings | (61,469) | | | 1,793 | (59,676) |
| Total equity | 75,843 | – | – | 1,793 | 77,636 |

6.8 Subsequent Events

Subsequent to balance date, the Company has initiated a process to convert its loan to 5R Solutions Ltd, classified as financial assets at fair value through profit or loss, to a 50% equity interest in 5R Solutions Ltd, an option that is available under the terms of the loan agreement. The consequence of the change for future reporting periods will be the de-recognition of the financial asset at fair value through profit or loss and the recognition of an equity accounted investment. The equity accounted investment will not be revalued to fair value at each subsequent reporting date. The equity accounted results for 5R Solutions Ltd, being the Group's share of 5R Solutions Ltd profit and other comprehensive income, will be shown as a separate line item on the face of the Consolidated Statement of Comprehensive Income for future reporting periods.



Independent auditor's report

To the shareholders of Metro Performance Glass Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Metro Performance Glass Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of an assurance report relating to the Group's covenant compliance certificate and tax advice relating to the long-term incentive plan and, subsequent to 31 March 2022, agreed upon procedures relating to the Group's covenant compliance certificate and financial information attached to a visa application. The provision of these other services has not impaired our independence as auditor of the Group.

Key audit matters

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

For personal use only



Description of the key audit matter

Goodwill impairment tests

As at 31 March 2022 the carrying amount of the Group's goodwill amounted to \$54.2 million as disclosed in note 4.3, which related to the New Zealand (\$30.9 million) and Australia (\$23.3 million) cash generating units (CGUs).

Management has based its impairment assessment for each CGU on a value in use basis, using a discounted cash flow model based on forecast future performance to determine the recoverable amount.

The key assumptions in the impairment assessments are the compound annual revenue growth rates over the next three years, the discount rates and the long-term growth rates.

Management performed a comparison of the Group's net assets to the market capitalisation of the Company and prepared an analysis and explanation of the difference. Management considered the reasons for this difference in finalising their assessment of the recoverable amounts of the CGUs of the Group. No impairment was identified.

The impairment testing of goodwill is considered a key audit matter due to the materiality of the goodwill balances, the gap between the Group's net assets and its market capitalisation, and the significant level of management estimation and judgement applied in determining key assumptions used in the impairment assessment.

How our audit addressed the key audit matter

Our audit focused on assessing and challenging the key assumptions used by management in the two impairment assessments. Our procedures included:

- Evaluating the appropriateness of the identification of CGUs.
- Considering whether the valuation methodologies applied were appropriate.
- Agreeing the cash flows included in management's impairment models to the board approved plans.
- Assessing the Group's forecasting accuracy by comparing historical forecasts to actual results and considering the impact on cash flow forecasts.
- Evaluating key cash flow assumptions by obtaining from management a detailed analysis of the strategic direction of the business and market dynamics and comparing these against third party forecasts for the industry and current trends. We also evaluated management's evidence regarding the ability of the Group to increase prices in response to cost inflation and the expected year-on-year improvement in performance without the same COVID-19 related operating restrictions that occurred in the year ended 31 March 2022.
- Engaging our valuation expert to assist us with:
 - assessing whether the discount rates and long-term growth rates used by management are reasonable in the context of the forecasts; and
 - considering management's paper comparing the net assets and the market capitalisation of the Company. This analysis was completed as part of our assessment of indicators of impairment.
- Testing the accuracy of the calculations in management's impairment models, and checking that the carrying amount for each of the CGU's net assets was correctly included in the impairment assessment.
- Performed sensitivity analyses for the effect of reasonably possible changes in key assumptions on the impairment assessment.
- Evaluating the effect of the trading results up to the date of our report.
- Considering the appropriateness of disclosures in the consolidated financial statements.



For personal use only

| Description of the key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>Forecast compliance with bank financial covenants</p> <p>As at 31 March 2022 the Group's net debt was \$52.3 million. Notes 1.1 and 5.1 to the consolidated financial statements explain that the Group's bank borrowings comprise a syndicated revolving loan facility, with certain financial covenants. This facility expires in October 2023.</p> <p>Prior to year end, the Group obtained temporary covenant amendments to ease its financial covenants for future test dates. The Group complied with all covenants throughout the year.</p> <p>As disclosed in note 1.1, the Group has assessed forecast compliance with these financial covenants for the foreseeable future and the Directors have concluded that the Group will be able to comply with those requirements for at least 12 months after the approval of the consolidated financial statements.</p> | <p>We have read the syndicated revolving loan facility agreement and the amendments to that agreement.</p> <p>We obtained the Group's financial covenant compliance forecast for the next 12 months from the date of the approval of the consolidated financial statements. Our procedures included:</p> <ul style="list-style-type: none"> Assessing the reasonableness of management's forecasts in light of historical performance, our analysis of the forecasts used in the goodwill impairment tests, operational factory production data up to mid June 2022 and production order data for the remainder of the month of June 2022. Performing analytical and other substantive audit procedures on the results for the two month period to 31 May 2022. The substantive procedures included obtaining evidence regarding the timing of recognition of a sample of sales transactions and reviewing selected balance sheet reconciliations. Evaluating the reasonableness of the Group's sensitivities to the forecast by performing our own sensitivities and stress tests of significant assumptions to assess the level of forecasting risk at each test date. Reading the disclosures in notes 1.1 and 5.1 to ensure they accurately reflect our understanding of the circumstances. |



| Description of the key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>5R Solutions loan</p> <p>As disclosed in notes 3.5, 6.7 and 6.8 of the consolidated financial statements, the Group has a loan agreement with 5R Solutions Limited (5R Solutions).</p> <p>During the year ended 31 March 2022 it was identified that the accounting treatment of this loan agreement as a financial asset at amortised cost was incorrect and it should be recognised at fair value through profit or loss.</p> <p>Management valuations were performed for the loan agreement at the balance sheet dates: 1 April 2020 (\$2.0 million), 31 March 2021 (\$2.6 million) and 31 March 2022 (\$2.1 million).</p> <p>In the current consolidated financial statements the corresponding financial information for the year ended 31 March 2021 has been restated to reflect the amended accounting treatment and the valuation of the loan agreement.</p> <p>This was determined to be a key audit matter due to the complexity and judgements involved in determining the accounting treatment of the loan agreement and valuing this financial asset, and due to the financial significance of the gains recognised during both years (note 2.6).</p> | <p>Our audit focused on the judgements used in determining the accounting treatment for the loan agreement and the methodology and judgements involved in the valuation of the loan agreement.</p> <p>Our procedures in relation to the accounting treatment included:</p> <ul style="list-style-type: none"> • Gaining an understanding of the loan agreement and relationship with 5R Solutions through reading the agreement and discussions with management. • Considering management's view on the accounting classification of the loan agreement in accordance with the requirements of the relevant accounting standard, including the judgements involved in this analysis. • Engaging our in-house accounting technical specialists to challenge the work performed by management and perform their own analysis of the accounting treatment. <p>Our procedures in relation to the valuation included:</p> <ul style="list-style-type: none"> • Gaining an understanding of the 5R Solutions business by reviewing relevant financial and non-financial information on the business and discussions with management. • Engaging our in-house valuation expert to challenge the work performed by management, to consider the reasonableness of the valuation approach and assess the reasonableness of the significant assumptions, based on their knowledge gained from reviewing valuations of similar entities, known transactions and available market data. • Testing the accuracy of the data and calculations in management's valuation models. <p>We considered the appropriateness of disclosures in the consolidated financial statements.</p> |



Our audit approach

Overview

| | |
|--|--|
| | <p>Overall group materiality: \$874,000, which represents approximately 5% of weighted average earnings before interest, tax, depreciation, amortisation and significant items (impairment of intangible assets, restructuring expenses and gain on the sale and leaseback of vehicles) (EBITDA). A higher weighting was applied to the current year.</p> <p>We chose to use a weighted average over the last three years' EBITDA and to adjust it as described above because, in our view, it provides a more stable measure of the Group's performance by moderating the impacts of the COVID-19 pandemic in the current year and of other significant and irregular expenses and gains. EBITDA is also a key measure of the performance of the Group.</p> |
| | <p>Following our assessment of the risk of material misstatement, we performed:</p> <ul style="list-style-type: none"> • full scope audits on the Group's two trading entities • substantive audit procedures on selected significant balances in the remaining non-trading entities and on consolidation entries, and • analytical review procedures on all the remaining non-trading entities. |
| | <p>As reported above, we have three key audit matters, being:</p> <ul style="list-style-type: none"> • Goodwill impairment tests • Forecast compliance with bank financial covenants • 5R Solutions loan |

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The materiality levels applied in the full scope audits of the New Zealand and Australian businesses were calculated by reference to a portion of Group materiality appropriate to the relative scale of the business concerned.

For personal use only



For personal use only

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Troy Florence.

For and on behalf of:

Chartered Accountants
22 June 2022

Auckland

CORPORATE GOVERNANCE

METRO PERFORMANCE GLASS LIMITED: FY22 CORPORATE GOVERNANCE STATEMENT

Metro Performance Glass' (Metroglass, the company) board and Senior Leadership Team (SLT) recognise the importance of sound corporate governance and consider it core to ensuring the creation, protection and enhancement of shareholder value.

Together, the board and SLT are committed to making sure that the company applies and adheres to practices and principles that ensure good governance and maintain the highest ethical standards to protect the interests of all stakeholders.

This corporate governance statement reflects a summary of the company's corporate governance framework, policies and procedures and how they comply with the NZX Corporate Governance Code (the Code). The full corporate governance framework has been approved by the board and key policies and charters are available in the Investor Centre section of the company's website at <https://www.metroglass.co.nz/investor-centre/governance/>.

The information in this section is current as at 27 May 2022 and has been approved by the board. Metroglass considers that, during the year to 31 March 2022 (reporting period), the company materially complied with the Code.

Metroglass' shares are also listed on the Australian Securities Exchange (ASX) with ASX Foreign Exempt Listing status. Given this status, the ASX requires the company to comply with the NZX Main Board Listing Rules and confirm its adherence to these rules annually, and to comply with a specific subset of the ASX Listing Rules.

PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

"Directors should set high standards of ethical behaviour, model this behaviour, and hold management accountable for these standards being followed throughout the organisation."

Code of Ethics

Metroglass has a Code of Ethics that establishes a framework of standards by which the directors, employees, contractors and advisors of Metroglass are expected to carry out their responsibilities. It is not an exhaustive list of acceptable behaviour; rather it facilitates decision-making that is consistent with Metroglass' values, business goals and legal and policy obligations.

The Code of Ethics also imposes a number of obligations on directors, including requirements that they give proper attention to the matters before them; be up to date on their regulatory, legal, fiduciary and ethical obligations; undertake training; manage breaches of the Code of Ethics; and act honestly and in the best interests of the issuer, shareholders and stakeholders and as required by law.

Metroglass monitors compliance with the Code of Ethics through its management processes as well as through the whistleblowing procedures set out in the Code of Ethics and separate Whistleblower Protection Policy. The Code of Ethics and Whistleblower Protection Policy were both reviewed and updated in November 2021.

Securities Trading Policy

The company's Securities Trading Policy governs trading in the company's shares and any associated financial products (during the reporting period these were Metroglass' NZX- and ASX-listed shares).

The policy applies to all directors, employees and contractors of Metroglass and its subsidiaries ("Metroglass Personnel"). The policy is a critical part of ensuring all Metroglass Personnel are aware of their obligations and legal requirements and takes into account the insider trading prohibitions in the Financial Markets Conduct Act 2013 (NZ) and the Corporations Act 2001 (Australia), and the company's obligations under the NZX Code.

The policy also sets out a set of more stringent rules which apply to directors and certain employees of Metroglass when dealing in Metroglass Securities ("Restricted Persons"). These additional rules include trading being prohibited during the "blackout" periods set out in the policy and consent being obtained prior to trading with the Restricted Person required to confirm they hold no material information.

The policy is reviewed at least every two years and was last reviewed in September 2021.

PRINCIPLE 2: BOARD COMPOSITION AND PERFORMANCE

“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”

The board has ultimate responsibility for the strategic direction of Metroglass and for overseeing Metroglass' management for the benefit of its shareholders.

Metroglass' constitution provides for a minimum of four directors and, subject to this limitation, the number of directors to hold office shall be fixed from time to time by the board. At least two directors must be ordinarily residents of New Zealand and at least two must be independent directors. The Chair of the Board cannot be the CEO or the Chair of the Audit and Risk Committee.

The directors bring a wide range of skills to the board including expertise in corporate strategy, national and international business and financial management, sales, marketing, mergers and acquisitions, legal, capital markets, industry experience and corporate governance. As at 27 May 2022, the board comprised six independent directors. Director profiles and length of service are detailed on pages 22 and 23 of this report.

Board Charter

The board operates under a written Charter, which describes the board's authority, duties, responsibilities, composition and framework for operation. This Charter also affirms that the board, in performing its responsibilities, should act at all times in a manner designed to create and build sustainable value for shareholders and in accordance with the duties and obligations imposed on the board by Metroglass' constitution and by law. The Charter is reviewed at least every two years and was last reviewed in April 2021.

Management of Metroglass on a day-to-day basis is undertaken by the CEO and senior managers through a set of delegated authorities that clearly define the CEO and senior managers' responsibilities and those retained by the board.

Metroglass' board and CEO-delegated-authority policies are reviewed at least annually and were last reviewed in December 2021. The board meets its responsibilities by receiving reports and plans from management and through its annual work programme. The board uses committees to address issues that require detailed consideration. Committee work is undertaken by directors; however, the board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

Nomination and Appointment of Directors

The provisions regarding the election and retirement of directors are contained in the Metroglass constitution.

Metroglass strives to ensure that the company has the right mix of skills and experience it requires to enable it to achieve its strategic aims in a prudent and responsible manner. The board will review its composition from time to time and will identify and evaluate suitable individuals for appointment as a director as and when an appointment is to be made. In evaluating a candidate for appointment as a director, the board will consider criteria including the skill sets required at the time as well as the individual's experience and professional qualifications. To support the board in its deliberations, the directors consider a skills matrix that sets out the mix of skills and diversity of the directors and evaluates whether the collective skills and experience of the directors meet Metroglass' requirements both now and into the future.

New directors provide the company with a written consent to act as a director and receive a formal Letter of Appointment that sets out the Terms and Conditions of Appointment and Remuneration Schedule. It also sets out the expectations of the company, the director's duties, responsibilities and powers, insurance and indemnity arrangements, and rights of access to information. All new board members are also provided with an extensive briefing on the company and industry-related matters within a thorough induction process.

Selection of Chair

The Metroglass constitution provides that the directors may elect a chairperson of the company and also determine the period for which the chairperson is to hold office. Peter Griffiths is an independent director and is currently the appointed chairperson.

Retirement and re-election

The company's constitution and NZX Main Board Listing Rules require a newly appointed director to stand for election at the next Annual Shareholders' Meeting (ASM). Julia Mayne and Jenn Bestwick have been appointed as directors since the last ASM and will stand for election at the company's 2022 ASM on 9 August 2022. There are no directors retiring by rotation.

Director Independence

Directors are considered to be independent if they are non-executive and do not have an interest or relationship that could be perceived to unreasonably influence their decisions relating to the company or interfere with their ability to act in the company's best interests. An individual being appointed as an independent director must be independent according to NZX definitions and not have any disqualifying relationships as defined in the Board Charter.

Directors are required to ensure that they immediately advise the board of any relevant new or changed relationships to enable the board to consider and determine any impact on the director's independence.

As at 27 May 2022, all six directors are considered by the board to be independent directors in accordance with the NZX Main Board Listing Rules. Information in respect of each director's ownership interests is detailed on page 83 of this report. Metroglass' directors are not formally required to own Metroglass shares but are encouraged to do so.

Director Training











The company encourages directors to continue to develop their knowledge and skills as a director. With the prior approval from the Chair, directors may attend appropriate courses or seminars for continuing education at the company's cost.

Board, Director and Committee Evaluation

In accordance with the Board and Committee Charters, the board annually reviews its performance, policies and practices. It also reviews annually the performance of each director and board committee. These reviews are carried out both formally and informally.

The last full board performance review was completed in May 2021 with the assistance of governance services firm Propero Consulting. The next review will take place during the current calendar year. The Audit and Risk Committee was last reviewed in February 2022 and the People and Culture Committee was last reviewed in May 2022.

Directors' skills matrix as at 31 March 2022

| Strategic board skills | Number of directors with high and moderate capabilities | Area of future learning or potential appointment |
|---|---|--|
|  Building products and manufacturing | ●●●●○○ | ★ |
|  Australian market knowledge | ●●○○ | ★ |
|  Safety | ●●●●○○ | |
|  Commercial/risk – former CEO | ●●●●●○ | |
|  Financial expert | ●●○○○○○ | |
|  Strategic investment banking | ○○○○○○○ | ★ |
|  B2B marketing and customer insight | ○○○ | ★ |
|  People and culture | ●●●●○ | |
|  Governance | ●●●●○○ | |
|  Diversity (gender, age, ethnicity etc.) | ● | ★ |

Key ● High capability ○ Moderate capability

As at 31 March 2022 (and 31 March 2021 for the prior comparative period), the mix of gender among the company's board and SLT was:

| 31 March 2022 | Female | Male | Total | % Female |
|------------------------|--------|------|-------|----------|
| Board | 2 | 4 | 6 | 33% |
| Senior Leadership Team | 3 | 6 | 9 | 33% |
| 31 March 2021 | Female | Male | Total | % Female |
| Board | 1 | 5 | 6 | 17% |
| Senior Leadership Team | 3 | 7 | 10 | 30% |

Diversity and Inclusion

Metroglass and its board believe that an equal opportunity workplace in which differences in gender, age, ethnicity, nationality, religion, sexual orientation, physical ability, marital status, experience and perspective are well represented. This results in a competitive advantage and helps the company to better connect with its diverse set of customers and other stakeholders.

The company believes that an ability to attract and retain a diverse and inclusive workforce broadens the recruitment pool of high-calibre candidates, enhances innovation and improves business performance. A copy of the company's Diversity and Inclusion Policy is available in on the company's website.

Metroglass has an ethnically diverse workforce, reflective of the communities in which we operate, represented by employees from over 20 countries.

Metroglass is committed to providing an inclusive and diverse environment throughout the company. The company's focus in FY23 is on making deliberate and conscious steps towards building a greater awareness of the importance of diversity and inclusion in the workplace. Specific objectives include:

- Reviewing current recruitment practices, removing any bias in vacancy wording or imagery and telling the Metroglass story by developing videos showcasing employee diversity.
- Continuing to build on the progress made to date with each hiring manager receiving unconscious bias training.

- Introducing and rolling out a flexible workplace policy.

In the 2022 financial year the diversity and inclusion objectives were to:

- Conduct diversity and inclusion training for all hiring managers to ensure the recruitment process is inclusive and helps attract a diverse range of talent.
- Take at least 50% of senior managers through unconscious bias training.

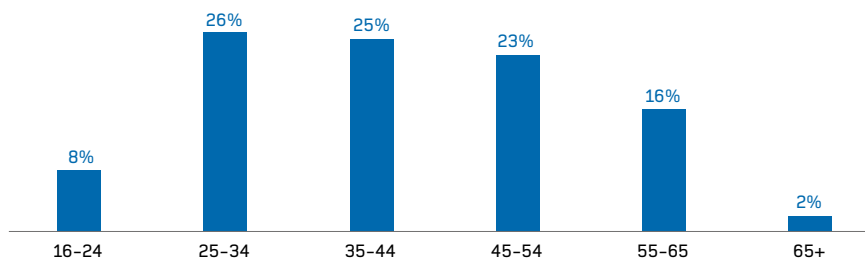
All senior managers participated in a Diversity of Thought workshop highlighting the importance of diverse views in a group when solving complex problems. Progress was made with some managers undertaking unconscious bias training through the year with further progress on this to be implemented through FY23.

How is our workforce made up?

Gender (March 2022)



Age (March 2022)



Note: Workforce diversity data sourced from staff surveys

For personal use only

PRINCIPLE 3: BOARD COMMITTEES

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

In the year to 31 March 2022, the board had two standing committees, being the Audit and Risk Committee and the People and Culture Committee.

Board and Committee Composition and Attendance 12 Months to 31 March 2022

| Director | Board meetings attended | Audit and Risk Committee meetings attended | People and Culture Committee meetings attended | Appointed/Resigned |
|---------------------------|-------------------------|--|--|---|
| Meetings held | 15 | 6 | 4 | |
| Standing Directors | | | | |
| Peter Griffiths | 15/15 ^(c) | 5/6 | | Appointed: 02/09/16 |
| Mark Eglinton | 14/15 | | 4/4 ^(c) | Appointed: 01/04/20 |
| Rhys Jones | 15/15 | | 4/4 | Appointed: 01/04/18 |
| Graham Stuart | 14/15 | 6/6 ^(c) | | Appointed: 01/12/19 |
| Julia Mayne | 9/9 | 4/4 | | Appointed: 01/09/21 |
| Jenn Bestwick | | | | Appointed: 01/05/22 |
| Past Directors | | | | |
| Russell Chenu | 6/6 | 2/2 | | Appointed: 05/07/14 Resigned: 31/08/21 |
| Angela Bull | 15/15 | | 4/4 | Appointed: 05/05/17 Resigned: 04/04/22 |

^(c) indicates Chair

The board periodically reviews the need for additional committees. Each committee operates under charters approved by the board, and any recommendation committee members make are directed to the board. Management attendance at committee meetings is by invite only.

The board's committees and their members as at 27 May 2022 were:

- Audit and Risk Committee: Graham Stuart (Chair), Jenn Bestwick and Julia Mayne
- People and Culture Committee: Mark Eglinton (Chair), Peter Griffiths and Rhys Jones.

Audit and Risk Committee

The Audit and Risk Committee is responsible for overseeing the risk management framework, treasury, insurance, accounting and audit activities of Metroglass. It reviews the adequacy and effectiveness of internal controls, reviews the performance of external auditors, oversees internal audit matters, and makes recommendations on financial and accounting policies.

The Audit and Risk Committee Charter is reviewed at least every two years and was last reviewed in November 2020.

Members of the Audit and Risk Committee are appointed by the board and comprise a minimum of three members who are each non-executive directors of Metroglass. A majority of members must be independent directors and at least one director must have an accounting or financial background.

People and Culture Committee

The People and Culture Committee's mandate is to assist the board in ensuring the elements of people, organisation and culture support the company's strategy and business plan. The committee achieves its goals by considering capability of the organisation at the senior levels, the remuneration strategy required to secure the desired level of organisational capability, company values and policies related to people, and the nominations process for the appointment and succession planning of the CEO. The People and Culture Committee Charter is reviewed at least every two years and was last reviewed in April 2021.

The People and Culture Committee is comprised of at least two, and not more than four, independent directors.

Takeover Protocol

Metroglass has adopted a Takeover Response Policy to assist in guiding the board and management in the event that the company receives an offer or an approach by a potential acquirer for a controlling stake in Metroglass. This policy is reviewed at least every three years and was last approved by the board in December 2020.

PRINCIPLE 4: REPORTING AND DISCLOSURE

“The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”

Metroglass is committed to providing financial reporting that is balanced, clear and objective and informs shareholders (both current and prospective) and market participants of all information that might have a material effect on the price of its traded financial products.

The quality, integrity and timeliness of external reporting and the company's compliance with the disclosure and reporting obligations imposed under the Listing Rules of NZX, ASX, the Companies Act and other relevant legislation are overseen by the Audit and Risk Committee.

The company's full-year statements, which have been prepared in accordance with the relevant financial standards, are set out from pages 26 to 61 of this Annual Report.

Market Disclosure Policy

The board has adopted a Market Disclosure Policy, available on the company's website, which sets out how the company will comply with its disclosure and reporting obligations.

Metroglass is committed to ensuring the timely disclosure of material information about the Metroglass Group and to making sure that the company complies with NZX Main board Listing Rules. The Board of Directors is ultimately responsible for ensuring Metroglass complies with the Market Disclosure Policy and continuous disclosure obligations. The board has established a Disclosure Committee to achieve this. The board also considers at each board meeting whether any information discussed at the meeting requires disclosure.

The policy is reviewed at least every two years and was last reviewed in May 2021.

Non-Financial Reporting

Metroglass is committed to providing non-financial disclosures on matters including strategic and operational priorities for the year, risk management, safety and wellbeing, and diversity and inclusion. In the last year, the company has begun to formalise its approach to Environmental, Social and Governance (ESG), adopting its first Environmental

Sustainability Policy outlining its commitments, and introduced a Sustainability Manager role to oversee the group's sustainability programme. The Environmental Sustainability Policy can be found on the company's website.

The group has provided an update on its progress towards ESG principles on pages 20 and 21 and will continue to develop these principles in future reports.

PRINCIPLE 5: REMUNERATION

“The remuneration of directors and executives should be transparent, fair and reasonable.”

The Metroglass board believes its practices ensure fair and reasonable remuneration. The company's remuneration policies are aimed at ensuring that the remuneration of directors and all staff properly reflects each person's accountabilities, duties, responsibilities and their level of performance. They are also aimed at making sure that remuneration is competitive in attracting, motivating and retaining staff of the highest calibre.

The company's remuneration policies and disclosures are covered in the Remuneration section on pages 76 to 79 of this Annual Report.

PRINCIPLE 6: RISK MANAGEMENT

“Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.”

The identification and effective management of the company's risks is a priority of the board. It is responsible for identifying the principal risks of Metroglass' business, ensuring an appropriate system of internal compliance and control in managing and mitigating risks is in place and monitoring internal and external reporting, including reporting to stakeholders.

The board has made the CEO accountable for all operational and compliance risks across the group including safety and wellbeing (see below). The Chief Financial Officer (CFO) has management accountability for the implementation of the risk framework across all the company's businesses.

As part of its risk management framework, Metroglass continually

assesses risks against all relevant areas of material business risk. Metroglass' main risks and mitigation plans are reviewed every six months. Metroglass holds insurance policies to meet its insurable risks.

The company engages external expertise where relevant to ensure risks are adequately understood and managed. For example, during the year the company undertook a cyber security maturity assessment against international standards which highlighted areas of strong performance and provided the basis for further cyber security projects over the next one to two years.

Safety and Wellbeing

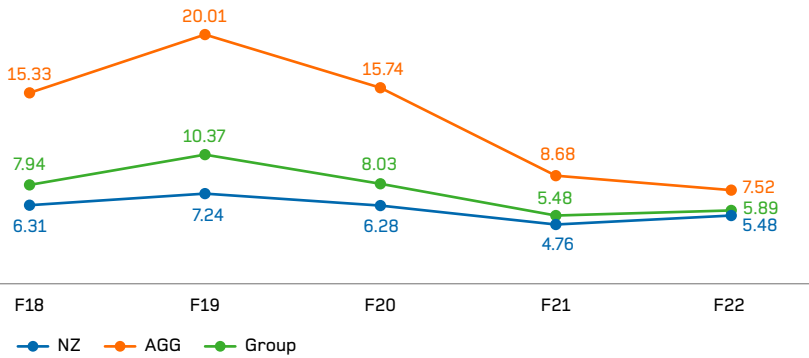
The safety and wellbeing of the company's people are fundamental to the business. Accordingly, all regular board meetings and risk reviews specifically look at safety and wellbeing matters. Metroglass has a clearly articulated safety and wellbeing vision and strategy which is understood and recognised throughout the business. This vision is underpinned by a clear set of principles and a workplan to embed a strong safety and wellbeing management system.

The company maintains a safety and wellbeing risk register for both New Zealand and Australia, which is reviewed at least annually. During the year a comprehensive and systematic risk assessment of all operations across the business was undertaken, generating a risk profile for each of the main areas of the business and providing a considered view of the most critical safety risks to the business. This ensures focus in the right areas.

Metroglass believes that all injuries are preventable and that its people should get home safe every day. The company has placed focus on mitigating risks by automating activities and providing mechanical assistance where possible to reduce the manual handling required across the business. The use of appropriate personal protective equipment and training in correct manual handling practices also contributes to reducing injuries.

Metroglass continues to focus on other factors affecting the safety and wellbeing of staff in their working environment, such as noise and air quality. A series of environmental monitoring exercises took place during the year, to make sure staff are working in safe environments. The company also offers staff health and wellbeing checks with occupational health experts. The company has continued to operate with strong COVID-19 protocols in place ensuring a safe working environment as well as supporting staff wellbeing throughout the pandemic.

Group Safety Performance



Total Reportable Incident Frequency Rate (TRIFR) is measured by calculating the number of medical treatment cases, and lost-time injuries per 200,000 hours worked.

Climate-related Financial Risk

Metroglass recognises the importance of building resilience in its business strategy and operations, overlaying the potential long-term implications of climate change and the important role its products play in reducing the operating carbon within New Zealand’s buildings.

As the climate-related reporting standards begin to be developed and introduced in New Zealand, the group has commenced a programme of work to ensure that the process and systems to incorporate climate change are appropriate for the business. In the coming 12 months Metroglass will also focus on developing an understanding of the potential risks and opportunities of climate change and reporting thereof in line with the standards determined by the External Reporting Board.

The key focus areas in the next year are to:

- Incorporate climate-related risk management into Metroglass’ Enterprise Risk Management framework.
- Collect a baseline of the Metroglass greenhouse gas emissions.

- Develop Metroglass’ material climate-related risks and opportunities that can impact business operations and strategy.
- Consider potential and appropriate metrics and targets.

PRINCIPLE 7: AUDITORS

“The board should ensure the quality and independence of the external audit process.”

The Metroglass Audit and Risk Committee is charged with overseeing all aspects of the external and internal audit of the company. The Audit and Risk Committee monitors the independence, quality and performance of the external auditors and recommends any change in auditor appointment or audit fees.

The company does not have a standalone internal audit function. External advisors are employed to evaluate and improve the effectiveness of the company’s risk management and internal processes. Progress and results on these projects are reported regularly to the Audit and Risk Committee or the board.

The Audit and Risk Committee is authorised by the board, at Metroglass’ expense, to obtain such outside legal

or other independent information and advice including market surveys and reports, and to consult with such management consultants and other outside advisors as it views necessary to carry out its responsibilities.

On at least one occasion each year, the Audit and Risk Committee meets with the external auditors without management present.

Annual Shareholders’ Meeting

Shareholders have the opportunity to ask questions of the board and of the external auditors, who attend the Annual Shareholders’ Meeting. The external auditors are available to answer questions from shareholders in relation to the conduct of the audit, the independent audit report and the accounting policies adopted by Metroglass.

PRINCIPLE 8: SHAREHOLDER RIGHTS AND RELATIONS

“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

Metroglass endeavours to keep its shareholders informed of important developments concerning the company and encourages them to follow its announcements. Metroglass believes that effective engagement with investors will benefit both the company and investors. The Investor Centre section of the company website provides easy access to information.

Metroglass also communicates with its shareholders through periodic market announcements, periodic investor briefings or site tours and annual and interim reports. These are released in accordance with NZX and ASX disclosure requirements. The board welcomes questions at the Annual Shareholders’ Meeting.

The company’s Chair, CEO, CFO and Investor Relations Officer currently lead engagement with shareholders and, in line with Metroglass’ Market Disclosure Policy, aim to be responsive, to provide clear, accurate and timely disclosures, and to provide meaningful insight into the company and the industry.

Electronic Communications

Shareholders are encouraged to receive communications from, and send communications to, the company and its security registry electronically. The shareholder contact point at the company is: glass@metroglass.co.nz.

Annual Report

Metroglass' Annual Reports and Interim Reports are all available on the company's website at: <http://www.metroglass.co.nz/investor-centre/annual-interim-reports>. Shareholders can elect to receive a printed copy of these reports by contacting the company's share registrar, Link Market Services. Any shareholder who does request a hard copy of the Metroglass Annual Report will be sent one in the regular post.

Shareholder Voting Rights

In accordance with the Companies Act 1993, Metroglass' Constitution and the NZX Main Board Listing Rules, the company refers major decisions which may change the nature of the company to shareholders for approval.

Metroglass conducts voting at its shareholder meetings by way of a poll and on the basis of one share, one vote. Further information on shareholder voting rights is set out in Metroglass' Constitution.

Notice of Annual Meeting

Metroglass' previous annual meeting was held on 6 August 2021. The notice of the meeting was released to the market on 2 July 2021. Minutes of the meeting are available on the company's website at: <https://www.metroglass.co.nz/investor-centre/annual-shareholders-meeting/>.

The 2022 Annual Shareholders' Meeting is expected to be held on 9 August 2022 in Auckland. The time and place will be provided by notice to all shareholders nearer to that date.

For personal use only

DIRECTOR REMUNERATION

The company distinguishes the structure of non-executive directors' remuneration from that of executive directors. Non-executive directors are paid a fixed fee in accordance with the determination of the board. The total amount of remuneration and other benefits received by each director during the year ended 31 March 2022 is set out below.

| Director | Responsibilities | 2022 Directors' Fees |
|---------------------------|--|----------------------|
| Standing Directors | | |
| Peter Griffiths | Chair of the Board, Member of the Audit and Risk Committee | \$160,000 |
| Mark Eglinton | Director, Chair of the People and Culture Committee | \$85,000 |
| Rhys Jones | Director, Member of the People and Culture Committee | \$85,000 |
| Graham Stuart | Director, Chair of the Audit and Risk Committee | \$100,000 |
| Julia Mayne | Director, Member of the Audit and Risk Committee | \$52,500* |
| Jenn Bestwick | Director, Member of the Audit and Risk Committee | |
| Past Directors | | |
| Angela Bull | Director, Chair of the People and Culture Committee | \$85,000 |
| Russell Chenu | Director, Member of the Audit and Risk Committee | \$37,500** |
| Total | | \$605,000 |

* Julia Mayne was appointed to the board, and as a member of the Audit and Risk Committee with effect from 1 September 2021.

** Russell Chenu resigned from the board with effect from 31 August 2021.

The Chair of the board receives \$160,000 per annum (with no additional committee fees paid) and the non-executive directors receive \$80,000 per annum. The Chair of the Audit and Risk Committee receives an additional \$20,000 per annum and other members of the Audit and Risk Committee receive an additional \$10,000 per annum. The Chair and members of the People and Culture Committee receive an additional \$5,000 per annum. Directors may also seek the board's approval for special remuneration should the specific circumstances justify this (2022: Nil). The company currently has no executive directors on the board.

The board reviews its fees on a periodic basis. The maximum aggregate amount of remuneration payable by Metroglass to the non-executive directors (in their capacity as directors) is set at \$614,000. This fee pool was last changed in May 2017.

Directors' fees exclude GST, where appropriate. No retirement or termination benefits are paid to non-executive directors. Directors are entitled to be refunded for reasonable travel and other expenses incurred by them in connection with their attendance at board or shareholder meetings, or otherwise in connection with the Metroglass business. The company does not offer an equity-based remuneration scheme for directors. The board considers that director and executive remuneration is appropriate and is not excessive.

Directors and officers also have the benefit of Directors and Officers' Liability insurance. This covers risks normally included in such policies arising out of acts or omissions of directors and employees in their capacity as such. The insurance cover is supplemented by the provision of director and officer indemnities from the company but this does not extend to criminal acts.

Executive Remuneration

The remuneration of members of senior management (CEO, SLT and certain direct reports) is designed to promote a higher-performance culture, to secure the participant's retention in Metroglass and to reward performance that underpins the achievement of Metroglass' business strategy and long-term shareholder wealth creation. The board is assisted in delivering its responsibilities and objectives for executive remuneration by the People and Culture Committee.

The CEO's performance is reviewed annually by the board. The CEO reviews the performance of the SLT and makes recommendations to the board for approval in relation to the team's remuneration and achievement of key performance indicators (KPIs).

The compensation structure of the CEO and senior management is made up of three elements:

- A fixed base salary
- A discretionary short-term incentive (STI)
- A long-term incentive (LTI).

Short-term Incentives

Short-term incentives (STI) are at-risk payments designed to motivate and reward for performance, typically within that particular financial year. The target value of an STI payment is set annually, usually as a percentage of the participant's base salary. For the 2022 financial year, the relevant percentages varied from 10% to 50%.

The STI plans relate to achievement of annual performance metrics which aim to align executives to a shared set of KPIs based on business priorities for the next 12 months.

In the 2022 financial year, the sole metric driving the STI plans for both New Zealand and Australia was:

| Target | Weighting | FY22 Result: NZ | FY22 Result: Australia |
|---|-----------|-----------------|------------------------|
| Earnings before interest and tax (EBIT) performance | 100% | Not Achieved | Not Achieved |

The payable rewards for each STI KPI target are determined by the level of performance achieved and are calculated on a linear scale increasing from the 'Minimum performance target' and receiving 65% of the specified reward, up to the 'Maximum performance target' and receiving 110% of the specified reward.

The board retains discretion on the payment of STI awards and will consider additional factors. For example, STI payments may be withheld if there was a death or permanent material disability of any worker (exceptions may be made for a motor accident and acts of God beyond management control).

Long-term Incentives (LTI)

The company's LTI plan for the 2022 financial year was announced on 2 July 2021. The LTI plan is made up of both performance share rights and share options. The LTI is designed to secure those employees' retention in Metroglass and to reward performance that underpins the achievement of Metroglass' business strategy and long-term shareholder wealth creation. The key features of the 2022 LTI plan are as follows:

- Participants will be offered an annual award of a specified number of both performance rights and share options in Metroglass (in accordance with the LTI rules).
- The performance rights will enable participants to acquire shares in Metroglass with no consideration payable, subject to Metroglass achieving set performance hurdles and meeting certain vesting conditions.
- The share options enable participants to acquire shares in Metroglass at a specified exercise price, subject to Metroglass achieving set performance hurdles and meeting certain vesting conditions.

A total of 8,895,315 share options and 3,913,216 performance share rights remain outstanding pursuant to the 2018, 2019 2020 and 2021 LTI plans as at 27 May 2022.

Chief Executive Officer's Remuneration

Metroglass' CEO Simon Mander joined the company on 19 November 2018. The former CEO departed on 31 March 2018.

Fixed CEO remuneration for the past five financial years (12 months to 31 March):

| Financial year | CEO | Fixed Remuneration | | |
|----------------|---------|--------------------|-----------------|--------------------------|
| | | Salary | Other benefits* | Total fixed remuneration |
| FY22 | Current | \$650,000 | \$29,203 | \$679,203 |
| FY21 | Current | \$650,000 | \$26,132 | \$676,132 |
| FY20 | Current | \$650,000 | \$25,682 | \$675,682 |
| FY19 | Current | \$214,166** | \$8,173 | \$222,339 |
| FY18 | Former | \$550,000 | \$20,385 | \$570,385 |

* Other benefits include medical insurance and KiwiSaver.

** Pro-rated for a partial year.

Description of CEO's remuneration for performance for the year ended 31 March 2022:

| Plan | Description | Performance measures | Percentage of maximum awarded |
|------|--|--|-------------------------------|
| STI | Set at 50% of fixed remuneration for FY22 the highest STI target is achieved. This year's scheme allowed for additional incentive payments should performance exceed the top STI target. | 100%: EBIT performance | Nil |
| LTI | Issued 21 May 2021. The first vesting date is 4 June 2024 and no instruments have yet had the chance to vest. | 50% share options require Metroglass' Total Shareholder Return (TSR) to exceed a compound annual pre-tax rate that is 1% above the company's cost of equity 50% performance share rights measured against NZX 50 group TSR hurdle | n/a n/a |

Pay for Performance – short-term incentives

| Financial year of STI payment | CEO | Relevant performance period | % STI awarded against maximum | STI paid |
|-------------------------------|---------|-----------------------------|-------------------------------|-----------|
| FY23 | Current | FY22 | 0 | \$0 |
| FY22 | Current | FY21 | 99.5 | \$323,276 |
| FY21 | Current | FY20 | 0 | \$0 |
| FY20 | Current | FY19 | 59 | \$96,364* |
| FY19 | Former | FY18 | 0 | \$0** |
| FY18 | Former | FY17 | 10 | \$28,563 |

* Pro-rated for 4 months out of 12 following the CEO joining in November 2018.

** A separate one-off incentive payment was awarded to the departing CEO in the 2019 financial year as described in detail in the 2018 Annual Report.

Pay for Performance – long-term incentives

| | CEO | LTI (initial grant values)* | % LTI vested against maximum | Span of LTI performance periods |
|------|---------|-----------------------------|------------------------------|---------------------------------|
| FY22 | Current | 162,500 | n/a | 05/06/21 – 04/06/24 |
| FY21 | Current | 162,500 | n/a | 04/07/20 – 03/07/23 |
| FY20 | Current | 162,500 | n/a | 07/06/19 – 06/06/22 |
| FY19 | Current | Nil | n/a | n/a |
| FY18 | Former | 125,000 | Nil** | 08/06/17 – 08/06/20 |
| FY17 | Former | 125,000 | Nil** | 10/06/16 – 10/06/19 |

* These are LTI grant values (not payments), which require relevant hurdles to be met over specific performance periods. Performance with regard to the FY20 LTI scheme will be tested in FY23.

** These holdings were cancelled when the former CEO left the company (the three-year holding hurdle was not met).

Employees–Remuneration

The number of employees or former employees (including employees holding office as directors of subsidiaries) who received remuneration and other benefits in their capacity as employees, the value of which was at or in excess of \$100,000 and was paid to those employees during the financial year ended 31 March 2022, is specified in the table below.

The remuneration figures shown in the “Remuneration” column include all monetary payments actually paid during the course of the 2022 financial year. This includes salary, STI payments that were paid during the year, and the value of performance share rights and share options (LTI) expensed during the financial year. Remuneration shown below includes settlement payments and payments in lieu of notice with respect to certain employees upon their departure from the company but does not include any amounts paid post 31 March 2022 that relate to the year ended 31 March 2022.

| Remuneration | Number of employees | Remuneration | Number of employees |
|-------------------|---------------------|-----------------------|---------------------|
| \$100,000-110,000 | 48 | \$220,000-230,000 | 1 |
| \$110,000-120,000 | 38 | \$230,000-240,000 | 4 |
| \$120,000-130,000 | 16 | \$240,000-250,000 | 3 |
| \$130,000-140,000 | 14 | \$250,000-260,000 | 1 |
| \$140,000-150,000 | 15 | \$260,000-270,000 | 2 |
| \$150,000-160,000 | 15 | \$280,000-290,000 | 2 |
| \$160,000-170,000 | 6 | \$300,000-310,000 | 1 |
| \$170,000-180,000 | 5 | \$330,000-340,000 | 1 |
| \$180,000-190,000 | 3 | \$340,000-350,000 | 1 |
| \$190,000-200,000 | 6 | \$380,000-390,000 | 1 |
| \$200,000-210,000 | 2 | \$610,000-620,000 | 1 |
| \$210,000-220,000 | 3 | \$1,120,000-1,130,000 | 1 |

STATUTORY INFORMATION

SECURITIES EXCHANGE LISTING

Metroglass' shares are listed on the New Zealand Securities Exchange (NZX) and Australian Securities Exchange (ASX).

Shares on issue as at 31 March 2022:

| Register | Security | Holders | Units |
|--------------|-------------------|--------------|--------------------|
| New Zealand | MPG (NZX) | 2,727 | 183,382,989 |
| Australia | MPP (ASX) | 107 | 1,995,097 |
| Total | MPG (Dual) | 2,834 | 185,378,086 |

Securities issued, and still outstanding, under the 2017 – 2022 long-term incentive plans as at 31 March 2022:

| Long-Term Incentive Scheme | Security | Holders | Units |
|-------------------------------|-----------|---------|-----------|
| 2019 Performance Share Rights | MPG (NZX) | 24 | 374,275 |
| 2019 Share Options | MPG (NZX) | 24 | 1,193,009 |
| 2020 Performance Share Rights | MPG (NZX) | 27 | 1,287,961 |
| 2020 Share Options | MPG (NZX) | 27 | 3,434,556 |
| 2021 Performance Share Rights | MPG (NZX) | 9 | 1,442,516 |
| 2021 Share Options | MPG (NZX) | 9 | 2,704,717 |
| 2022 Performance Share Rights | MPG (NZX) | 11 | 808,464 |
| 2022 Share Options | MPG (NZX) | 11 | 1,563,033 |

Top 20 Shareholders

Metroglass' top 20 registered shareholders as at 31 March 2022 were as follows:

| Rank | Investor name | Shares at 31 March 2022 | % Shares |
|---|--|-------------------------|---------------|
| 1 | Masfen Securities Limited | 25,401,929 | 13.7 |
| 2 | HSBC Nominees (New Zealand) Limited ¹ | 21,866,080 | 11.8 |
| 3 | Takutai Limited | 16,988,831 | 9.16 |
| 4 | Accident Compensation Corporation ¹ | 11,534,695 | 6.22 |
| 5 | Benjamin James Renshaw | 5,386,260 | 2.91 |
| 6 | New Zealand Depository Nominee | 4,273,981 | 2.31 |
| 7 | Custodial Services Limited | 2,469,429 | 1.33 |
| 8 | Trevor John Logan | 2,400,000 | 1.29 |
| 9 | FNZ Custodians Limited | 1,928,166 | 1.04 |
| 10 | Da Wei Chu Su | 1,580,000 | 0.85 |
| 11 | ASB Nominees Limited | 1,462,267 | 0.79 |
| 12 | Hui Wen Yang | 1,390,000 | 0.75 |
| 13 | William Orr & Amy Amelia Orr | 1,200,000 | 0.65 |
| 13 | Eric Francis Barratt & Hyun Ju Barratt | 1,200,000 | 0.65 |
| 13 | Andrew Rutherford Wallace & Miranda Ruth Burdon | 1,200,000 | 0.65 |
| 14 | Kevin John Summersby | 1,101,500 | 0.59 |
| 15 | Jonathan Mapp | 1,001,000 | 0.54 |
| 16 | Gmh 38 Investments Limited | 1,000,000 | 0.54 |
| 16 | Bowenvale Investments Limited | 1,000,000 | 0.54 |
| 16 | Weijun Zhang & Yuhua Yang | 1,000,000 | 0.54 |
| Totals: Top 20 registered holders of ordinary shares | | 105,384,138 | 56.85% |
| Totals: Remaining holders' balance | | 79,993,948 | 43.15% |

¹ Held through New Zealand Central Securities Depository Limited (NZCSD). NZCSD provides a custodial depository service which allows electronic trading of securities by its members and does not have a beneficial interest in these shares. As at 31 March 2022, a total of 33,400,775 Metroglass shares (or 18.02% of the ordinary shares on issue) were held through NZCSD.

Substantial Shareholders

According to the records kept by the company under the Financial Markets Conduct Act 2013 the following were substantial holders in the company as at 31 March 2022. Shareholders are required to disclose their holdings to Metroglass and to its share registrar by giving a 'Substantial Shareholder Notice' when:

- They begin to have a substantial shareholding (5% or more of Metroglass' shares)
- There is a subsequent movement of 1% or more in a substantial holding, or if they cease to have a substantial holding
- There is any change in the nature or interest in a substantial holding.

| Investor name | Number of shares as at 31 March 2022 | % | Date of most recent notice |
|-----------------------------------|--------------------------------------|-------|----------------------------|
| Masfen Securities Limited | 25,401,929 | 13.70 | 17/02/20 |
| Bain Capital Credit, LP | 21,162,862 | 11.42 | 30/11/18 |
| Takutai Limited | 16,988,831 | 9.16 | 14/02/22 |
| Accident Compensation Corporation | 11,534,695 | 6.22 | 25/03/19 |

Distribution of Shareholders

As at 31 March 2022:

| Range | Number of holders | % | Number of shares | % |
|----------------------|-------------------|----------------|--------------------|----------------|
| 1 – 1,000 | 241 | 8.50 | 160,825 | 0.09 |
| 1,001 – 5,000 | 914 | 32.25 | 2,619,147 | 1.41 |
| 5,001 – 10,000 | 491 | 17.33 | 4,019,830 | 2.17 |
| 10,001 – 50,000 | 854 | 30.13 | 20,769,185 | 11.2 |
| 50,001 – 100,000 | 163 | 5.75 | 11,931,631 | 6.44 |
| Greater than 100,000 | 171 | 6.03 | 145,877,468 | 78.69 |
| Total | 2834 | 100.00% | 185,378,086 | 100.00% |

Voting Rights

Section 15 of the company's constitution states that a shareholder may vote at any meeting of shareholders in person or through a representative. Metroglass conducts voting by way of a poll; using this method every shareholder present (or through their representative) has one vote per fully-paid-up share they hold. Unless the board determines otherwise, shareholders may not exercise the right to vote at a meeting by casting postal votes. More detail on voting can be found in Metroglass' constitution available on the company's website at: www.metroglass.co.nz/investor-centre/governance/.

Trading Statistics

Metroglass is listed on both the NZX and ASX. The trading ranges for the period 1 April 2021 to 31 March 2022 are as follows:

| | NZX (NZD) | ASX (AUD) |
|----------------------------|--------------------|--------------------|
| Minimum: | \$0.285 (23/03/21) | \$0.295 (30/03/22) |
| Maximum: | \$0.46 (17/08/21) | \$0.45 (17/09/21) |
| Range: | \$0.285 – \$0.46 | \$0.295 – \$0.45 |
| Total shares traded | 26,637,416 | 366,222 |

¹ Trading in Metroglass shares on the ASX is less liquid than it is on the NZX. The final date on which shares were traded on the ASX during the 12 months to 31 March 2022 was 30 March 2022.

Dividend Policy

Dividends and other distributions with respect to the shares are only made at the discretion of the board of Metroglass.

Any dividend can only be declared by the board if the requirements of the Companies Act 1993 are also satisfied. The board's decision to declare a dividend (and to determine the quantum of the dividend) for shareholders in any financial year will depend on, among other things:

- All statutory or regulatory requirements
- The financial performance of Metro Performance Glass
 - One-off or non-recurring events
 - Metroglass' capital expenditure requirements
 - The availability of imputation credits
 - Prevailing business and economic conditions
 - The outlook for all of the above
- Any other factors deemed relevant by the board.

Over the past four financial years, the company has prioritised debt reduction and worked towards achieving a leverage ratio for the Group (as measured by net debt to rolling 12-month EBITDA) of approximately 1.5 times. At 31 March 2022, this ratio was 3.7 times (on a pre-IFRS 16 basis).

No dividends have been declared in respect of the 2022 financial year. The impact of additional COVID-19 lockdowns and significant supply chain disruption has delayed the resumption of dividends. Once business conditions allow, the company will seek to pay dividends of between 50% and 70% of Net Profit After Tax before significant items, subject to several considerations including those listed above.

NZX and ASX Waivers

Metroglass does not have any waivers from the requirements of the NZX Main Board Listing Rules and has waivers in place with the ASX that are standard for a New Zealand company listed on the ASX.

Metroglass has an ASX Foreign Exempt Listing on the ASX. This category is based on a principle of substituted compliance, recognising that for secondary listings, the primary regulatory role and oversight rest with the home exchange. Metroglass continues to have a full listing on the NZX Main Board.

Disclosure of Directors' Interests

Directors disclosed, under section 140(2) of the New Zealand Companies Act 1993, the following interests as at 31 March 2022:

| Director and Company | Position |
|--|------------------------------|
| Angela Jennifer Bull | |
| Foodstuffs South Island Limited | Director |
| Realestate.co.nz | Director |
| Real Estate Institute of New Zealand | Director |
| Tramco Group | Chief Executive |
| Lisa Julia Mayne | |
| n/a | |
| Mark Kenneth Eglinton | |
| NDA Group Limited | Director/Shareholder/Officer |
| Sail City No 36 Limited | Director/Shareholder |
| Snapper Rock International Limited | Chair |
| Young Enterprise Trust | Trustee |
| Peter Ward Griffiths | |
| Another New Plane Co. Limited | Director/Shareholder |
| Great Barrier Airlines Limited | Director/Shareholder |
| New Zealand Business and Parliament Trust | Chair/Trustee |
| NZDS Properties (No 2) Limited | Director/Shareholder |
| Rhys Jones | |
| Resin & Wax Holdings Limited | Chair/Shareholder |
| Ridley Corporation Limited | Director |
| Vulcan Steel Limited | Director/Shareholder |
| Vulcan Steel Pty Limited | Director/Shareholder |
| Graham Robert Stuart | |
| EROAD Limited | Director |
| Leroy Holdings Limited | Director/Shareholder |
| Northwest Healthcare Properties Management Limited | Director |
| Tower Limited | Director |
| Vinpro Limited | Director |
| H4G Limited | Chair |

Subsidiaries and Subsidiary Directors

Section 211(2) of the Companies Act 1993 requires the company to disclose, in relation to its subsidiaries, the total remuneration and value of other benefits received by the directors and former directors, together with particulars of entries in the interests registers made, during the year ended 31 March 2022.

No group employee appointed as a director of Metro Performance Glass Limited or its subsidiaries receives or retains any remuneration or other benefits in their capacity as a director, and each is a full-time group employee. The remuneration and other benefits of such employees and former employees (received as employees) totalling NZ\$100,000 or more during the year ended 31 March 2022 is included in the remuneration bandings disclosed on page 79 of this Annual Report.

As at 31 March 2022, Metroglass' subsidiary companies and subsidiary directors were:

| Company | Directors |
|---|------------------------------|
| Australian Glass Group (Holdings) Pty Limited | Simon Mander, Brent Mealings |
| Australian Glass Group Finance Company Pty Limited | Simon Mander, Brent Mealings |
| Australian Glass Group Investment Company Pty Limited | Simon Mander, Brent Mealings |
| Canterbury Glass & Glazing Limited | Simon Mander, Brent Mealings |
| Christchurch Glass & Glazing Limited | Simon Mander, Brent Mealings |
| Hawkes Bay Glass & Glazing Limited | Simon Mander, Brent Mealings |
| I G M Software Limited | Simon Mander, Brent Mealings |
| Metroglass Finance Limited | Simon Mander, Brent Mealings |
| Metroglass Holdings Limited | Simon Mander, Brent Mealings |
| Metropolitan Glass & Glazing Limited | Simon Mander, Brent Mealings |
| Taranaki Glass & Glazing Limited | Simon Mander, Brent Mealings |

Directors' Shareholding in Metroglass

The directors' respective interests in Metroglass shares as at 31 March 2022 are as follows:

| | Number of shares in which a relevant interest is held | Acquisition dates | Disposal dates |
|-----------------|---|---|----------------|
| Angela Bull* | 65,825 | 10/07/17, 30/08/17, 28/08/18 and 28/02/20 | n/a |
| Mark Eglinton | 40,000 | 28/05/21 | |
| Peter Griffiths | 250,500 | Eight dates between 16/05/16 and 26/05/21 | n/a |
| Rhys Jones | 58,000 | 31/08/18 | n/a |
| Graham Stuart | 100,000 | 28/02/20 | n/a |
| Julia Mayne | 25,000 | 23/02/22 | n/a |

* Angela Bull resigned as a director on 4 April 2022. In accordance with the Metro Securities Trading Policy Angela Bull remains bound under the terms of this policy for six months from resignation date.

Donations

For the year ended 31 March 2022, Metroglass, including its subsidiaries, made donations of \$6,965.22 (2021: \$9,143.49).

Net Tangible Assets Per Security

Net tangible assets per security at 31 March 2022: 16.62 cents (31 March 2021: 15.52 cents (restated)).

Currency

Within this Annual Report, all amounts are in New Zealand dollars unless otherwise specified.

Credit Rating

Metroglass has not requested a credit rating.

COMPANY DIRECTORY

Registered Office

5 Lady Fisher Place
East Tamaki
Auckland 2013
New Zealand
Email: glass@metroglass.co.nz
Phone: +64 927 3000

Board of Directors

Peter Griffiths – Non-Executive Chair
and Member of the People and Culture Committee

Rhys Jones – Non-Executive Director
and Member of the People and Culture Committee

Graham Stuart – Non-Executive Director
and Chair of the Audit and Risk Committee

Mark Eglinton – Non-Executive Director
and Chair of the People and Culture Committee

Julia Mayne – Non-Executive Director
and Member of the Audit and Risk Committee

Jenn Bestwick – Non-Executive Director
and Member of the Audit and Risk Committee

Senior Leadership Team

Simon Mander – Chief Executive Officer

Brent Mealings – Chief Financial Officer

Robyn Gibbard – GM Upper North Island

Nick Hardy-Jones – GM South Island

Nick Johnson – Chief Information Officer

Amandeep Kaur – Group Safety and Wellbeing Manager

Barry Paterson – GM Commercial Glazing and Technical

Andreas Paxie – GM Lower North Island

Dayna Roberts – Human Resources Director

Auditor

PricewaterhouseCoopers
15 Customs Street West
Auckland 1010
New Zealand

Lawyers

Bell Gully
Vero Centre
48 Shortland Street
Auckland 1140
New Zealand

Bankers

ASB Bank Limited
Westpac New Zealand Limited
Westpac Banking Corporation

Share Registrar

Link Market Services
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
PO Box 91976, Auckland 1142
New Zealand

Further Information Online

This Annual Report, all our core governance documents (our constitution, some of our key policies and charters), our investor relations policies and all our announcements can be viewed on our website:

www.metroglass.co.nz/investor-centre/

Investor Calendar

| | |
|-------------------------------------|-------------------|
| 2022 Annual Shareholders' Meeting | 9 August 2022 |
| 2023 Half Year balance date | 30 September 2022 |
| 2023 Half Year results announcement | November 2022 |
| 2023 Full Year balance date | 31 March 2023 |
| 2023 Full Year results announcement | May 2023 |

For personal use only

MFG024

insightrecursive.co.nz

For personal use only

