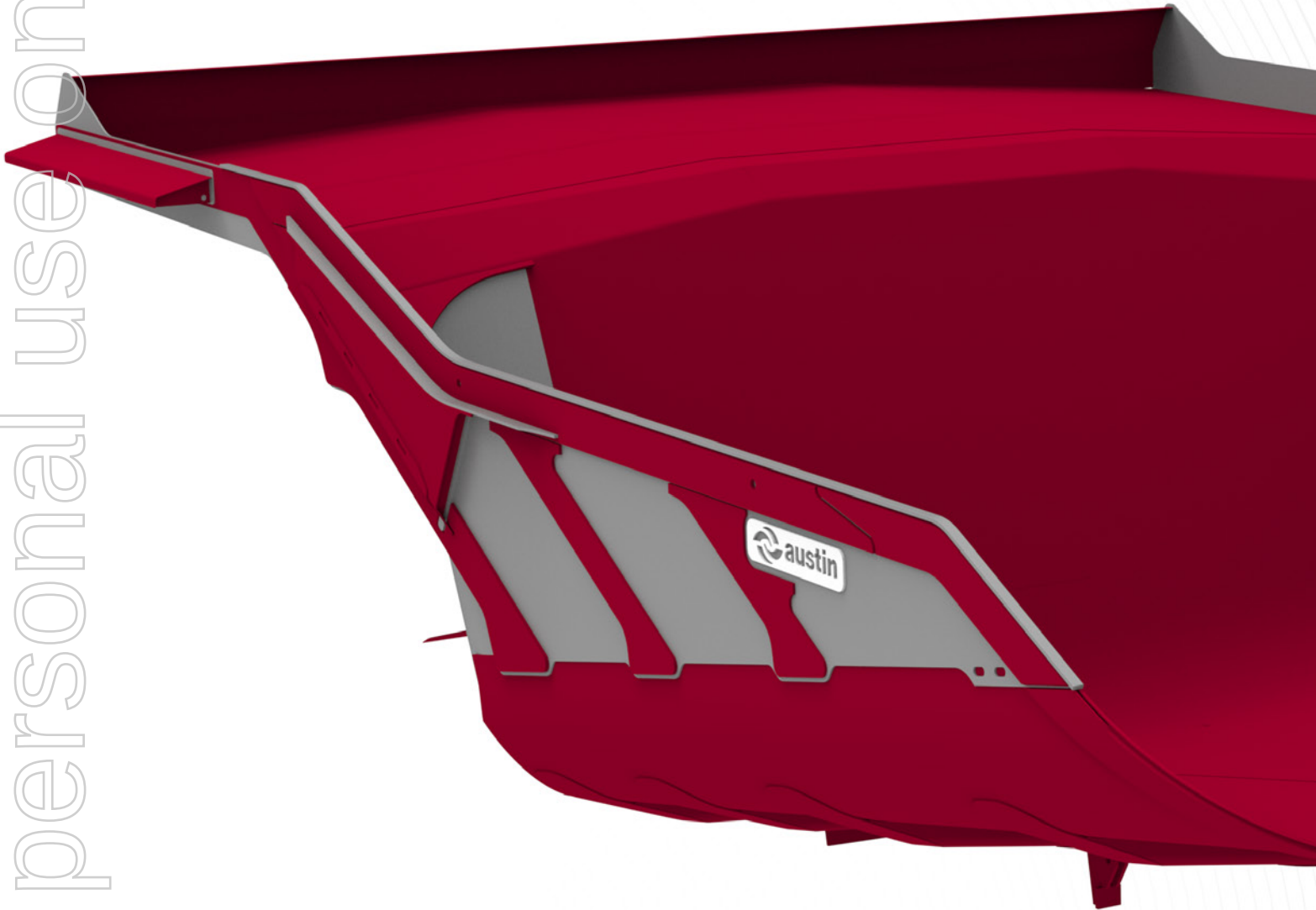




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# Annual Report

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2022

[austineng.com](http://austineng.com)



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# Group Overview

We are a global mining products business that partners with mining companies, contractors and original equipment manufacturers to create innovative engineering solutions that deliver productivity and safety improvements to their operations.

We are a market leader in the design and manufacture of loading and hauling solutions, including off-highway dump truck bodies, buckets, and water tanks for multi-commodity open-cut and underground operations.

Austin's products can create more sustainable mining operations by delivering the lowest cost per tonne to end users, reducing fuel usage per material carried and maximizing profitability for our clients.

We provide a complete service through the product's life cycle, offering on and off-site repair and maintenance, and spare parts.



## 2022 Highlights

### Corporate

- Three stages of Austin 2.0 strategy rolled out focused on reducing overall costs, increasing manufacturing efficiency and investing in new and upgraded products to meet mining companies stated objectives.
- Implementation of 'hub and spoke' manufacturing strategy.
- New JEC High Performance bucket range launched.
- New, more efficient, haul tray launched.
- Return to substantive profitability across the Group.
- \$35 million global facility agreed with HSBC Bank Australia Limited, refinancing existing debt facilities in Australia and Chile with lower cost funding.
- Completed the sale of all major properties held for sale in Colombia, Chile and Mackay following the closure or consolidation of operations in FY21, realizing \$11.8 million.

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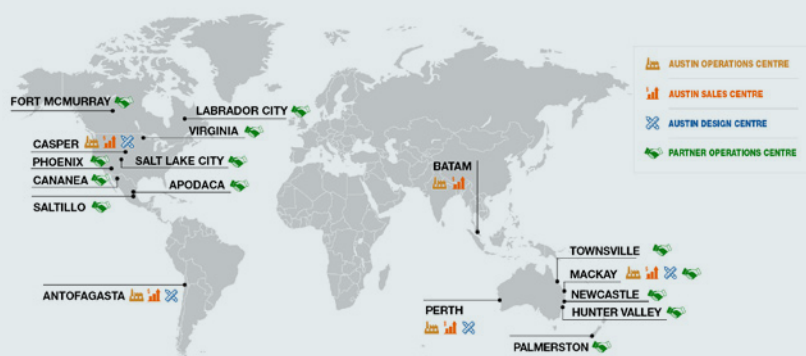
## Our vision

- To be the market leader in providing loading and hauling products to the mining industry.
- To provide the best solution for clients' specific needs across a broad product range supporting open-cut and underground applications.
- To put the needs of the client and innovation at the core of our business, supported by world-class engineering, manufacturing and quality.
- To strengthen our corporate, social and environmental targets and initiatives and support the communities around us.
- To remain at the forefront of new technologies and take an innovation-led approach to all aspects of the business.

**This will drive returns for our clients, our people and our shareholders.**

## Global reach

We are headquartered in Perth, Western Australia and have manufacturing sites located in Australia, North America, Indonesia and South America. Our engineering centres in Australia and North America form one global engineering operation focused on research and development for new, innovative products. We have the largest global footprint of manufacturing facilities of any dedicated customised off-highway truck body and bucket provider and an extensive global partner network to ensure the delivery of exceptional customer service.



## Operations

- FY23 order book was \$135 million as at 1 July 2022, a 50% rise from the same time last year.
- Bid-win rates significantly improved with contracts secured with new and existing customers.
- Five year contract secured with Rio Tinto for supply of dump bodies, lightweight trays for ore trucks, heavy machinery buckets, water bodies and other fabricated products.
- Partnerships, with companies in regions not directly served by Austin, secured under 'hub and spoke' strategy sees improved delivery logistics and cost competitiveness.
- Successful sales of new products including upgraded ULTIMA truck tray and JEC High Performance bucket.
- Fourfold year-on-year increase in mining bucket sales recorded in FY22
- Order book expected to drive higher first half revenue in FY23 compared to FY22.
- Strong recovery and performance in North and South America, particularly during 2H22.
- Strong Asia Pacific performance, driven from integration of Batam operations.
- Perth operations impacted by COVID-19 in 2H22 as WA borders reopened but impact offset by Batam operations absorbing extra capacity.

## Financial

- FY NPAT of \$20.6 million from continuing operations – delivering above guidance.
- Total revenue from continuing operations \$203.3 million.
- EBITDA from continuing operations of \$32.5 million.
- Cash inflow from operations of \$4.7 million.
- Fully franked FY22 interim dividend of 0.2 cents per share.
- Fully franked FY22 final dividend of 0.3 cents per share.



# Chairman's Letter

## Jim Walker

Dear Shareholders,

During a year of significant macroeconomic volatility and the continued impacts of COVID-19, I am very proud to say Austin Engineering has performed strongly on an operational and financial level for the 2022 financial year.

With a refined strategic focus on enhancing margins, in tandem with improving our product performance and customer support, we have delivered a 155% rise in EBITDA to \$32.5 million and an 525% rise in net profit after tax to \$20.6 million from continuing operations. New growth measures instigated as part of the Company's global strategic review at the beginning FY22 are already seeing results, and I am pleased to report we exceeded our FY earnings estimates. This was driven by a particularly strong second half, and crucially, this buoyant momentum and robust financial performance is sustainable in the longer term.

Sustainability has been a key focus of the Board during the fiscal year, and we have made significant strides in this area on a number of fronts. We are cognisant that clients increasingly want greener, more sustainable solutions that are safer and increase productivity.

I am pleased to report a year-on-year improvement across both our Lost Time Injury Frequency Rate and Total Recordable Injury Frequency Rate. Our product range also continued to evolve during the year with the launch of the upgraded ULTIMA tray and our JEC High performance buckets. Our engineering and design IP continue to deliver products for a more sustainable mining sector, with improved safety, efficiency and reduction in fuel usage per material carried. Through adoption of latest technologies and innovation we are staying abreast of the needs of our customers.

A safety-first, environmentally conscious, and diverse business will ensure Austin has a prosperous long-term future ahead.

Our team has been able to successfully navigate the current wide-scale inflationary pressures and lingering impacts of COVID-19, and we note these pressures are continuing to ease. Our enhanced focus on prudent cost control, increased utilisation of Batam into the Austin supply chain, and our agile 'hub and spoke' strategy has enabled us to source materials and labour in a highly efficient manner. This has allowed us to effectively manage rising costs for input materials, like for steel, as well as the tight labour market in Australia.

The business impacts of the COVID-19 pandemic have been ameliorating in line with vaccination rollouts and international travel reopening, but Austin remains vigilant and continues to implement risk management measures to protect our workforce and stakeholders, and safeguard business continuity.

The substantial strategic initiatives we have undertaken during FY22 has given us a strong platform for the 2023 financial year. We are continuing to target growth, underpinned by our expanding order book that at 1 July 2022 was \$135 million, which is a 50% increase from the same time in 2021.

On behalf of the Board, I would like to conclude by thanking our team, capably led by our Managing Director David Singleton. The commitment, hard work and diligence of our workforce both onsite and at a corporate level has been a key driver of Austin's successful year. Our team has been supported by our contractors and suppliers, and I'd like to thank those groups for their contribution to running a safe and successful operation.

And finally, I would like to thank our shareholders for your ongoing support. We commence FY23 in a strong position and I look forward to updating you on our progress.

**JIM WALKER**  
Chairman

# Managing Director's Report

## David Singleton

The 2022 financial year has been simultaneously challenging and rewarding for Austin.

The successful implementation of our 'Austin 2.0' global strategy has positioned the Company for long term growth, and we have delivered full year results that have exceeded guidance, driven by a strong focus on increasing our customer base and order book, alongside cost reduction and margin improvement programs.

I am very proud of the efforts of our team right across the globe to achieve these results in the midst of a number of unprecedented challenges faced by the business, including operating in an environment where supply chain issues, rising input costs and labour shortages were ever present over the year.

In FY22, we successfully implemented the three stages of our global strategic review, which involved a series of measures aimed at improving our competitiveness, our product performance, and sharpening our focus on the needs of our customers.

The initial stage saw us significantly reduce overhead costs across our global operations. Austin consolidated some of its businesses and has created a leaner, more efficient structure overall.

This process was coupled with a program at our facilities to materially improve productivity by progressively adopting advanced manufacturing techniques, increase the use of automation, and linking our various overseas units together. Through this we have been able to reduce our manufacturing costs, increase our delivery capacity and therefore improve our overall competitiveness. Results in the second half of the year have started to show the increasing impact of these improvements.

Another facet of this strategy that has proved very successful has been securing partnerships to support our major manufacturing hubs, using partner firms to undertake final assembly of pre-packaged, or semi-assembled, truck bodies and transport them to the end customer. This 'hub and spoke' strategy, has vastly improved delivery logistics and costs, particularly in Australia and the USA, which has further increased our competitiveness in the market. Current final assembly partnership locations include Mexico, Mackay, Townsville, Hunter Valley and New Zealand.

A renewed focus on sales in a number of regions has boosted order book opportunities with new and existing customers. We continue to engineer new designs to meet changing customer needs, that chiefly enable improvements in mine site efficiency and product reliability. Our increased competitiveness has resulted in higher bid win rates in all home markets and improved market share across a number of products. Our order book levels surpassed FY21 at all points of the year, and we ended FY22 with a near 50% lift in orders year-on-year, supporting strong revenues, especially in the second half.

Sales have also been boosted on the back of investment in new product innovation and technology under the third, and ongoing, stage of our 'Austin 2.0' strategy. During the year we released updated and new product ranges with improved designs to better target our customer needs.

The upgraded ULTIMA truck tray has been designed specifically for the Australian eastern states market, with significantly more trays sold into that market than in the previous year. Pleasingly, we continue to achieve solid bid win rates in the eastern states of Australia.

We have had great success with the release of our new JEC High Performance bucket range, which has been a key contributor to a more than fourfold year-on-year increase in mining bucket sales in FY22.

The resilience of the business was tested in the year as supply chain issues, a massive hike in steel and container prices, and labour shortages pressured our operations. Well-structured procurement processes and the global nature of the business and its locations means we have been able to effectively manage these risks. Australia, faced significant, but expected labour challenges in the second half as the COVID-19 pandemic reached its peak particularly in Western Australia. Our Batam operations were able to successfully absorb the capacity and address the labour shortage in that part of the business. Increased orders have further elevated throughput in that facility.

With COVID-19-related pressures easing, and a solid order pipeline confirmed, we are set up for a strong start to FY23.

Our team has worked extremely hard to lay the foundation for operational and financial growth for Austin and its shareholders, and I am extremely proud of the progress we have made this year.



**DAVID SINGLETON**

Managing Director and Chief Executive Officer

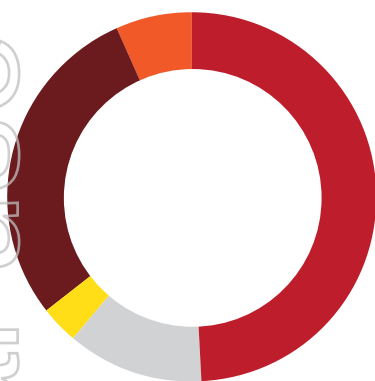


# Operational Overview

## Asia Pacific

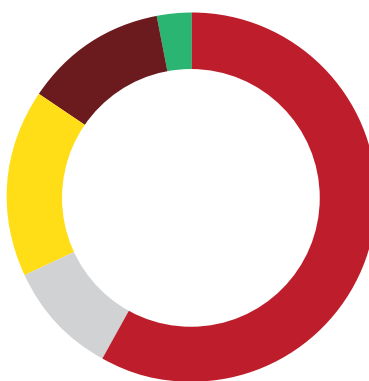
| Asia Pacific (\$'m) | FY22  | FY21  | Change |
|---------------------|-------|-------|--------|
| Revenue             | 107.5 | 138.3 | -22%   |
| EBITDA (Statutory)  | 8.9   | 17.5  | -49%   |
| EBITDA margin       | 8.3%  | 12.7% | -35%   |

## Revenue by commodity



|                  | FY22 | FY21 |
|------------------|------|------|
| ● Iron Ore       | 49%  | 53%  |
| ● Coal - Met     | 12%  | 27%  |
| ● Coal - Thermal | 3%   | 1%   |
| ● Copper         | 29%  | 1%   |
| ● Gold           | 7%   | 16%  |

## Revenue by product/service type



|                              | FY22 | FY21 |
|------------------------------|------|------|
| ● Bodies                     | 58%  | 63%  |
| ● Buckets                    | 10%  | 4%   |
| ● Other products             | 16%  | 19%  |
| ● Shop maintenance / repairs | 12%  | 13%  |
| ● Site maintenance / repairs | 0%   | 1%   |
| ● Other services             | 4%   | 0%   |



Asia Pacific operations contributed strongly to the Group's overall performance delivering 53% or \$107.5 million of business revenues in FY22. However, this was a 22% reduction from \$138.3 million the previous year.

Overall revenue growth slowed across our Perth and Indonesian operations as a result of considerable headwinds including COVID-19 disruptions and mitigations, supply chain challenges and unprecedented cost increases for items such as materials, transport, and labour.

Despite these challenges, which have impacted the manufacturing sector globally, continuing operational efficiency improvements assisted in the Company delivering an 8.3% EBITDA margin (12.7% in FY21).

Truck body sales accounted for 58% of revenue in the APAC region, with buckets increasing to 10%.

#### Western Australia

Austin's Perth operation was impacted by COVID-19 induced labour shortages, particularly in the second half of the year as Western Australia experienced a peak in cases. Austin also managed through a period of significant price increases for steel and shipping containers. These factors have led to a 28% fall in revenue to \$54.6 million for the year.

Austin was able to put some mitigation strategies in place to weather the period of staff absences in Perth, including increasing operations in the Batam facilities. Perth operated at a high volume rate for majority of the year and demand for Austin's products remains high across the region.

Austin notes there has been recent improvement in many of the supply chain issues present in FY22 and, as FY23 commences, the impact on our daily operations is now minimal.

#### Eastern Australia

Austin continues to service East Coast markets from its manufacturing hubs in Batam and Perth. Austin's bid-win rate increased significantly in this market in FY22, enabling a much stronger order pipeline into FY23 and greater market share across various products. New product offerings, including an upgraded truck tray and the JEC High Performance Bucket. Austin logged record increases in sales of buckets and containerised truck bodies in this market in the year. Several new final assembly partnerships were established in the year allowing final product assembly to be undertaken in close proximity to customer mine sites. This partnership structure was extended across the globe in the year, which has allowed Austin to retain its cost competitiveness in the market.

#### Indonesia

Austin's Batam operations delivered a 2% decrease in revenue to \$42.9 million. Strong sales were recorded with the facility delivering to customers domestically and into markets such as Australia, New Zealand, Africa, and Kazakhstan.

Batam was able to absorb some of the manufacturing capacity of Perth when that facility was experiencing staff shortages.

Austin is currently expanding production capacity in its Batam facility and expects to double current capacity. Advanced manufacturing systems including use of jigs, fixtures, robotics and automation will help to drive efficiency and performance of the facility, along with ongoing product improvement.



## North America

| North America (\$'m) | FY22  | FY21   | Change |
|----------------------|-------|--------|--------|
| Revenue              | 66.7  | 35.7   | 87%    |
| EBITDA (Statutory)   | 15.9  | (2.4)  | 763%   |
| EBITDA margin        | 23.8% | (6.7%) | 455%   |

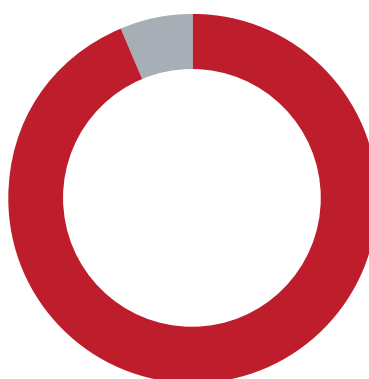
## Revenue by commodity



|                  | FY22 | FY21 |
|------------------|------|------|
| ● Iron Ore       | 14%  | 20%  |
| ● Coal - Met     | 37%  | 38%  |
| ● Coal - Thermal | 8%   | 1%   |
| ● Copper         | 1%   | 18%  |
| ● Gold           | 9%   | 5%   |
| ● Oil            | 14%  | 13%  |
| ● Other          | 17%  | 5%   |

North America's performance has been a key highlight in the Group's full year results, delivering 33% or \$66.7 million of business revenues in FY22, which is an 87% increase from FY21. The result has been driven by strong sales into key markets across the US, Canada and Mexico. Several new 'hub and spoke' partnerships were established in the year to enable final product assembly closer to customer sites. This strategy has proven successful in reducing overall shipping costs and supply chain complexities, improving the performance and economics of our core offering.

## Revenue by product/service type



|                  | FY22 | FY21 |
|------------------|------|------|
| ● Bodies         | 94%  | 94%  |
| ● Other products | 6%   | 6%   |

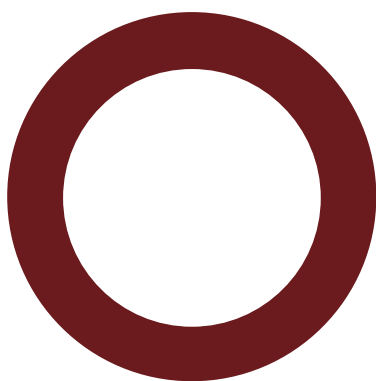
The turnaround in the North American region's performance turnaround is one of the highlights of FY22. Under the Austin 2.0 global strategy, it has been executed through an organisational restructure, transformation of our indirect and direct cost base along with a refocus on home markets to better align with customer requirements and demand.

The leadership team in North America has also been strengthened with a focus on implementing facility expansion plans that will provide additional capacity to support growth and further improve efficiency, margins and home market share.

## South America

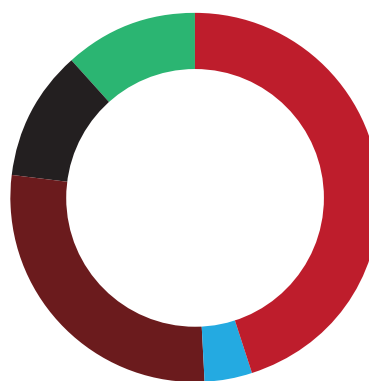
| South America (\$'m) | FY22  | FY21    | Change |
|----------------------|-------|---------|--------|
| Revenue              | 29.2  | 24.1    | 21%    |
| EBITDA (Statutory)   | 7.7   | (2.4)   | 421%   |
| EBITDA margin        | 26.4% | (10.0%) | 365%   |

### Revenue by commodity



|          | FY22 | FY21 |
|----------|------|------|
| ● Copper | 100% | 100% |

### Revenue by product/service type



|                            | FY22 | FY21 |
|----------------------------|------|------|
| ● Bodies                   | 45%  | 37%  |
| ● Buckets                  | 0%   | 1%   |
| ● Other products           | 4%   | 6%   |
| ● Shop maintenance/repairs | 28%  | 24%  |
| ● Site maintenance/repairs | 11%  | 9%   |
| ● Other services           | 12%  | 23%  |

Like North America, South America recorded a solid improvement in performance in FY22. Revenues increased 21% from FY21 along with significant margin improvement.

As part of the global strategic review conducted in 2021, Austin undertook several initiatives in this region to improve performance, including reducing overhead costs, improving leadership and increasing sales in key markets.

Austin also introduced its 'hub and spoke' model into South America, closing its Peru operations in the process and engaging final product assembly partners to support its manufacturing base in Chile. In addition, Austin sold its properties held for sale in Chile and Colombia for \$8.1 million, realizing a profit of \$1.3 million.

# Financial Review

Strong earnings  
in the Americas

Softer earnings  
in Asia-Pacific



Statutory net profit after tax grew 525% from FY21 to \$20.6 million with a strong contribution from North America, which delivered an 87% year-on-year increase in revenue to \$66.7 million and 763% increase in EBITDA to \$15.9 million. South America recorded a year-on-year increase of 421% in EBITDA to \$7.7 million. Overall EBITDA for the Group increased to \$32.5 million, delivering a 155% increase from FY21. This performance reflects the increasing strength of the North and South American regions and cost reduction initiatives implemented in early FY22 as part of the Austin 2.0 strategy, delivering a circa \$11 million reduction in overheads. This strong performance was partially offset with reduced contribution from Perth, Western Australia, which suffered expected revenue reductions in the second half of FY22 due to challenging market conditions, largely driven by COVID-19.

Cash inflows from operating activities were \$4.7 million compared to an outflow of \$8.3 million in the previous corresponding period (pcp). This was mainly due to working capital movements following a strong finish to the end of the financial year. Net cash inflows from investing activities of \$8.7 million, which includes proceeds from the sale of assets held for sale of \$12.9 million. Net cash outflows from financing activities were \$2.7 million due to payment of dividends, whilst net debt reduced to \$1.2 million (excluding AASB 16 leases).

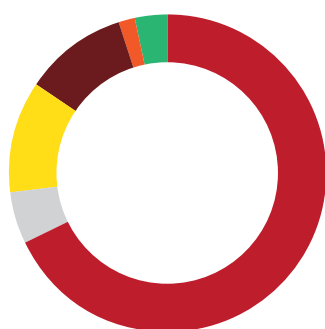
## Overview of Financial Performance from continuing operations

### Statutory Results

| A\$ million                 | FY22  | FY21  | % change |
|-----------------------------|-------|-------|----------|
| Revenue                     | 203.3 | 198.1 | 3%       |
| EBITDA                      | 32.5  | 12.7  | 155%     |
| EBITDA margin               | 16.0% | 6.4%  | 149%     |
| Profit before tax           | 26.3  | 5.0   | 429%     |
| Net Profit after tax        | 20.6  | 3.3   | 525%     |
| Earnings per share (cents)  | 3.55  | 0.57  | 524%     |
| Dividends per share (cents) | 0.50  | 0.50  | -        |

Significant increase in EBITDA and NPAT driven by strong North and South America performance and partly offset by the financial impact of COVID-19 in Western Australia.

## Revenue by Products and Services



|                              |            |
|------------------------------|------------|
| ● Bodies                     | <b>68%</b> |
| ● Buckets                    | <b>5%</b>  |
| ● Other products             | <b>11%</b> |
| ● Shop maintenance / repairs | <b>11%</b> |
| ● Site maintenance / repairs | <b>2%</b>  |
| ● Other services             | <b>3%</b>  |

| FY22       | FY21 |
|------------|------|
| <b>68%</b> | 67%  |
| <b>5%</b>  | 3%   |
| <b>11%</b> | 15%  |
| <b>11%</b> | 12%  |
| <b>2%</b>  | 2%   |
| <b>3%</b>  | 1%   |

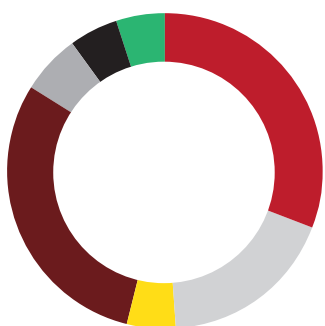
## Customer Types



|                      |            |
|----------------------|------------|
| ● Miners             | <b>88%</b> |
| ● Mining Contractors | <b>10%</b> |
| ● OEMs               | <b>2%</b>  |

| FY22       | FY21 |
|------------|------|
| <b>88%</b> | 83%  |
| <b>10%</b> | 15%  |
| <b>2%</b>  | 2%   |

## Revenue by Commodity Type



|                  |            |
|------------------|------------|
| ● Iron Ore       | <b>31%</b> |
| ● Coal - Met     | <b>18%</b> |
| ● Coal - Thermal | <b>5%</b>  |
| ● Copper         | <b>30%</b> |
| ● Gold           | <b>6%</b>  |
| ● Oil            | <b>5%</b>  |
| ● Other          | <b>5%</b>  |

| FY22       | FY21 |
|------------|------|
| <b>31%</b> | 40%  |
| <b>18%</b> | 26%  |
| <b>5%</b>  | 0%   |
| <b>30%</b> | 18%  |
| <b>6%</b>  | 12%  |
| <b>5%</b>  | 2%   |
| <b>5%</b>  | 2%   |

## Revenue Composition Driving Improved Profitability

Austin's total revenue increased by 3% year-on-year to \$203.3 million with the large increase in North America offset by lower revenue in APAC.

Both truck body and bucket revenue increased with sales representing more than 73% of total revenue. Other product revenue reduced slightly in APAC and South America.

Maintenance revenues remained flat year-on-year.

The 2022 financial year saw a greater proportion of revenue from mining companies and contractors with OEMs remaining flat.

Austin's EBITDA margin significantly increased from 6.4% to 16.0% in FY22 when considering continuing operations. People costs, incorporating both Austin employees and third party contractors, was Austin's highest expense, but recorded a 13% reduction year-on-year following the Austin 2.0 restructure in early FY22. Expenditure on materials and consumables increased slightly due to the challenging supply chain conditions. Occupancy costs reduced slightly on the prior year.

Other expenses decreased during the year by \$3.8 million, in particular due to the retranslation of a foreign currency receivable in Chile and USD movements.

Depreciation and amortisation costs reduced from \$5.9 million to \$5.0 million due to reallocation of assets to held for sale, which do not depreciate, and some items becoming fully depreciated. Included in depreciation is \$2.4 million related to long-term property leases.

Finance costs reduced by 44% to \$1.1 million due to refinancing global debt facilities with HSBC in August 2021. Included in interest expenses are \$1.1 million of leasing interest on long-term property leases.

Tax expense represented 22% of profit before tax. The expense was lower than the Australian tax rate of 30% mainly due changes to the utilisation of DTAs in Chile and Australia and permanent and prior year adjustments.

Results from Discontinued Operations were a loss after tax of \$3.8 million. The loss is due to the closure of our Colombia, Peru and Canada operations.

## Continuing and discontinued operations

### Financial Summary

|               |     | FY22  | FY21   | FY20  |
|---------------|-----|-------|--------|-------|
| Revenue       | \$M | 206.0 | 207.3  | 231.6 |
| EBITDA        | \$M | 29.5  | 9.7    | 20.9  |
| EBITDA Margin | %   | 14.3% | 4.7%   | 9.0%  |
| NPAT          | \$M | 16.8  | (0.5)  | 5.2   |
| EPS           | c   | 2.89  | (0.09) | 0.89  |
| DPS           | c   | 0.50  | 0.50   | 0.50  |

Net profit after tax from continuing and discontinued operations has significantly improved in FY22 having reduced in FY21 due to restructuring costs in relation to Austin 2.0. During this three year period, Austin's Chile crane business, Colombia, Peru, Canadian and Australian site services businesses have been closed, coupled with broader restructures across the business.

### Composition of Revenue

|                      |            | FY22         | FY21         | FY20         |
|----------------------|------------|--------------|--------------|--------------|
| Truck bodies         | \$M        | 139.5        | 138.8        | 152.4        |
| Buckets              | \$M        | 11.9         | 6.3          | 10.0         |
| Other products       | \$M        | 23.1         | 30.7         | 16.4         |
| Off-site services    | \$M        | 21.4         | 25.3         | 33.7         |
| On-site services     | \$M        | 3.6          | 4.4          | 14.3         |
| Other services       | \$M        | 5.8          | 1.4          | 4.3          |
| Other income         | \$M        | 0.7          | 0.4          | 0.5          |
| <b>Total revenue</b> | <b>\$M</b> | <b>206.0</b> | <b>207.3</b> | <b>231.6</b> |

Austin's revenue composition has trended towards new product sales as Austin has wound-back unprofitable site repair and maintenance services. Sales of truck bodies and buckets has improved in FY22 with the recovery in revenue in North America. Sales from other products increased for the year primarily from sub-contract works carried out by Indonesia.

## Working capital management driving operating cash inflows

Cash flows from operations increased to an inflow of \$4.7 million in FY22 from an outflow of \$8.3 million in FY21. This increase in cash flow is due to a significant increase in profitability offset by a \$12.4 million increase in working capital following a strong finish to the end of the financial year with a growth in trade and other receivables of \$14.8 million, work in progress of \$11.3 million, accrued and other payables of \$7.5m and contract liabilities of \$6.2 million.

Cash flow from investing activities was a net inflow of \$8.7 million due to \$12.9 million of property sales and surplus asset disposals offset by new equipment additions of \$3.9 million.

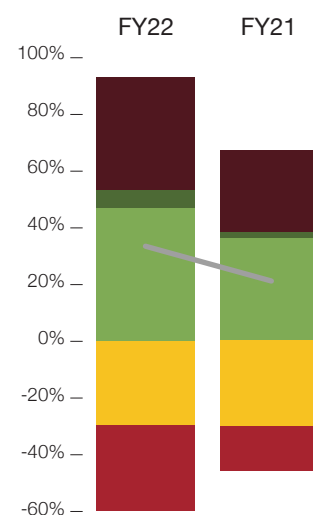
A total of \$2.7 million of dividends and \$2.6 million of lease repayments were made during the year, these cash flows were funded from cash reserves and drawings on working capital facilities.

There was an increase in gross debt, before property leases, to \$22.0 million compared to \$19.4 million at 30 June 2021 and a reduction in net debt, before property leases, to \$1.2 million as compared to \$19.6 million at 30 June 2021. This is due to the increase in cash to \$20.8 million at the end of the period.

|                                                  |     | FY22 | FY21  | FY20   |
|--------------------------------------------------|-----|------|-------|--------|
| Cash flow from operations                        | \$M | 4.7  | (8.3) | 24.1   |
| Net capex inflow / (outflow)                     | \$M | 8.7  | (4.8) | 3.0    |
| Gross debt at end of period                      | \$M | 36.3 | 29.5  | 22.0   |
| Cash at end of period                            | \$M | 20.8 | 9.8   | 19.2   |
| Net debt at end of period                        | \$M | 15.5 | 14.7  | 2.8    |
| Total gearing ratio                              | \$M | 1.1% | 9.5%  | (9.0)% |
| Net debt / (cash)<br>(excluding property leases) | \$M | 1.2  | 9.6   | (8.0)  |

Net working capital increased to \$34.0 million, from \$21.6 million at 30 June 2021. Key drivers to the increase in working capital at 30 June 2022 were:

- Large revenues in May and June 2022 grew receivables by \$11.0 million from the prior year;
- Increase in inventory of \$11.5 million predominately attributed to work in progress;
- Offset by an increase in revenue collected in advance (Contract Liabilities) of \$6.2 million; and
- Accrued and other payables increased by \$7.5 million.



| Working Capital       | FY22  | FY21  |
|-----------------------|-------|-------|
| ● Payables - Other    | -29.9 | -16.3 |
| ● Payables - Trade    | -31.0 | -30.7 |
| ● Inventory           | 40.4  | 28.9  |
| ● Receivables - Other | 5.9   | 2.1   |
| ● Receivables - Trade | 48.6  | 37.6  |
| — Net Working Capital | 34.0  | 21.6  |

# 2022 Sustainability Report

Austin has outlined its key environmental, social and governance (ESG) considerations in this section. For additional details, please refer to our standalone Sustainability Report for FY22, which is available on our website.

We are committed to operating in a manner that proactively manages the sustainability impacts that affect our business, the environment and the communities in which we operate. This commitment is driven by our Core Values that are integral to our business and culture in terms of how we operate.

We have continued to manage COVID-19 pandemic impacts and support our people through a year of transition. We have maintained a relentless focus on safety performance and remain committed to further improvement in this area. An example is the movement from Golden Rules to employee engaged LIFE Saving Controls, with an interconnectedness from the LIFE Saving Controls to our Critical Risk Controls effectiveness program supported by an aligned set of Performance Standards.

As a global mining products business, we are at the forefront of delivering sustainable solutions for our business partners and customers. We draw on innovation and technology to develop products and systems to improve productivity, enhance safety and meet decarbonisation goals. We produce light weight bodies which reduce both steel and fuel usage, as well as working to develop body to chassis shims which are made from composite material reducing manual handling risks.

We are heavily dependent on our employees' technical skills and experience. The global shortage of skilled labour means we must further support, attract and develop skilled labour – especially in engineering. This year, we have increased our apprenticeship investment and hired six additional apprentices.

Looking forward, we will continue to strengthen our corporate, social and environmental targets and initiatives, as well as supporting the communities around us. This will drive tangible returns for our customers, our people and our shareholders.

## Our Core Values are integral to the working lives of all our workers and operations.

### CORE VALUES



#### Safety

First and foremost, always. It's in our hands.



#### Quality

In everything we do.



#### Accountability

We are responsible for our actions and results.



#### Integrity

We are honest, ethical and genuine.



#### Innovation

Using technology to deliver for our customers.



#### Teamwork

Together we make the difference.



# FY22 Sustainability Snapshot

Austin is committed to operating in a manner that acknowledges and proactively manages the issues most material to the long-term sustainability of its business, the environment and the communities in which it operates. This commitment is driven by Austin's Core Values, which are integral to the business and culture.

## Environment

- Austin's Western Australian operations consistently recycles around 94% of its waste, with less than 6% going to landfill. With over 90% of waste recycled internationally and less than 10% going to landfill, as well as increasing recycling of by-products beyond scrap steel through in situ scrap deposit bins;
- undertaken analysis on a number of products Austin manufactures to understand their carbon footprint and provide an opportunity to work with its customers to choose more sustainable options for future orders;
- implemented technology to reduce scrap steel by improving operational processes;
- designed and engineered lighter truck bodies with an average 2% fuel burn reduction, this equates to an average approximate carbon dioxide reduction of 48,000kg per truck over the average life of each body. Additionally, lighter bodies have other advantages, such as reduced tyre wear and longer tyre lives, which eliminates the need to dispose of tyres; and
- starting to invest in energy-efficient lighting, modern welding equipment, and modern manufacturing technology to further reduce both waste and energy in our future.

## Social

- while not unique to Austin we have successfully limited the impact on our business from COVID-19 with detailed plans developed relative to each of our business units. The plans included scenario analysis and risk assessment allowing business units to manage the effect of various scenarios as they or if they were to play out;
- Occupational Health and Safety performance has continued to improve as we learn from all events and successful work practices;
- developed, monitored and reported monthly on the effectiveness of our Critical Risk Controls program and developed appropriate lead indicators to measure across the business;
- continued to support the local community that aligns best with the local business, such as local schools in Batam (Indonesia) and the Clontarf Foundation (Western Australia); and
- Austin is in the process of implementing a rotation program and subject to immigration requirements will be looking to rotate a % of its Indonesian workforce progressively through its Australian business to provide training and upskilling opportunities and skill sharing between the 2 businesses.

## Governance

- publicly disclosed our policy commitment to human rights by lodging our Modern Slavery Statement online;
- updated the Company's Whistle-blower Policy and communicated it across the organisation;
- rolled out a Cyber Security refresher training module across the organisation; and
- no fines or penalties for regulatory non-compliance.

# Environment

Austin is committed to minimising the environmental impact of our operations facilities and corporate offices through utilising best practice procedures, the education of our employees, complying with legislative requirements and conforming to any specific environmental requirements of individual sites and clients.

## Energy use and greenhouse gas emissions

Austin has undertaken detailed analysis on a number of products the Company manufactures to understand their carbon footprint and provide an opportunity to work with its customers to choose more sustainable options for future orders.

Preliminary analysis has been undertaken into the installation of solar for the Kewdale manufacturing facilities in Perth, Western Australia. This option will be considered against the potential direct purchase of renewables from the contracted electrical supplier or alternative suppliers. Due to the nature of the long-term electrical supply contract and the minimum usage requirements of that contract, it is likely that any move to solar would need to be aligned to the supply agreement renewal.

Our global energy use and greenhouse gas (Scope 1) emissions are shown in the table below. Energy use is calculated based on electricity consumption only and does not include the variety of welding gases that are consumed. Many of the welding gases are used as inert shielding gas that improves weld quality and are not generally consumed as part of the welding process. Small volumes of gas are used to preheat steel as part of the preparation for welding, however the combustion of this gas has not been captured.

| Global Energy Use and GHG Emissions                 | FY20   | FY21   | FY22   |
|-----------------------------------------------------|--------|--------|--------|
| Total Energy Consumption (GJ)                       | 28,763 | 26,313 | 26,169 |
| GHG emissions (Scope 1) (Tonnes CO <sub>2</sub> -e) | 3,975  | 3,967  | 3,760  |

## Material efficiency & waste management

Austin's policy is to achieve high standards of environmental care, and where practicable, reduce the carbon footprint in conducting our business. Austin's global approach to the environment seeks to prevent actions which may have a negative impact on the environment in a manner consistent with our key business priorities and the expectations and values of the global community in which we do business. Specifically, our *Environmental Sustainability Policy* sets out how we will conduct investigations and establish programs to conserve resources and minimise waste.

### Material efficiency

Austin continually strives to reuse or recycle as much waste as possible. It ensures our contribution to unnecessary landfill is reduced as much as possible. Making use of all available steel and not sending steel to be recycled is more environmentally friendly, as recycling steel uses additional energy to reprocess. The recycling of the plastic spoils that hold welding wire is another example of Austin's commitment to the environment. Our welding spools become alternative use products, such as floor drains and mounting hardware.

### Waste management

Austin's Western Australian operations consistently recycles around 94% of its waste with less than 6% going to landfill. Internationally, Austin averages over 90% recycled waste with less than 10% going to landfill. Total waste generated in FY22 was 3,385 tonnes with 3,077 tonnes recycled.

## Social

Austin is dedicated to the health and safety of our people, providing an inclusive workplace that offers many opportunities, and we build strong relationships with the communities in which we operate.

### Health, safety and wellbeing

Our people are key to our future success, and their Safety and Health is a core value of the Company.

Austin works to proactively identify and manage risk, conducting ourselves responsibly, exercise good judgment, and take responsibility for our actions. We manage and operate our business in a manner that ensures that our employees, contractors, and visitors return home safe every day.

We strive for a culture of accountability/servant leadership; where team members at all levels of our organisation are supported and encouraged to give an account of their work proactively, in order for Austin to become an organisation that continuously learns and improves.

### Managing COVID-19 health and safety risks

Austin has successfully managed through the various waves and strains of the COVID-19 pandemic. All parts of Austin global business have developed pragmatic plans and swiftly enacted them to ensure the safety and wellbeing of our people and our customers, and to continue to meet customer orders.

Our most significant health and safety management initiatives have included:

- Restricting visitors to our sites
- Increased cleaning services
- Working from home arrangements planned and protocols implemented
- Workshop segregation and staggered breaks implemented
- Rapid Antigen Tests available for onsite testing

### Employee management

Our people are our greatest asset and essential to our long-term success. We remain committed to supporting the overall wellbeing of our people. Austin has employed various strategies to attract and retain our people, such as providing:

- opportunities for growth and development, refer to Training and Development below;
- reward and recognition initiatives such as our Employee Benefit program via an online portal;

- partnering with Employee Assistance Programs to provide confidential services to employees and their immediate family; and
- flexible working arrangements, including working from home arrangements in relation to COVID-19 and compressed working week initiatives for our trade-based employees.

Our workforce totalled 1,049 as at 30 June 2022 with 769 employees and 279 contractors. During 2021 and 2022 the business transitioned through significant structural change. Our head office was relocated from Brisbane to Kewdale, Western Australia, where our manufacturing centre is located. By integrating our head office with our core business, we have been able to capitalize on shared resources and synergies that previously could not be realized.



### Austin's commitment to training

Austin was pleased to present apprentice Fitter Machinist, Owen Dimaandal, with his trade certificate at the beginning of this year. Owen began his apprenticeship with Austin at the end of 2017 and demonstrates Austin's commitment to training young people and providing a rewarding career foundation, and helping to alleviate the industry's current severe trade skills deficit.



### Thank you for your many wonderful years of service, your efforts and creativity

Austin recently celebrated a significant milestone in its history. Since opening Austin Indonesia some 10 years ago, it celebrated the 10-year and 5-year work anniversaries of our valuable, long-time team members in Batam, Indonesia.

### Diversity & Inclusion

As a global company, Austin values diversity, is committed to providing a safe, inclusive, and diverse workplace, and recognises that diversity needs to be representative of the communities in which it operates. Diversity refers to the variety of skills, abilities, experiences, and cultural backgrounds that enable individuals to achieve superior business and personal results.

Austin recognises that diversity brings a variety of benefits, including improved performance. In keeping with Austin's commitment to equal opportunity and workplace diversity, Austin provides a workplace that is free of discrimination and hostility on the basis of gender, race, religion, ethnicity, national origin, age, disability, marital status, family responsibilities, pregnancy, sexual orientation, political conviction, or trade union membership. Creating and maintaining an environment that promotes diversity and is free of harassment and discrimination is the responsibility of every Austin employee.

The Company's Diversity Policy is available on its website and supports the Board to set and report against measurable diversity targets, including targets in relation to gender diversity. In FY22, Austin had 23.5% women in management positions (against a target of 30%) and 14.9% women employees across the company (against a target of 25%).

### Community partnerships and investment

Austin supports local initiatives in the communities in which it operates. It seeks to identify community sponsorships and partnerships that align with the interests of local communities close to its projects, in addition to larger projects which provide strong synergies with Austin's values-based culture. Austin's strategic community investment includes voluntary contributions, in-kind support, and allocated funding. Austin is committed to increasing its community investment in FY23.



#### Leah's road to success

Austin aims to encourage women into a variety of trades, management, and executive roles with the goal of achieving a diverse workforce that reflects the communities in which we live. Leah Biddle who is based in Mackay QLD, completed her Fitter Machinist apprenticeship early this year and has continued as a tradesperson with the Company.

### Charity Ride for The Harry Perkins Institute

The Harry Perkins Institute of Medical Research is a leading Western Australian medical research centre dedicated to tackle some of the world's most significant health issues. Giving back to the community and supporting a culture of generosity is very important to the people of WA. Austin believes cancer research is so important in assisting the broader community. In late 2021, Team Austin swapped hi-vis for lycra to raise money for the Harry Perkins Institute of Medical Research by taking part in the MACA Cancer 200 Ride for Research, and will participate again in October 2022.



## Governance

Austin is committed to demonstrating the highest standards of corporate governance – it is the foundation of stakeholders' trust in our business.

## Business ethics and transparency

Integrity is one of Austin's six core values and our Directors' and employees share a collective commitment to act with integrity, accountability, and transparency always. Our organisational behaviour is guided by the Corporate Code of Conduct and Anti-Bribery and Anti-Corruption policy, which are available on our website.

Austin's approach to bribery and corruption is supported by our Whistle-blower Policy. The Company has a number of channels for making a report, including an Austin email address dedicated to stakeholders to write if they would like to report actual or suspected unlawful, unethical or irresponsible behaviour in a confidential manner. Training on this policy will be provided to senior executives in FY23.

In 2022, there were no reports received of any breaches of laws or regulations. There were no matters reported or referred under the Corporate Code of Conduct, or the Anti-Bribery and Anti-Corruption Policy.



# Risk Management

Austin's Enterprise Risk Management Standard underpins and drives the identification, management, and mitigation of risk, which in turn creates a risk-aware corporate culture. Key risks are periodically reviewed and reported to the Audit and Risk Committee, and to the Board.

The key risks to Austin's ability to successfully operate a global business, grow and remain cost competitive, and the strategies devised to mitigate these risks are summarised below.



## Economic Risks

As a global organisation, some of the macroeconomic factors that influence Austin's business include commodity prices and exchange rates. Reduced demand for steel inputs (in particular iron ore and metallurgical coal) can lead to a decrease in demand for replacement equipment by our customers.

Austin manages commodity price risk by engaging with our customers to plan replacement cycles well ahead of time, whilst allowing our customers flexibility on product supply timelines. Diversification across similar markets using mining equipment on a large scale in numerous geographical locations supports the management of these exposures.

Since a significant portion of our sales and operating costs are realised in foreign currencies, foreign currency rate fluctuations can impact our financial results. Our sales and profitability are affected by movements in the Australian dollar against foreign currencies in which we generate sales and incur expenses. Exchange rate fluctuations are managed by commercial agreements that cater for variation with our customers and significant suppliers.



## Cyber Security and Information Technology Risks

Targeted cyber-attacks or unauthorised access to Austin's IT systems poses a number of risks to the Company including reputational damage, financial loss, operational disruption, and breaches of regulatory compliance obligations.

Austin has developed and continues to update its IT policies, procedures and practices including the use of company information, personal storage devices, IT systems and IT security. To mitigate these risks, Austin maintains ongoing employee training and education for users in all of our locations. In the event of a cyber event, the data breach response and recovery plan and/or business continuity plan will be activated to respond to, and mitigate, the effects of such events. The Board is briefed on cyber security on a regular basis.





## Health and Safety Risks

We manufacture our products in locations globally and the operational risks associated with the manufacture of large truck bodies and buckets require vigilant safety management across the organisation. Austin has a comprehensive Occupational Health and Safety management system in place, which ensure proactive health and safety risk identification, mitigation and management strategies employed at all times across all our locations. A number of active programs are in place internally and via outsourced specialists to provide support to our employees. COVID-19 continues to impact our employees and the communities they live in. Austin remains committed to refine safety management practices already adopted in all workplaces.



## Regulatory and Compliance Risks

Austin's businesses operate in different jurisdictions and are subject to various legal frameworks, laws and regulations including, but not limited to, anti-bribery and anti-corruption, sanctions regimes and anti-trust laws, as well as domestic and international laws relating to import and export tariffs. Risks of non-compliance or breach of local and international laws includes, amongst other impacts, damage to the Company's reputation. To ensure that regulatory risks are identified and monitored, Austin engages industry experts, consultants, and other advisors to provide independent expertise. Risk mitigation efforts include requirements for significant suppliers' compliance with all laws and internal due diligence on suppliers carried out where necessary.

Austin's policies and procedures ensure that all employees understand the Company's approach to bribery and corruption, and regular employee training on policies and procedures is undertaken.



## People Risk

The ongoing global shortage of skilled labour continues to place pressure on our ability to attract, grow and retain critical and diverse talent across all Austin workforces. In addition, there are also risks of disruptions due to industrial relations leading to financial loss. Austin aims to mitigate risks through remunerating competitively in relevant employment markets, identification of critical roles, and the implementation of succession and retention plans. Efforts are continuing to support, attract and develop skilled labour through apprenticeship programs and work experience programs, particularly in engineering.



## Innovation Risks

Austin prides itself on bespoke design and engineering solutions that meet customers' needs around product capability and performance. Delivering innovative solutions to our customers is key to our continued success. Technology and innovation within our designs and products helps Austin to stay competitive and differentiates us from our competitors. Price, quality, delivery, technological innovation, and engineering development are the primary elements of competition in our market.

Risks to our innovation advantage are addressed across the business by attracting the best people, ensuring protection through intellectual property and assets, as well as continuous prioritisation and evaluation of risks.



## Strategic Risks

The Company has undertaken a strategic review of its global operations to optimise performance of the business. The strategic review aimed to identify opportunities to improve business efficiency and align with the future needs of Austin's mining industry customers. The strategic review has identified the need to expand at certain locations to accommodate growth expectations and these options are being developed. In FY22, Austin authorised an expansion of the Chile facility, which is now underway and is required to cope with increased work levels. Both the USA and Indonesian facilities are expected to require expansion.

We are pursuing growth, through both organic and inorganic opportunities and critically evaluating strategic alternatives for long-term sustainability.



## Supply Chain Risks

Timely and cost-effective supply of steel continues to represent a risk to Austin's ability to manufacture our products. Austin is reliant on a few strategic global suppliers for the raw materials we require for production. Market protectionism, tariffs and fluctuating freight costs continue to post a risk to the secure ongoing supply of cost-effective steel.

Austin incorporates forecasting on a rolling 15-month basis enabling scenario planning and some supply flexibility. To address these risks, strategies are being developed to access alternative suppliers as well as the potential to increase consigned inventory on hand.



The Directors present their report, together with the financial statements, on the Consolidated entity (referred to hereafter as the "Group" or the "Consolidated Entity") consisting of Austin Engineering Limited (referred to hereafter as the "parent entity" or "the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2022.

## Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Jim Walker                      Chairman, Non-Executive Director
- David Singleton              Managing Director and Chief Executive Officer (appointed 14 July 2021)
- Chris Indermaur              Non-Executive Director
- Sy van Dyk                      Non-Executive Director

## Principal activities

The principal activities of the Group during the financial year were the manufacture, repair, overhaul and supply of mining attachment products and other associated products and services for the industrial and resources-related business sectors.

## Dividends

A fully-franked interim dividend of 0.2 cents per share was declared on 24 February 2022 and was paid to holders of fully paid ordinary shares on 6 April 2022. The Company will be paying a fully franked 0.3 cents per share final dividend to holders of fully paid ordinary shares on 27 October 2022.

## Review of operations and results

The profit for the Group after providing for income tax amounted to \$20.609 million (2021: \$3.298 million profit after tax) from continuing operations.

A review of and information about the operations of the group during the financial year and of the results of those operations is contained on pages 6 to 13 which form part of this Directors' report.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the year.

## Events after the reporting date

On 23 August 2022, the Company entered into a binding agreement to acquire Australian mining equipment manufacturer, Mainetec Pty Ltd ("Mainetec") for an initial amount of AUD \$19.6 million, funded through cash reserves and debt. The financial effects of this transaction have not been recognised at 30 June 2022. The operating results and assets and liabilities of the acquired company will be consolidated in FY2023 upon completion of the acquisition.

On 19 August 2022, the Company announced the appointment of Mr David Bonomini as its new Chief Financial Officer, effective 21 November 2022 and the resignation of Mr Gareth Jones, the current Chief Financial Officer.

## Likely developments and expected results of operations

Likely developments in the operations of the Group in future financial years and the expected results of those operations have been included generally within the financial report and on pages 6 to 13.

### Information on directors

#### Jim Walker

*Independent Non-Executive Chairman*

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Experience and expertise                            | Mr Jim Walker has been the Chairman of Austin Engineering Limited since July 2016. Jim has over 45 years of experience in the resources sector. He is currently Non-Executive Chairman of MLG Oz Ltd and Non-Executive Chairman of Mader Group Limited. Jim was formerly Chairman of Australian Potash Limited, Non-Executive Chairman of Macmahon Holdings Limited, Non-Executive Director of Programmed Maintenance Services Limited, and Chief Executive Officer of WesTrac Pty Limited. |
| Qualifications                                      | GAICD, FAIM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Directorships held in other listed entities         | Mader Group Limited from 1 January 2019 and MLG Oz Limited from 30 April 2021.                                                                                                                                                                                                                                                                                                                                                                                                              |
| Former directorships in last three years            | Australian Potash Limited from 15 August 2018 to 16 December 2021.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Special responsibilities                            | Member of the Audit and Risk Committee, Member of the Safety Committee, and Member of the Nomination and Remuneration Committee.                                                                                                                                                                                                                                                                                                                                                            |
| Interest in shares, options, and performance rights | 166,000 ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

#### David Singleton

*Managing Director and Chief Executive Officer*

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Experience and expertise                            | David Singleton has been a Non-Executive Director since April 2019 and was appointed the interim Chief Executive Officer on 25 June 2021, and subsequently the Managing Director and Chief Executive Officer on 14 July 2021. David was recently the Chief Executive Officer and Managing Director of Austal Limited. Prior to this, David was Chief Executive Officer and Managing Director of mineral explorer, Poseidon Nickel and engineering and project services contractor of, Clough Limited. He has vast international business experience gained in senior executive roles in Europe and the USA. He was the Group Head of Strategy, Mergers and Acquisitions for BAE Systems based in London and spent three years as Chief Executive Officer of Alenia Marconi Systems, based in Italy. David has served as a member of the National Defence Industries Council in the United Kingdom, and as a board member and Vice-President (Defence) of Intellect, a leading trade association for the UK technology industry. |
| Qualifications                                      | Honours degree in Mechanical Engineering from University College London and Honorary Doctor of Engineering, Edith Cowan University.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Directorships held in other listed entities         | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Former directorships in last three years            | Managing Director of Austal Limited from 4 April 2016 to 31 December 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Special responsibilities                            | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Interest in shares, options, and performance rights | 133,485 ordinary shares.<br>42,900,000 options.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

## Information on directors (continued)

## Chris Indermaur

*Independent Non-Executive Director*

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Experience and expertise                            | A Non-Executive Director since July 2016, Chris Indermaur has over 30 years of experience in large Australian companies in engineering and commercial roles. He is currently a Non-Executive Director of Austal Limited and Mayur Resources Limited. Chris was formerly the Engineering and Contracts Manager for the QNI Nickel Refinery at Yabulu, Company Secretary for QAL, and General Manager for Strategy and Development at Alinta Limited. Chris recently held board positions at Poseidon Nickel Limited, Medibio Limited, and Centrex Metals Limited. |
| Qualifications                                      | Bachelor of Engineering (Mechanical), Graduate Diploma of Engineering (Chemical), Curtin University; Bachelor of Laws, Master of Laws, QUT; Graduate Diploma in Legal Practice, ANU.                                                                                                                                                                                                                                                                                                                                                                             |
| Directorships held in other listed entities         | Austal Limited from 19 October 2018 and Mayur Resources Limited from 16 September 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Former directorships in last three years            | Centrex Metals Limited from 1 July 2017 to 28 January 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Special responsibilities                            | Chair of the Nomination and Remuneration Committee, Chair of the Safety Committee, and a Member of the Audit and Risk Committee.                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Interest in shares, options, and performance rights | 200,000 ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

## Sybrandt van Dyk

*Independent Non-Executive Director*

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Experience and expertise                            | A Non-Executive Director since February 2018, Sybrandt van Dyk brings over 30 years of experience primarily within the resources sector. Sybrandt is currently the Chief Executive Officer and Managing Director of DDH1 Limited. He has held the role of Chief Executive Officer and, prior to that, Chief Financial Officer of contract mining company Macmahon Holdings Limited. Sybrandt has also held a number of senior operational roles, including Chief Operating Officer Western Australia and Chief Financial Officer of mining equipment distributor WesTrac Group. Prior to WesTrac Group, Sybrandt's career spanned a number of senior positions within Kimberly-Clark, South Africa. |
| Qualifications                                      | Bachelor of Commerce (Hons), University of South Africa; Member of Institute of Chartered Accountants Australia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Directorships held in other listed entities         | DDH1 Limited from 8 February 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Former directorships in last three years            | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Special responsibilities                            | Chair of the Audit and Risk Committee, Member of the Nomination and Remuneration Committee, and Member of the Safety Committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Interest in shares, options, and performance rights | 213,500 ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## Directors' report

### Information on company secretaries

#### Katina Nadebaum

*Company Secretary; B.Comm, CA, AICD*

Katina Nadebaum joined the Company in April 2021 as Company Secretary. She is a Chartered Accountant and Company Secretary, with 20 years' experience in company secretarial roles. Katina has held the position of Company Secretary with various ASX-listed companies, including Programmed Maintenance Services Limited and Macmahon Holdings Limited. She has also worked as a Chartered Accountant in public practice where she provided corporate and company secretarial advice.

#### Rochelle Oberholzer

*Global Governance and IT Manager and Company Secretary; B.Comm, B.Sc, MBA, FGIA, GAICD*

Rochelle Oberholzer was appointed as Company Secretary on 4 December 2018 and resigned on 29 July 2021.

### Corporate governance statement

Austin Engineering Limited is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders and our global stakeholders.

The Company complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("the ASX Principles").

The 2022 Corporate Governance Statement, which is available at [www.austineng.com](http://www.austineng.com), reflects the corporate governance practices in place throughout the 2022 financial year.

### Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2022, and the numbers of meetings attended by each Director were:

|             | Standard Board Meetings |   | Special Board Meetings <sup>1</sup> |   | Audit and Risk Committee |   | Nomination and Remuneration Committee |   | Safety Committee |   | Other Committees (C) |   |
|-------------|-------------------------|---|-------------------------------------|---|--------------------------|---|---------------------------------------|---|------------------|---|----------------------|---|
|             | A                       | B | A                                   | B | A                        | B | A                                     | B | A                | B | A                    | B |
| J Walker    | 7                       | 7 | 3                                   | 3 | 4                        | 4 | 4                                     | 4 | 2                | 2 | 1                    | 1 |
| D Singleton | 7                       | 7 | 3                                   | 3 | 4                        | 4 | 4                                     | 4 | 2                | 2 | 1                    | 1 |
| C Indermaur | 7                       | 7 | 3                                   | 2 | 4                        | 4 | 4                                     | 4 | 2                | 2 | *                    | * |
| S van Dyk   | 7                       | 7 | 3                                   | 3 | 4                        | 4 | 4                                     | 4 | 2                | 2 | *                    | * |

<sup>1</sup> Special Board meetings were held during the financial year due to corporate activities.

A Number of meetings held during the time the Director held office during the year or was a member of the relevant committee.

B Number of meetings attended by Director.

C Other Committees include sub-committees of the Board.

\* Not a member of the relevant committee.

## Audited remuneration report

This audited Remuneration Report ("Report") sets out information about the remuneration of the key management personnel ("KMP") as defined by and in accordance with the requirement of the *Corporations Act 2001* ("the Act") and its regulations for the financial year ended 30 June 2022. The Report forms part of the Directors' Report for the year ended 30 June 2022.

### Key management personnel

The key management personnel during the 30 June 2022 financial year are set out below:

| Name                         | Position                                      |
|------------------------------|-----------------------------------------------|
| James (Jim) Walker           | Non-Executive Chairman                        |
| Christopher Indermaur        | Non-Executive Director                        |
| Sybrandt van Dyk             | Non-Executive Director                        |
| David Singleton              | Managing Director and Chief Executive Officer |
| Sam Cruickshank <sup>1</sup> | Chief Financial Officer                       |
| Gareth Jones <sup>1</sup>    | Chief Financial Officer                       |

<sup>1</sup> Mr Sam Cruickshank resigned on 31 December 2021 and Mr Gareth Jones was appointed on 15 November 2021.

### 1. Executive remuneration

#### *Principles used to determine the nature and amount of remuneration*

The objective of the Group's remuneration policy is to ensure it is competitive and appropriate for the results delivered. The remuneration of executive KMP is reviewed annually by the Board through a process that considers individual and overall performance of the Group. In addition, external advisors and industry surveys may be used to ensure the KMP's remuneration is competitive with the market and relevant industry peers. The policy attempts to align executive reward with the achievement of strategic objectives and the creation of value for shareholders. The major features are:

- Economic profit is a core component;
- Attract and retain high quality executives;
- Reward capability and experience;
- Reflect competitive rewards for contributing to growth in shareholder's wealth; and
- Provide recognition for contribution.

#### *Base pay and benefits*

The fixed remuneration paid to executive KMP is based on the size and scope of their role, knowledge and experience, market benchmarks for that role, and to some extent the Group's financial circumstances. Fixed remuneration comprises base salary, any applicable role specific allowances, and superannuation.

Mr David Singleton was appointed the Managing Director and Chief Executive Officer on 14 July 2021 and has been provided with a Fixed Annual Remuneration ("FAR") equivalent to \$250,000 per annum inclusive of superannuation fixed for three years. Mr Singleton's base pay has been set significantly below that normally associated with a role of this type and less than half that of his predecessor. In addition, Mr Singleton will receive no STI for the first three years of his tenure and will not be issued with annual LTI share grants for this period. The Company has agreed that Mr Singleton would be remunerated with a package weighted towards growing the Company's Share price by issuing share options at the prevailing price on or around the time he was appointed as Managing Director and Chief Executive Officer. This package is weighted towards variable pay based on the Company share price performance over three years thereby ensuring alignment with Shareholders. The total value of his package was benchmarked by Korn Ferry, a globally recognised remuneration consultant.

Mr Singleton's FAR has been fixed for three years. After this fixed three-year period, it is anticipated that the FAR will be reviewed annually on or about 30 September each year.

#### *Short-term incentives ("STI")*

For the year ended 30 June 2022, executive KMP had no short-term incentive opportunity in place and no short-term incentive payments were made to executive KMP.

#### *Long-term incentives ("LTI")*

Long-term incentive plan ("LTI Plan") arrangements in place for key management personnel as at 30 June 2022 are set out below.

### Audited remuneration report (continued)

#### 1. Executive remuneration (continued)

##### *Principles used to determine the nature and amount of remuneration (continued)*

##### *Long-term incentives ("LTI") (continued)*

##### *Options*

The issue of Options to Mr David Singleton (Managing Director and Chief Executive Officer), in accordance with the terms of the Option Plan, were approved by shareholders at the 2021 Annual General Meeting on 26 November 2021. The Company issued 42,900,000 Options to Mr Singleton as a key component of his remuneration package and as a LTI to perform in his role as Managing Director and Chief Executive Officer of the Company, ensuring continued alignment to shareholders.

##### *Material terms of the Options*

The Options have an exercise price of \$0.13 and an expiry date of three years after the date of issue.

The Options are divided into nine tranches and are subject to two separate performance conditions, a share price hurdle and a retention condition. Both performance conditions must be satisfied in respect of a tranche of Options before Options in that particular tranche will vest. The applicable performance conditions in relation to the Managing Director are set out in the table below.

|                 |              | Share Price Hurdle       |                          |                          | Total      |
|-----------------|--------------|--------------------------|--------------------------|--------------------------|------------|
|                 |              | 20 cents                 | 24 cents                 | 28 cents                 |            |
| Retention Dates | 30 June 2022 | (Tranche 1)<br>4,400,000 | (Tranche 2)<br>4,600,000 | (Tranche 3)<br>5,300,000 | 14,300,000 |
|                 | 30 June 2023 | (Tranche 4)<br>4,400,000 | (Tranche 5)<br>4,600,000 | (Tranche 6)<br>5,300,000 | 14,300,000 |
|                 | 30 June 2024 | (Tranche 7)<br>4,400,000 | (Tranche 8)<br>4,600,000 | (Tranche 9)<br>5,300,000 | 14,300,000 |
| Total           |              | 13,200,000               | 13,800,000               | 15,900,000               | 42,900,000 |

##### *Share Price Hurdle*

The Company's 60-day volume weighted average share price must meet or exceed the relevant share price hurdle relating to the relevant tranche of Options in order for the vesting condition to be satisfied. In relation to all nine tranches of Options, the share price hurdle can be met at any point between 14 July 2021, the date Mr Singleton was appointed as Managing Director and Chief Executive Officer, and 30 June 2024.

##### *Retention Dates*

In addition to meeting the share price hurdle, for each tranche of option to become capable of exercise, Mr Singleton must remain in the employ of the Company and must not have resigned or been given notice of termination, on the relevant retention date (set out in the table above).

Once Options become capable of exercise, they can be exercised by paying the exercise price in cash or by way of cashless exercise. The Company has the right, in its absolute discretion, to elect to cash settle some or all of the Options exercised by Mr Singleton.

##### *Vesting of Options*

At the date of this report, a total of 14,300,000 Options (tranche 1, 2 and 3) issued to the Mr Singleton vested on 30 June 2022 following satisfaction of the applicable retention and share price performance conditions. All 14,300,000 Options may be exercised into shares at an exercise price of \$0.13 on or before 26 November 2024.

##### *Performance Rights Plan*

At the discretion of the Board, the Company provides a LTI opportunity to executive KMP and senior executive through the grant of performance rights. These performance rights can vest into fully paid ordinary shares in the Company for no consideration, subject to meeting performance conditions or continued employment conditions. The purpose of the LTI opportunity is to incentivise executive KMP and senior executive to deliver sustained increases in shareholder value over the long-term.

There were no performance rights issued to executive KMP for the year ended 30 June 2022.

## Audited remuneration report (continued)

## 1. Executive remuneration (continued)

## Statutory Performance Indicators

The table below shows measures of the Group's financial performance over the past five years as required by the *Corporations Act 2001*. However, these measures are not all consistent with the measures used in determining the variable amounts of remuneration to be awarded to executive KMP. Consequently, there may not always be a direct correlation between statutory key performance measures and the variable remuneration awarded to executive KMP.

|                                                                         | 30 Jun 2022<br>(\$'000) | 30 Jun 2021<br>(\$'000) | 30 Jun 2020<br>(\$'000) | 30 Jun 2019<br>(\$'000) | 30 Jun 2018<br>(\$'000) |
|-------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Continuing and discontinued operations</b>                           |                         |                         |                         |                         |                         |
| Revenue                                                                 | 205,999                 | 207,260                 | 231,556                 | 242,595                 | 293,362                 |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") | 29,548                  | 9,733                   | 20,864                  | 9,218                   | (522)                   |
| Net profit/(loss) after tax                                             | 16,807                  | (540)                   | 5,185                   | (4,590)                 | (11,939)                |
| Basic earnings/(loss) per share (cents)                                 | 2.89                    | (0.10)                  | 0.89                    | (0.79)                  | (2.06)                  |
| Diluted earnings/(loss) per share (cents)                               | 2.80                    | (0.09)                  | 0.88                    | (0.79)                  | (2.06)                  |
| <b>Shareholder returns</b>                                              |                         |                         |                         |                         |                         |
| Interim dividend – fully franked (cents)                                | 0.20                    | 0.20                    | 0.20                    | -                       | -                       |
| Final dividend – fully franked (cents)                                  | 0.30                    | 0.30                    | 0.30                    | -                       | -                       |
| Share price at end of year (\$)                                         | 0.23                    | 0.14                    | 0.13                    | 0.18                    | 0.23                    |

## Service agreements

The Company's executive KMP are engaged under service agreements that are ongoing and have no fixed end date. However, these contracts may be terminated by notice from either party.

Key details of the service agreements of the current executive KMP are set out below:

| Key Management Personnel during the financial year              | Total Fixed Remuneration including superannuation ("TFR") | STI % of TFR | LTI % of TFR | Total remuneration % of TFR | Notice periods to terminate                                                                                                            | Termination payments   |
|-----------------------------------------------------------------|-----------------------------------------------------------|--------------|--------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Managing Director and Chief Executive Officer – David Singleton | \$250,000<br>(fixed for a 3-year period)                  | Nil          | Up to 201%   | Up to 201%                  | 3 months' notice by either party or payment in lieu, except in certain circumstances such as misconduct where no notice period applies | Statutory entitlements |
| Chief Financial Officer – Sam Cruickshank <sup>1</sup>          | \$334,750                                                 | Up to 60%    | Up to 75%    | Up to 235%                  | 3 months' notice by either party or payment in lieu, except in certain circumstances such as misconduct where no notice period applies | Statutory entitlements |
| Chief Financial Officer – Gareth Jones <sup>2</sup>             | \$320,400                                                 | Nil          | Nil          | Nil                         | 3 months' notice by either party or payment in lieu, except in certain circumstances such as misconduct where no notice period applies | Statutory entitlements |

1 Mr Sam Cruickshank resigned on 31 December 2021.

2 Mr Gareth Jones was appointed on 15 November 2021.

### Audited remuneration report (continued)

#### 2. Non-Executive Director remuneration

The structure of the remuneration provided to Non-Executive Directors is distinct from that applicable to executives. Non-Executive Directors receive only fixed remuneration that is not linked to the financial performance of the Company.

Non-Executive Directors' fees are set at a level which enables the attraction and retention of experienced and skilled Board members to ensure an effective oversight role over the Company's operations. Non-Executive Directors' fees and payments are reviewed annually by the Board to ensure fee levels are appropriate and in-line with the market. The annual fees paid, inclusive of superannuation, to Non-Executive Directors for the financial year ended 30 June 2022 are set out below.

|                 | 30 June 2022<br>\$ |
|-----------------|--------------------|
| Board Chair     | 149,000            |
| Board Members   | 88,434             |
| Committee Chair | 9,364              |

The maximum aggregate amount that can be paid to Non-Executive Directors is \$500,000 per annum, including superannuation ("the Fee Pool"). There has been no increase to the Fee Pool amount since its approval by shareholders at the 2012 Annual General Meeting.

#### 3. Remuneration governance

The Board oversees the remuneration arrangements of the Company. In performing this function the Board is assisted by input and recommendations from the Nomination and Remuneration Committee ("Committee"), external consultants and internal advice as required. The Committee is responsible for the overview, and recommendation to the Board, of remuneration arrangements for Directors and executive KMP. The Managing Director and Chief Executive Officer, in consultation with the Board, sets remuneration arrangements for other executive KMP. No employee is directly involved in deciding their own remuneration (including the Managing Director and Chief Executive Officer).

Further details of the role and function of the Committee are set out in the Charter for the Nomination and Remuneration Committee on the Company's website at [www.austineng.com](http://www.austineng.com).

The Committee obtains advice and market remuneration data from external remuneration advisors as required. When advice and market remuneration data is obtained, the Committee follows protocols regarding the engagement and use of external remuneration consultants to ensure ongoing compliance with executive remuneration legislation. These protocols ensure that any remuneration recommendation from an external consultant is free from undue influence by any member of the Company's KMP to whom it relates.

The protocols for any external consultant providing remuneration recommendations prohibit them from providing advice or recommendations to employees or Directors before recommendations are given to the Committee. These arrangements were implemented to ensure that any external party will be able to carry out its work, including information capture and formation of its recommendations, free from undue influence by the individuals to whom they relate.

## Audited remuneration report (continued)

### 4. Value provided to key management personnel

The following tables detail the remuneration provided to KMP for the current and previous financial years. Amounts paid or payable (in round dollars) or otherwise made available to KMP as at the date of this report were:

| Name                                                   | Fixed remuneration |                      |                 |                                    |                | Variable remuneration |                                 | Total     | Performance related % |
|--------------------------------------------------------|--------------------|----------------------|-----------------|------------------------------------|----------------|-----------------------|---------------------------------|-----------|-----------------------|
|                                                        | Year               | Cash salary and fees | Super-annuation | Movement in annual leave provision | Other benefits | Cash bonus            | Options and rights <sup>5</sup> |           |                       |
| Non-Executive Directors                                |                    |                      |                 |                                    |                |                       |                                 |           |                       |
| Jim Walker                                             | 2022               | 135,455              | 13,545          | -                                  | -              | -                     | -                               | 149,000   | -                     |
|                                                        | 2021               | 115,968              | 11,017          | -                                  | -              | -                     | -                               | 126,985   | -                     |
| Chris Indermaur                                        | 2022               | 97,583               | 9,758           | -                                  | -              | -                     | -                               | 107,341   | -                     |
|                                                        | 2021               | 89,313               | 8,485           | -                                  | -              | -                     | -                               | 97,798    | -                     |
| Sy van Dyk                                             | 2022               | 88,907               | 8,891           | -                                  | -              | -                     | -                               | 97,798    | -                     |
|                                                        | 2021               | 89,313               | 8,485           | -                                  | -              | -                     | -                               | 97,798    | -                     |
| David Singleton <sup>1</sup>                           | 2022               | -                    | -               | -                                  | -              | -                     | -                               | -         | -                     |
|                                                        | 2021               | 80,412               | 5,596           | -                                  | -              | -                     | -                               | 86,008    | -                     |
| Total compensation for Non-Executive Directors         | 2022               | 321,946              | 32,194          | -                                  | -              | -                     | -                               | 354,140   | -                     |
|                                                        | 2021               | 375,006              | 33,583          | -                                  | -              | -                     | -                               | 408,589   | -                     |
| Executive Directors and Other Key Management Personnel |                    |                      |                 |                                    |                |                       |                                 |           |                       |
| David Singleton <sup>1</sup>                           | 2022               | 247,697              | 21,970          | 16,860                             | -              | -                     | 2,136,292                       | 2,422,819 | 88.2%                 |
|                                                        | 2021               | 123,789              | -               | -                                  | -              | -                     | -                               | 123,789   | -                     |
| Gareth Jones <sup>2</sup>                              | 2022               | 212,320              | 14,730          | 7,278                              | -              | -                     | -                               | 234,328   | -                     |
|                                                        | 2021               | -                    | -               | -                                  | -              | -                     | -                               | -         | -                     |
| Sam Cruickshank <sup>3</sup>                           | 2022               | 157,514              | 11,784          | (14,132)                           | 164            | -                     | -                               | 155,330   | -                     |
|                                                        | 2021               | 313,056              | 21,694          | (31)                               | 170,925        | 88,600                | 136,330                         | 730,574   | 30.8%                 |
| Peter Forsyth <sup>4</sup>                             | 2022               | -                    | -               | -                                  | -              | -                     | -                               | -         | -                     |
|                                                        | 2021               | 580,446              | 21,694          | (84)                               | -              | 89,995                | (60,689)                        | 631,362   | 4.6%                  |
| Total compensation for Senior Executives               | 2022               | 617,531              | 48,484          | 10,006                             | 164            | -                     | 2,136,292                       | 2,812,477 | 76.0%                 |
|                                                        | 2021               | 1,017,291            | 43,388          | (115)                              | 170,925        | 178,595               | 75,641                          | 1,485,725 | 17.1%                 |
| Total Key Management Personnel remuneration            | 2022               | 939,477              | 80,678          | 10,006                             | 164            | -                     | 2,136,292                       | 3,166,617 | 67.5%                 |
|                                                        | 2021               | 1,392,297            | 76,971          | (115)                              | 170,925        | 178,595               | 75,641                          | 1,894,314 | 13.4%                 |

1 Mr David Singleton was appointed as Chief Executive Officer and Managing Director on 14 July 2021, having been in the interim role since 25 June 2021. Prior to this, Mr Singleton was appointed to conduct a strategic review on 17 May 2021 and was remunerated for his work at a rate of \$4,000 (inclusive of superannuation) for each day worked. During the period 1 July 2021 to 13 July 2021, consulting fees totalling \$28,000 are included in the Executive Directors and Other Key Management Personnel table above. The cash-based remuneration received by Mr Singleton during the financial year was \$269,667.

2 Mr Gareth Jones was appointed as Chief Financial Officer on 15 November 2021. An additional payment of \$28,000 was made to Mr Jones in compensation for foregoing a bonus from his previous employer.

3 Mr Sam Cruickshank resigned as Chief Financial Officer on 31 December 2021.

4 Mr Peter Forsyth retired as Chief Executive Officer on 25 June 2021 with employment ceasing on 20 August 2021.

5 Option and performance rights expenses included in the remuneration above relate to the accounting expense of performance rights issued as well as the reversal of life to date expenses for any rights forfeited.

No cash bonus payments were made during the year.

### Other transactions with related parties

Other than those disclosed above, there were no transactions with related parties during the year (2021: Nil) and no amounts outstanding to related parties at 30 June 2022 (2021: Nil).

There were no other transactions with related parties during the year to 30 June 2022 (2021: Nil).

### Loans to key management personnel

There were no loans made, guaranteed or secured, directly or indirectly, by Austin Engineering Limited and any of its subsidiaries to KMP, including their close family members and entities related to them.

## Audited remuneration report (continued)

### 5. Equity instruments

#### Equity instruments held by key management personnel

The details of Shares, Options and Performance Rights over ordinary shares granted to and vested by KMP of the group are set out below:

| Key Management Personnel                                                                                   | Balance at 30 June 2021 | Granted           | Vested            | Lapsed/ Forfeited  | Bought (sold)      | Balance at 30 June 2022 | Vested and exercisable | Unvested          | Granted – fair value | % Vested during the year |
|------------------------------------------------------------------------------------------------------------|-------------------------|-------------------|-------------------|--------------------|--------------------|-------------------------|------------------------|-------------------|----------------------|--------------------------|
| <b>David Singleton – Managing Director and Chief Executive Officer</b>                                     |                         |                   |                   |                    |                    |                         |                        |                   |                      |                          |
| Shares <sup>1</sup>                                                                                        | 133,485                 | -                 | -                 | -                  | -                  | 133,485                 | -                      | -                 | -                    | -                        |
| Options <sup>2</sup>                                                                                       | -                       | 42,900,000        | 14,300,000        | -                  | -                  | 42,900,000              | 14,300,000             | 28,600,000        | 3,529,000            | 33%                      |
| <b>Total</b>                                                                                               | <b>133,485</b>          | <b>42,900,000</b> | <b>14,300,000</b> | <b>-</b>           | <b>-</b>           | <b>43,033,485</b>       | <b>14,300,000</b>      | <b>28,600,000</b> | <b>3,529,000</b>     |                          |
| <b>Jim Walker – Non-Executive Director</b>                                                                 |                         |                   |                   |                    |                    |                         |                        |                   |                      |                          |
| Shares <sup>1</sup>                                                                                        | 166,000                 | -                 | -                 | -                  | -                  | 166,000                 | -                      | -                 | -                    | -                        |
| <b>Total</b>                                                                                               | <b>166,000</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>-</b>           | <b>166,000</b>          | <b>-</b>               | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>Sy van Dyk – Non-Executive Director</b>                                                                 |                         |                   |                   |                    |                    |                         |                        |                   |                      |                          |
| Shares <sup>1</sup>                                                                                        | 213,500                 | -                 | -                 | -                  | -                  | 213,500                 | -                      | -                 | -                    | -                        |
| <b>Total</b>                                                                                               | <b>213,500</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>-</b>           | <b>213,500</b>          | <b>-</b>               | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>Chris Indermaur – Non-Executive Director</b>                                                            |                         |                   |                   |                    |                    |                         |                        |                   |                      |                          |
| Shares <sup>1</sup>                                                                                        | 200,000                 | -                 | -                 | -                  | -                  | 200,000                 | -                      | -                 | -                    | -                        |
| <b>Total</b>                                                                                               | <b>200,000</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>-</b>           | <b>200,000</b>          | <b>-</b>               | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>Peter Forsyth – former Managing Director/Chief Executive Officer (employment ceased 20 August 2021)</b> |                         |                   |                   |                    |                    |                         |                        |                   |                      |                          |
| Shares                                                                                                     | 1,150,000               | -                 | -                 | -                  | (1,150,000)        | -                       | -                      | -                 | -                    | -                        |
| Performance rights – 2019 <sup>3</sup>                                                                     | 2,145,923               | -                 | -                 | (2,145,923)        | -                  | -                       | -                      | -                 | -                    | 0%                       |
| Performance rights – 2020 <sup>5</sup>                                                                     | 3,151,515               | -                 | -                 | (3,151,515)        | -                  | -                       | -                      | -                 | -                    | 0%                       |
| Performance rights – 2021 <sup>6</sup>                                                                     | 3,683,333               | -                 | -                 | (3,683,333)        | -                  | -                       | -                      | -                 | -                    | 0%                       |
| <b>Total</b>                                                                                               | <b>10,130,771</b>       | <b>-</b>          | <b>-</b>          | <b>(8,980,771)</b> | <b>(1,150,000)</b> | <b>-</b>                | <b>-</b>               | <b>-</b>          | <b>-</b>             | <b>-</b>                 |
| <b>Sam Cruickshank – former Chief Financial Officer (employment ceased 31 December 2021)</b>               |                         |                   |                   |                    |                    |                         |                        |                   |                      |                          |
| Shares                                                                                                     | 236,819                 | 1,486             | 214,593           | -                  | (236,819)          | 216,079                 | -                      | -                 | -                    | -                        |
| Performance rights – 2019 <sup>4</sup>                                                                     | 214,593                 | -                 | (214,593)         | -                  | -                  | -                       | -                      | -                 | 39,271               | 100%                     |
| Performance rights – 2020 <sup>5</sup>                                                                     | 1,477,273               | -                 | -                 | (1,477,273)        | -                  | -                       | -                      | -                 | -                    | 0%                       |
| Performance rights – 2021 <sup>6</sup>                                                                     | 1,743,490               | -                 | -                 | (1,743,490)        | -                  | -                       | -                      | -                 | -                    | 0%                       |
| <b>Total</b>                                                                                               | <b>3,672,175</b>        | <b>1,486</b>      | <b>-</b>          | <b>(3,220,763)</b> | <b>(236,819)</b>   | <b>216,079</b>          | <b>-</b>               | <b>-</b>          | <b>39,271</b>        |                          |

<sup>1</sup> Ordinary shares in the Company held directly, indirectly or beneficially by Non-Executive Directors and executive KMP, including related parties, are outlined above and were acquired in accordance with Company's Share Trading Policy.

<sup>2</sup> Options granted on 14 July 2021 to the Managing Director.

<sup>3</sup> EPS and TSR rights granted on 17 December 2018 were forfeited due to resignation.

<sup>4</sup> Tenure rights were granted to Mr Sam Cruickshank prior to his permanent appointment as Chief Financial Officer whilst occupying the role of Group Financial Controller.

<sup>5</sup> EPS and TSR rights granted on 28 November 2019 were forfeited due to resignation.

<sup>6</sup> EPS and TSR rights granted on 14 December 2020 to the Managing Director, and 6 April 2021 to the Chief Financial Officer were forfeited due to resignation.

No other KMP held shares, options or rights at 30 June 2022 and 30 June 2021.

**THIS CONCLUDES THE AUDITED REMUNERATION REPORT.**

## Shares under option

The number of options over ordinary shares held by KMP at the date of this report are as follows:

| Grant date   | Expiry date      | Type                   | Exercise price | Number of shares under option |
|--------------|------------------|------------------------|----------------|-------------------------------|
| 14 July 2021 | 26 November 2024 | Share price and tenure | \$0.13         | 42,900,000                    |

No options were granted to, or exercised by, KMP since the end of the financial year.

## Shares under performance rights

There are no Performance Rights over ordinary shares held by KMP at the date of this report and no Performance Rights were granted to KMP since the end of the financial year.

## Insurance of officers and indemnities

### (a) Insurance of officers

During the financial year, Austin Engineering Limited paid a premium in respect of a contract insuring the directors and officers of Austin Engineering Limited against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### (b) Indemnity of auditors

Austin Engineering Limited has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

## Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

## Non-audit services

The Directors have considered the position and, in accordance with advice received from the Audit and Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Services provided related to taxation compliance and advisory services. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 28 to the financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## Auditor's independence declaration

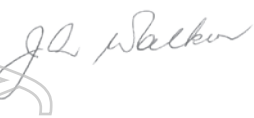
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 35.

## Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## Directors' report

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



**Jim Walker**  
Chairman

29 August 2022  
Perth



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Australia

**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF AUSTIN ENGINEERING LIMITED**

As lead auditor of Austin Engineering Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Austin Engineering Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a light grey horizontal line.

**Dean Just**  
**Director**

**BDO Audit Pty Ltd**  
Perth, 29 August 2022

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



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# Annual Financial Report

For the year ended 30 June 2022

## Consolidated financial statements

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**Consolidated statement of profit or loss and other comprehensive income**

For the year ended 30 June 2022

|                                                                                                                                 | Notes | 2022<br>\$'000 | 2021*<br>\$'000 |
|---------------------------------------------------------------------------------------------------------------------------------|-------|----------------|-----------------|
| <b>Revenue from continuing operations</b>                                                                                       | 2     | 203,348        | 198,110         |
| <b>Expenses</b>                                                                                                                 |       |                |                 |
| Raw materials and consumables used                                                                                              |       | (62,370)       | (58,935)        |
| Changes in inventories and work in progress                                                                                     |       | -              | (7)             |
| Employment expenses                                                                                                             |       | (53,747)       | (65,703)        |
| Subcontractor expenses                                                                                                          |       | (23,080)       | (23,347)        |
| Occupancy and utility expenses                                                                                                  |       | (3,487)        | (3,764)         |
| Depreciation expense                                                                                                            |       | (4,709)        | (5,521)         |
| Amortisation expense                                                                                                            | 15    | (338)          | (335)           |
| Production operational expenses                                                                                                 |       | (18,688)       | (12,802)        |
| Gain from disposal of property, plant and equipment                                                                             |       | 1,531          | 366             |
| Other expenses                                                                                                                  |       | (11,054)       | (14,814)        |
| Finance costs                                                                                                                   |       | (1,061)        | (1,898)         |
| Impairment expense                                                                                                              | 3     | -              | (6,379)         |
| <b>Profit before income tax</b>                                                                                                 |       | <b>26,345</b>  | <b>4,971</b>    |
| Income tax expense                                                                                                              | 5     | (5,736)        | (1,673)         |
| <b>Profit for the year from continuing operations</b>                                                                           |       | <b>20,609</b>  | <b>3,298</b>    |
| Loss from discontinued operation                                                                                                | 4     | (3,802)        | (3,838)         |
| <b>Profit/(loss) for the year</b>                                                                                               |       | <b>16,807</b>  | <b>(540)</b>    |
| <b>Other comprehensive income</b>                                                                                               |       |                |                 |
| <b>Item that may be reclassified to profit or loss</b>                                                                          |       |                |                 |
| Foreign currency translation differences, net of tax                                                                            | 19    | 843            | (3,875)         |
| <b>Other comprehensive income for the year</b>                                                                                  |       | <b>843</b>     | <b>(3,875)</b>  |
| <b>Total comprehensive income for the year</b>                                                                                  |       | <b>17,650</b>  | <b>(4,415)</b>  |
| Profit for the year is attributable to:                                                                                         |       |                |                 |
| Owners of Austin Engineering Limited                                                                                            |       | 16,807         | (540)           |
| Total comprehensive income for the year is attributable to:                                                                     |       |                |                 |
| Owners of Austin Engineering Limited                                                                                            |       | 17,650         | (4,415)         |
|                                                                                                                                 | Notes | 2022<br>Cents  | 2021*<br>Cents  |
| <b>Earnings per share from continuing operations attributable to the owners of Austin Engineering Limited:</b>                  |       |                |                 |
| Basic earnings per share (cents per share)                                                                                      | 6     | 3.55           | 0.57            |
| Diluted earnings per share (cents per share)                                                                                    | 6     | 3.43           | 0.56            |
| <b>Earnings per share from continuing and discontinued operations attributable to the owners of Austin Engineering Limited:</b> |       |                |                 |
| Basic earnings/(loss) per share (cents per share)                                                                               | 6     | 2.89           | (0.09)          |
| Diluted earnings/(loss) per share (cents per share)                                                                             | 6     | 2.80           | (0.09)          |

\* Balances for the prior period have been re-presented to exclude results from discontinued operations. Refer to Note 4.

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

**Consolidated statement of financial position****As at 30 June 2022**

|                                                                                   | Notes | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------------------------------------------------------|-------|----------------|----------------|
| <b>Current assets</b>                                                             |       |                |                |
| Cash and cash equivalents                                                         | 8     | 20,781         | 9,824          |
| Trade and other receivables                                                       | 9     | 54,530         | 39,708         |
| Inventories                                                                       | 10    | 40,362         | 28,859         |
| Current tax assets                                                                | 5     | -              | 459            |
| Other receivables and other assets                                                | 11    | 14,443         | 11,736         |
|                                                                                   |       | <b>130,116</b> | <b>90,586</b>  |
| Assets classified as held for sale                                                | 4     | 1,109          | 8,312          |
| <b>Total current assets</b>                                                       |       | <b>131,225</b> | <b>98,898</b>  |
| <b>Non-current assets</b>                                                         |       |                |                |
| Property, plant and equipment                                                     | 14    | 37,247         | 40,420         |
| Intangible assets                                                                 | 15    | 11,588         | 11,258         |
| Deferred tax assets                                                               | 5     | 11,185         | 10,010         |
| Right-of-use assets                                                               | 16    | 12,005         | 7,522          |
| Other non-current assets                                                          | 11    | 10,894         | 9,240          |
| <b>Total non-current assets</b>                                                   |       | <b>82,919</b>  | <b>78,450</b>  |
| <b>Total assets</b>                                                               |       | <b>214,144</b> | <b>177,348</b> |
| <b>Current liabilities</b>                                                        |       |                |                |
| Trade and other payables                                                          | 12    | 60,888         | 46,942         |
| Financial liabilities                                                             | 17    | 22,000         | 14,384         |
| Current tax liabilities                                                           | 5     | 2,883          | 598            |
| Provisions                                                                        | 13    | 6,026          | 9,037          |
| Lease liabilities                                                                 | 16    | 2,998          | 2,427          |
|                                                                                   |       | <b>94,795</b>  | <b>73,388</b>  |
| Financial liabilities directly associated with assets classified as held for sale | 4     | -              | 1,086          |
| <b>Total current liabilities</b>                                                  |       | <b>94,795</b>  | <b>74,474</b>  |
| <b>Non-current liabilities</b>                                                    |       |                |                |
| Financial liabilities                                                             | 17    | -              | 3,914          |
| Provisions                                                                        | 13    | 765            | 551            |
| Lease liabilities                                                                 | 16    | 11,264         | 7,649          |
| <b>Total non-current liabilities</b>                                              |       | <b>12,029</b>  | <b>12,114</b>  |
| <b>Total liabilities</b>                                                          |       | <b>106,824</b> | <b>86,588</b>  |
| <b>Net assets</b>                                                                 |       | <b>107,320</b> | <b>90,760</b>  |
| <b>Equity</b>                                                                     |       |                |                |
| Share capital                                                                     | 18    | 154,466        | 154,133        |
| Accumulated losses                                                                |       | (34,059)       | (47,962)       |
| Reserves                                                                          | 19    | (13,087)       | (15,411)       |
| <b>Total equity</b>                                                               |       | <b>107,320</b> | <b>90,760</b>  |

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 30 June 2022

|                                                                           | Notes | Contributed equity<br>\$'000 | Share-based payment reserve<br>\$'000 | Foreign currency translation reserve<br>\$'000 | Accumulated losses<br>\$'000 | Total<br>\$'000 |
|---------------------------------------------------------------------------|-------|------------------------------|---------------------------------------|------------------------------------------------|------------------------------|-----------------|
| Opening balance at 1 July 2020                                            |       | 153,958                      | 915                                   | (12,964)                                       | (43,366)                     | 98,543          |
| <b>Total comprehensive income for the year:</b>                           |       |                              |                                       |                                                |                              |                 |
| Loss for the year                                                         |       | -                            | -                                     | -                                              | (540)                        | (540)           |
| <b>Other comprehensive income, net of tax:</b>                            |       |                              |                                       |                                                |                              |                 |
| Currency translation differences                                          |       | -                            | -                                     | (3,875)                                        | -                            | (3,875)         |
| <b>Total comprehensive income for the year</b>                            |       | -                            | -                                     | (3,875)                                        | (540)                        | (4,415)         |
| <b>Transactions with owners in their capacity as owners:</b>              |       |                              |                                       |                                                |                              |                 |
| Shares issued under dividend reinvestment plan (net of share issue costs) | 18    | 59                           | -                                     | -                                              | -                            | 59              |
| Share issue costs                                                         | 18    | (10)                         | -                                     | -                                              | -                            | (10)            |
| Share-based payments                                                      |       | -                            | 639                                   | -                                              | -                            | 639             |
| Conversion of performance rights                                          | 18    | 126                          | (126)                                 | -                                              | -                            | -               |
| Dividends provided for or paid                                            | 7     | -                            | -                                     | -                                              | (4,056)                      | (4,056)         |
|                                                                           |       | <b>175</b>                   | <b>513</b>                            | <b>-</b>                                       | <b>(4,056)</b>               | <b>(3,368)</b>  |
| <b>Balance at 30 June 2021</b>                                            |       | <b>154,133</b>               | <b>1,428</b>                          | <b>(16,839)</b>                                | <b>(47,962)</b>              | <b>90,760</b>   |
| <b>Balance at 1 July 2021</b>                                             |       | <b>154,133</b>               | <b>1,428</b>                          | <b>(16,839)</b>                                | <b>(47,962)</b>              | <b>90,760</b>   |
| <b>Total comprehensive income for the year:</b>                           |       |                              |                                       |                                                |                              |                 |
| Profit for the year                                                       |       | -                            | -                                     | -                                              | 16,807                       | 16,807          |
| <b>Other comprehensive income, net of tax:</b>                            |       |                              |                                       |                                                |                              |                 |
| Currency translation differences                                          |       | -                            | -                                     | 843                                            | -                            | 843             |
| <b>Total comprehensive income for the year</b>                            |       | -                            | -                                     | <b>843</b>                                     | <b>16,807</b>                | <b>843</b>      |
| <b>Transactions with owners in their capacity as owners:</b>              |       |                              |                                       |                                                |                              |                 |
| Shares issued under dividend reinvestment plan (net of share issue costs) | 18    | 176                          | -                                     | -                                              | -                            | 176             |
| Share issue costs                                                         | 18    | -                            | -                                     | -                                              | -                            | -               |
| Share-based payments                                                      |       | -                            | 1,638                                 | -                                              | -                            | 1,638           |
| Conversion of performance rights                                          | 18    | 157                          | (157)                                 | -                                              | -                            | -               |
| Dividends provided for or paid                                            | 7     | -                            | -                                     | -                                              | (2,904)                      | (2,904)         |
|                                                                           |       | <b>333</b>                   | <b>1,481</b>                          | <b>-</b>                                       | <b>(2,904)</b>               | <b>(1,090)</b>  |
| <b>Balance at 30 June 2022</b>                                            |       | <b>154,466</b>               | <b>2,909</b>                          | <b>(15,996)</b>                                | <b>(34,059)</b>              | <b>107,320</b>  |

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 30 June 2022

|                                                                  | Notes     | 2022<br>\$'000 | 2021<br>\$'000 |
|------------------------------------------------------------------|-----------|----------------|----------------|
| <b>Cash flows from operating activities</b>                      |           |                |                |
| Receipts from customers                                          |           | 186,858        | 196,207        |
| Payments to suppliers and employees                              |           | (179,406)      | (201,424)      |
| Interest received                                                |           | 622            | 789            |
| Finance costs                                                    |           | (2,036)        | (2,771)        |
| Income tax refund                                                |           | -              | 1,341          |
| Income tax paid                                                  |           | (1,303)        | (2,471)        |
| <b>Net cash provided/(used in) by operating activities</b>       | <b>27</b> | <b>4,735</b>   | <b>(8,329)</b> |
| <b>Cash flows from investing activities</b>                      |           |                |                |
| Payments for property, plant and equipment                       |           | (3,852)        | (3,245)        |
| Payments for intangibles                                         |           | (335)          | (2,700)        |
| Proceeds from sale of property, plant and equipment              |           | 12,912         | 1,106          |
| <b>Net cash provided/(used in) by investing activities</b>       |           | <b>8,725</b>   | <b>(4,839)</b> |
| <b>Cash flows from financing activities</b>                      |           |                |                |
| Proceeds from borrowings                                         |           | 35,708         | 52,254         |
| Repayment of borrowings                                          |           | (33,068)       | (41,623)       |
| Dividends paid to company's shareholders                         | 7         | (2,727)        | (3,996)        |
| Repayment of lease liabilities                                   |           | (2,573)        | (2,575)        |
| <b>Net cash (used in)/provided by financing activities</b>       |           | <b>(2,660)</b> | <b>4,060</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>      |           | <b>10,800</b>  | <b>(9,108)</b> |
| Cash and cash equivalents at the beginning of the financial year |           | 9,824          | 19,243         |
| Effects of exchange rate changes on cash and cash equivalents    |           | 157            | (311)          |
| <b>Cash and cash equivalents at end of the year</b>              | <b>8</b>  | <b>20,781</b>  | <b>9,824</b>   |

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

**Notes to the financial statements****For the year ended 30 June 2022****1 Segment information**

The strategic operating segments comprise of Asia-Pacific (for mining equipment, other products, repair and maintenance services and corporate activities located in Australia and Indonesia), North America (for mining equipment and other products located in the United States of America) and South America (currently Chile for mining equipment, other products and repair and maintenance services). The strategic operating segments are driven by the closer integration of Australian and Indonesian business units in supplying a common market. Management also acknowledge the difference in markets between its operations in North America and South America and consequently have separated the Americas segment. These reporting segments better reflect performance against the Group's management structure, current customer base, the derivation of intellectual property, the utilisation of production facilities as well as key inputs such as labour and steel that impact product pricing.

Executive management monitors segment performance based on EBITDA. Segment information for the years ended 30 June 2022 and 30 June 2021 is as follows:

|                                                                                | Asia-Pacific   |                 | North America  |                 | South America  |                 | Total          |                 |
|--------------------------------------------------------------------------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
|                                                                                | 2022<br>\$'000 | 2021*<br>\$'000 | 2022<br>\$'000 | 2021*<br>\$'000 | 2022<br>\$'000 | 2021*<br>\$'000 | 2022<br>\$'000 | 2021*<br>\$'000 |
| <b>Continuing operations</b>                                                   |                |                 |                |                 |                |                 |                |                 |
| Total segment revenue from continuing operations – from external customers     | 107,490        | 138,314         | 66,652         | 35,657          | 29,206         | 24,139          | 203,348        | 198,110         |
| EBITDA from continuing operations                                              | 8,858          | 17,501          | 15,945         | (2,390)         | 7,650          | (2,386)         | 32,453         | 12,725          |
| Profit/(loss) before tax                                                       | 7,856          | 11,647          | 12,456         | (3,408)         | 6,033          | (3,268)         | 26,345         | 4,971           |
| <b>Other segment information</b>                                               |                |                 |                |                 |                |                 |                |                 |
| Depreciation and amortisation                                                  | 3,510          | 3,940           | 786            | 861             | 751            | 1,055           | 5,047          | 5,856           |
| Impairment                                                                     | -              | 4,889           | -              | 1,076           | -              | 414             | -              | 6,379           |
| <b>Continuing and discontinued operations</b>                                  |                |                 |                |                 |                |                 |                |                 |
| Total segment assets                                                           | 100,044        | 88,408          | 58,364         | 39,780          | 55,736         | 49,160          | 214,144        | 177,348         |
| Total assets include:                                                          |                |                 |                |                 |                |                 |                |                 |
| Additions to non-current assets (other than financial assets and deferred tax) | 4,441          | 6,186           | 10,673         | 622             | 3,069          | 813             | 18,183         | 7,621           |
| Total segment liabilities                                                      | 72,994         | 58,045          | 22,921         | 10,407          | 10,909         | 18,136          | 106,824        | 86,588          |

\* Balances for the prior period have been re-presented to exclude results from discontinued operations as disclosed in Note 4.

## 1 Segment information (continued)

### Segment revenue and non-current assets

#### Continuing operations

|                                                                                              | 2022<br>\$'000 | 2021*<br>\$'000 |
|----------------------------------------------------------------------------------------------|----------------|-----------------|
| <b>Total revenues from customers based on geographical regions:</b>                          |                |                 |
| - Australia                                                                                  | 78,941         | 116,795         |
| - Chile                                                                                      | 29,201         | 24,227          |
| - USA                                                                                        | 26,865         | 15,112          |
| - all other foreign countries                                                                | 68,341         | 41,976          |
| Revenues derived from a single external customer were attributable to Australia              | 41,793         | 61,221          |
| <b>Non-current assets, excluding financial instruments and deferred tax assets, located:</b> |                |                 |
| - in Australia                                                                               | 18,851         | 22,854          |
| - in Chile                                                                                   | 22,331         | 13,285          |
| - in USA                                                                                     | 17,353         | 16,222          |
| - in Indonesia                                                                               | 6,289          | 6,406           |
| - in other foreign countries                                                                 | -              | 374             |

\* Balance of the prior period have been re-presented to exclude results from discontinued operation. Refer to Note 4.

#### Corporate expenses

Corporate expenses are incurred in Australia and the majority of these costs are recharged across the group in accordance with group transfer pricing arrangements in place.

#### Segment assets and liabilities

Segment asset and liability amounts are measured in the same way that they are measured in the financial statements. Segment assets and liabilities are allocated based on the operations of the segment and the physical location of the assets and liabilities.

The reconciliation of EBITDA to profit before income tax is as follows:

|                                 | Continuing and discontinued operations |                | Continuing operations |                 |
|---------------------------------|----------------------------------------|----------------|-----------------------|-----------------|
|                                 | 2022<br>\$'000                         | 2021<br>\$'000 | 2022<br>\$'000        | 2021*<br>\$'000 |
| <b>EBITDA</b>                   | <b>29,548</b>                          | <b>9,733</b>   | <b>32,453</b>         | <b>12,725</b>   |
| Depreciation expense            | (5,247)                                | (6,263)        | (4,709)               | (5,521)         |
| Amortisation expense            | (342)                                  | (349)          | (338)                 | (335)           |
| Interest revenue                | 622                                    | 789            | 617                   | 789             |
| Finance costs                   | (2,037)                                | (2,771)        | (1,678)               | (2,687)         |
| <b>Profit before income tax</b> | <b>22,544</b>                          | <b>1,139</b>   | <b>26,345</b>         | <b>4,971</b>    |

\* Balances for the prior period have been re-presented to exclude results from discontinued operation. Refer to Note 4.

## Notes to the financial statements

### 2 Revenue

The Group derives the following types of revenue from continuing operations:

|                                                 | 2022<br>\$'000 | 2021*<br>\$'000 |
|-------------------------------------------------|----------------|-----------------|
| Revenue from contracts with customers           | 202,927        | 197,576         |
| Other income                                    | 421            | 534             |
| <b>Total revenue from continuing operations</b> | <b>203,348</b> | <b>198,110</b>  |

\* Balances for the prior period have been re-presented to exclude results from discontinued operation. Refer to Note 4.

#### (a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following types and geographical regions:

|                                              | Asia Pacific   |                | North America  |                | South America  |                 | Total          |                 |
|----------------------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|
|                                              | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021*<br>\$'000 | 2022<br>\$'000 | 2021*<br>\$'000 |
| <b>Revenue from contracts with customers</b> |                |                |                |                |                |                 |                |                 |
| <b>Sale of goods</b>                         |                |                |                |                |                |                 |                |                 |
| Truck bodies                                 | 62,791         | 86,524         | 62,507         | 34,189         | 13,240         | 10,935          | 138,538        | 131,648         |
| Buckets                                      | 10,770         | 5,953          | -              | -              | -              | 218             | 10,770         | 6,171           |
| Other goods                                  | 17,640         | 25,863         | 4,145          | 1,468          | 1,198          | 1,936           | 22,983         | 29,267          |
| <b>Total sale of goods</b>                   | <b>91,201</b>  | <b>118,340</b> | <b>66,652</b>  | <b>35,657</b>  | <b>14,438</b>  | <b>13,089</b>   | <b>172,291</b> | <b>167,086</b>  |
| <b>Services</b>                              |                |                |                |                |                |                 |                |                 |
| On-site services                             | 13,368         | 1,533          | -              | -              | 8,066          | 2,675           | 21,434         | 4,208           |
| Off-site services                            | 78             | 18,182         | -              | -              | 3,285          | 6,756           | 3,363          | 24,938          |
| Other services                               | 2,761          | 170            | -              | -              | 3,078          | 1,174           | 5,839          | 1,344           |
| <b>Total services</b>                        | <b>16,207</b>  | <b>19,885</b>  | <b>-</b>       | <b>-</b>       | <b>14,429</b>  | <b>10,605</b>   | <b>30,636</b>  | <b>30,490</b>   |
| <b>Revenue from contracts with customers</b> | <b>107,408</b> | <b>138,225</b> | <b>66,652</b>  | <b>35,657</b>  | <b>28,867</b>  | <b>28,694</b>   | <b>202,927</b> | <b>197,576</b>  |
| <b>Timing of revenue recognition</b>         |                |                |                |                |                |                 |                |                 |
| <i>At a point in time</i>                    |                |                |                |                |                |                 |                |                 |
| - Sale of goods                              | 88,140         | 118,340        | 66,153         | 35,657         | 14,438         | 13,089          | 167,731        | 167,086         |
| - Services                                   | -              | -              | -              | -              | -              | -               | -              | -               |
| <i>Over time</i>                             |                |                |                |                |                |                 |                |                 |
| - Sale of goods                              | 3,061          | -              | 1,499          | -              | -              | -               | 4,560          | -               |
| - Over time                                  | 16,207         | 19,885         | -              | -              | 14,429         | 10,605          | 30,636         | 30,490          |
| <b>Revenue from contracts with customers</b> | <b>107,408</b> | <b>138,225</b> | <b>66,652</b>  | <b>35,657</b>  | <b>28,867</b>  | <b>23,694</b>   | <b>202,927</b> | <b>197,576</b>  |

\* Balances for the prior period have been re-presented to exclude results from discontinued operation. Refer to Note 4.

#### (b) Accounting policies

##### (i) Sale of goods

The Group derives revenue from the manufacture and sale of truck bodies, excavator buckets and other ancillary products. Contracts entered into may be for the manufacture and sale of one or several products. The manufacture of each individual body, bucket or other product is generally taken to be one performance obligation. Where contracts are entered into for the manufacture of several products the total transaction price is allocated across each product based on stand-alone selling prices net of any discounts provided.

## 2 Revenue (continued)

### (b) Accounting policies (continued)

#### (i) Sale of goods

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

For each performance obligation to be recognised over time, the Group recognises revenue using an input method, based on costs incurred in the period. Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred, and as risks have been mitigated or retired. The Group has determined that this method appropriately depicts the Group's performance in transferring control of the goods and services to the customer. If the over time criteria for revenue recognition are not met, revenue is recognised at the point in time that control is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example, on delivery. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

All goods sold include defect and warranty periods following transfer of control to the customer. These obligations are not deemed separate performance obligations and therefore recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The Group derives a portion of sale of goods revenue from the sale of truck bodies under finance lease arrangements in the capacity as lessor. The Group is considered to be a manufacturer lessor under AASB 16 *Leases* and therefore recognises selling profit or loss in the period in accordance with the policy for outright sale of goods. Revenue from these sales is recognised at the fair value of the asset disposed or, if lower, the present value of the minimum lease payments accruing to the Group, computed at a market rate of interest. During the financial year \$5.830 million (2021: \$8.154 million) of revenue was recognised from truck bodies sold on finance lease arrangements in South America.

#### (ii) Services

The Group derives revenue from on and off-site repair and maintenance services. Repair and maintenance performance obligations are fulfilled over time as the group enhances assets which the customer controls, for which the Group does not have an alternative use and for which the Group has right to payment for performance to date. Revenue is recognised using the input method by reference to the stage of completion of the project. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

### (c) Contract assets and liabilities

The Group has recognised the following assets and liabilities related to contracts with customers:

|                      | Notes | 2022<br>\$'000 | 2021<br>\$'000 |
|----------------------|-------|----------------|----------------|
| Contract assets      | 9     | 5,900          | 2,109          |
| Contract liabilities | 12    | (12,529)       | (6,355)        |

## Notes to the financial statements

### 2 Revenue (continued)

#### (c) Contract assets and liabilities (continued)

The movement in the Group's Contract assets and liabilities during the financial year is disclosed below:

|                                               | Contract assets |                | Contract liabilities |                 |
|-----------------------------------------------|-----------------|----------------|----------------------|-----------------|
|                                               | 2022<br>\$'000  | 2021<br>\$'000 | 2022<br>\$'000       | 2021<br>\$'000  |
| <b>At 1 July</b>                              | <b>2,109</b>    | <b>6,386</b>   | <b>(6,355)</b>       | <b>(14,637)</b> |
| Invoices issued in advance of performance     | -               | -              | (8,097)              | (117,327)       |
| Transfers to trade receivables                | (25,426)        | (14,808)       | -                    | -               |
| Amounts recognised in revenue during the year | 29,626          | 10,391         | 1,887                | 125,463         |
| Effect of foreign exchange                    | (409)           | 140            | 36                   | 146             |
| <b>At 30 June</b>                             | <b>5,900</b>    | <b>2,109</b>   | <b>(12,529)</b>      | <b>(6,355)</b>  |

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes. Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

### 3 Expenses

#### (a) Profit/(loss) for the year from continuing operations includes the following expenses:

|                                              | 2022<br>\$'000 | 2021*<br>\$'000 |
|----------------------------------------------|----------------|-----------------|
| Cost of goods sold                           | 145,943        | 142,310         |
| Defined contribution superannuation costs    | 1,529          | 1,388           |
| Net foreign currency exchange (gains)/losses | (3,927)        | 1,090           |
| Government grants                            | -              | (373)           |
| Impairment expense                           | -              | 6,379           |

\* Balances for the prior period have been re-presented to exclude results from discontinued operation. Refer to Note 4.

### 4 Discontinued operation

#### (a) Discontinued operation

During the year, the Group closed its operation in Peru and Canada including, retrenching staff, transferring assets to other Austin business units and disposing of assets. The decision to discontinue the operations was made based on the current and future expected market conditions in Peru and Canada as well as the overall Group strategy and hub and spoke model. As Canada has been treated as a closure for discontinued operation purposes, the right-of-use asset and lease liability have not been reclassified as held for sale. Impairment testing was performed on the right of use asset and no impairment was deemed necessary. Refer to Note 16.

The results of Austin Engineering Peru SAC and Austin Canada Inc have been disclosed as discontinued operations. Discontinued operations also include operations discontinued in prior years consisting of Austin Ingenieros Colombia S.A.S., Pilbara Hire Group Pty Ltd and Chile crane business. The comparative profit and cash flows from discontinued operations for the period are set out below.

#### 4 Discontinued operation (continued)

##### (a) Discontinued operation (continued)

|                                                                             | 2022<br>\$'000 | 2021*<br>\$'000 |
|-----------------------------------------------------------------------------|----------------|-----------------|
| Revenue                                                                     | 2,650          | 9,150           |
| Expenses                                                                    | (6,452)        | (12,982)        |
| Income tax (expense)                                                        | -              | (6)             |
| <b>(Loss) from discontinued operation</b>                                   | <b>(3,802)</b> | <b>(3,838)</b>  |
| Net cash (outflow) from operating activities                                | (3,398)        | (327)           |
| Net cash inflow from investing activities                                   | 3,338          | 213             |
| Net cash (outflow)/inflow from financing activities                         | (1,356)        | 257             |
| <b>Net (decrease)/increase in cash generated by discontinued operations</b> | <b>(1,416)</b> | <b>143</b>      |

\*Balances for the prior period have been re-presented to include results from the Peruvian operation as disclosed above.

The assets relating to the Peruvian operations are presented as held for sale. See (b) below. In 2022, there were no impairment charges from discontinued operations in FY2022 (2021: \$1.212 million) as the assets carrying value are expected to be recovered through sale. In FY2021, impairment charges from discontinued operations were made on inventories of \$0.558 million and on non-current assets of \$0.654 million which have been allocated against property, plant and equipment, refer to Note 14.

##### (b) Assets and liabilities classified as held for sale

The Group intends to continue to dispose properties and equipment that it no longer requires in the next 12 months. The properties and equipment are located in Peru and Australia.

|                                                                                   | Consolidated entity |                |
|-----------------------------------------------------------------------------------|---------------------|----------------|
|                                                                                   | 2022<br>\$'000      | 2021<br>\$'000 |
| Plant and equipment                                                               | -                   | 438            |
| <b>Discontinued cranes business operation in Chile</b>                            | <b>-</b>            | <b>438</b>     |
| Land and building – Colombia                                                      | -                   | 3,155          |
| Land and building – Peru                                                          | 803                 | 735            |
| Plant and equipment – Peru                                                        | -                   | 303            |
| <b>Discontinued operation in Peru and Colombia</b>                                | <b>803</b>          | <b>4,193</b>   |
| Land and building – Chile                                                         | -                   | 3,681          |
| Plant and equipment – Australia (Mackay)                                          | 306                 | -              |
| <b>Other assets held for sale</b>                                                 | <b>306</b>          | <b>3,681</b>   |
| <b>Total assets classified as held for sale</b>                                   | <b>1,109</b>        | <b>8,312</b>   |
| Financial liabilities directly associated with assets classified as held for sale | -                   | 1,086          |

Assets are classified as held for sale when its carrying value will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

Refer to Note 32 to the financial statements on key estimates used in determining the fair value of assets held for sale.

The movement in assets classified as held for sale during the financial year is disclosed below:

|                                                              | Consolidated entity |                |
|--------------------------------------------------------------|---------------------|----------------|
|                                                              | 2022<br>\$'000      | 2021<br>\$'000 |
| <b>Opening assets classified as held for sale</b>            | <b>8,312</b>        | <b>4,992</b>   |
| Transfers from Property, Plant and Equipment (refer Note 14) | 144                 | 3,395          |
| Disposals                                                    | (7,431)             | -              |
| Exchange differences                                         | 84                  | (75)           |
| <b>Closing assets classified as held for sale</b>            | <b>1,109</b>        | <b>8,312</b>   |

## Notes to the financial statements

### 5 Tax

#### (a) Income tax expense

|                                                                                                | 2022<br>\$'000 | 2021<br>\$'000 |
|------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Components of income tax expense:</b>                                                       |                |                |
| Current tax – current period                                                                   | 4,169          | 3,111          |
| (Over) provision in respect of prior years                                                     | (528)          | (1,450)        |
| Deferred tax – origination and reversal of temporary differences                               | 2,095          | 18             |
|                                                                                                | <b>5,736</b>   | <b>1,679</b>   |
| <b>Income tax expense is attributable to:</b>                                                  |                |                |
| Profit from continuing operations                                                              | 5,736          | 1,673          |
| Loss from discontinued operation                                                               | -              | 6              |
|                                                                                                | <b>5,736</b>   | <b>1,679</b>   |
| <i>Numerical reconciliation of income tax expense to prima facie tax payable</i>               |                |                |
|                                                                                                | 2022<br>\$'000 | 2021<br>\$'000 |
| Profit/(loss) from continuing operations before income tax expense                             | 26,345         | 4,184          |
| Loss from discontinuing operation before income tax expense                                    | (3,802)        | (3,045)        |
|                                                                                                | <b>22,543</b>  | <b>1,139</b>   |
| Tax at the Australian tax rate of 30.0% (2021: 30.0%)                                          | 6,763          | 342            |
| <b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b> |                |                |
| Non-allowable items                                                                            | (2,092)        | (1,121)        |
| Impairment expense                                                                             | -              | 2,356          |
| Entertainment/donations                                                                        | 32             | -              |
| Over-provision for tax in prior years                                                          | (528)          | (1,450)        |
| Share performance right expenses in the year                                                   | 491            | 192            |
| Differences in overseas tax rates                                                              | (2,197)        | (713)          |
| <b>Non-assessable items and other allowances:</b>                                              |                |                |
| Deferred tax assets not recognised on tax losses                                               | 3,267          | 2,073          |
| <b>Income tax expense</b>                                                                      | <b>5,736</b>   | <b>1,679</b>   |

#### (b) Current tax asset and liability

|                         | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------|----------------|----------------|
| Current tax assets      | -              | 459            |
| Current tax liabilities | (2,883)        | (598)          |
|                         | <b>(2,883)</b> | <b>(139)</b>   |

## 5 Tax (continued)

### (c) Deferred tax

|                                           | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------------|----------------|----------------|
| <b>Deferred tax assets – non-current:</b> |                |                |
| Employee leave entitlements               | 1,418          | 1,799          |
| Warranty and other provisions             | 732            | 1,205          |
| Foreign exchange                          | 3,527          | 258            |
| Leases                                    | 822            | 945            |
| Tax losses                                | 4,363          | 3,474          |
| Other                                     | 323            | 2,329          |
| <b>Total deferred tax assets</b>          | <b>11,185</b>  | <b>10,010</b>  |

|  | Opening<br>balance<br>\$'000 | Recognised<br>in profit or<br>loss<br>\$'000 | Recognised<br>in equity<br>\$'000 | Closing<br>balance<br>\$'000 |
|--|------------------------------|----------------------------------------------|-----------------------------------|------------------------------|
|--|------------------------------|----------------------------------------------|-----------------------------------|------------------------------|

#### Movements: 2022

##### Deferred tax assets

|                                  |               |                |              |               |
|----------------------------------|---------------|----------------|--------------|---------------|
| Employee leave entitlements      | 1,799         | (381)          | -            | 1,418         |
| Warranty and other provisions    | 1,205         | (473)          | -            | 732           |
| Foreign exchange                 | 258           | -              | 3,269        | 3,527         |
| Leases                           | 945           | (123)          | -            | 822           |
| Tax losses                       | 3,474         | 889            | -            | 4,363         |
| Other                            | 2,329         | (2,006)        | -            | 323           |
| <b>Total deferred tax assets</b> | <b>10,010</b> | <b>(2,094)</b> | <b>3,269</b> | <b>11,185</b> |

#### Movements: 2021

##### Deferred tax assets

|                                  |              |             |           |               |
|----------------------------------|--------------|-------------|-----------|---------------|
| Employee leave entitlements      | 1,295        | 472         | 32        | 1,799         |
| Warranty and other provisions    | 583          | 619         | 3         | 1,205         |
| Foreign exchange                 | -            | 258         | -         | 258           |
| Leases                           | 1,109        | (164)       | -         | 945           |
| Tax losses                       | 5,801        | (2,327)     | -         | 3,474         |
| Other                            | 1,148        | 1,123       | 58        | 2,329         |
| <b>Total deferred tax assets</b> | <b>9,936</b> | <b>(19)</b> | <b>93</b> | <b>10,010</b> |

Unused tax losses for which no deferred tax asset has been recognised amount to \$6.730 million (2021: \$5.279 million) at reporting date and can be carried forward indefinitely (subject to meeting utilisation requirements).

Temporary timing differences for which no deferred tax asset has been recognised amount to nil (2021: \$1.851 million) at reporting date.

#### Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Notes to the financial statements

### 5 Tax (continued)

#### (c) Deferred tax (continued)

##### *Income tax (continued)*

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 Consolidated Financial Report. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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 Group's Australian subsidiaries, together with the Company, form a tax consolidated group for income tax purposes.

### 6 Earnings per share

#### Basic earnings per share

|                                         | 2022<br>Cents | 2021<br>Cents |
|-----------------------------------------|---------------|---------------|
| <b>Basic earnings per share</b>         |               |               |
| From continuing operations              | 3.55          | 0.57          |
| From discontinued operations            | (0.66)        | (0.66)        |
| <b>Total basic earnings per share</b>   | <b>2.89</b>   | <b>(0.09)</b> |
| <b>Diluted earnings per share</b>       |               |               |
| From continuing operations              | 3.43          | 0.57          |
| From discontinued operations            | (0.63)        | (0.66)        |
| <b>Total diluted earnings per share</b> | <b>2.80</b>   | <b>(0.09)</b> |

#### Reconciliation of earnings to loss

|                                                                                                                                | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Profit/(loss) after tax:</b>                                                                                                |                |                |
| From continuing operations                                                                                                     | 20,609         | 3,298          |
| From discontinued operation                                                                                                    | (3,802)        | (3,838)        |
| <b>Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share</b> | <b>16,807</b>  | <b>(540)</b>   |

#### Weighted average number of shares used as the denominator

|                                                                                         | 2022<br>Number     | 2021<br>Number     |
|-----------------------------------------------------------------------------------------|--------------------|--------------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 581,223,539        | 579,663,085        |
| Effect of dilutive securities – share-based performance rights and options              | 18,812,617         | 4,360,937          |
| <b>Used to calculate diluted earnings per share</b>                                     | <b>600,036,156</b> | <b>584,024,022</b> |

## 6 Earnings per share (continued)

### Weighted average number of shares used as the denominator (continued)

#### (a) Performance rights

Performance rights granted to employees under the performance rights plan whose conditions have been met at year end, excluding conditions only relating to time, are included in the calculation of diluted earnings per share assuming all outstanding rights will vest. The rights are not included in the determination of basic earnings per share. Further information about the performance rights is provided in Note 31.

#### (b) Options

Options granted to employees as part of their total remuneration package are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required TSR hurdles would have been met based on the company's performance up to the reporting date, and to the extent to which they are dilutive. At the date of this report, a total of 14,300,000 Options (tranche 1, 2 and 3) issued to Mr Singleton vested on 30 June 2022 following satisfaction of the applicable retention and share price performance conditions. All 14,300,000 Options may be exercised into shares at an exercise price of \$0.13 on or before 26 November 2024. Accordingly, these options were included in the calculation of diluted earnings per share. Further information about the Options is provided in Note 31.

## 7 Dividends

### Recognised amounts

|                                                                                                                                                     | 30 Jun 2022<br>\$'000 | 30 Jun 2021<br>\$'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Fully franked dividend for the year ended 30 June 2020 of 0.3 cents per share, paid on 30 September 2020 (31 December 2019: no dividend recognised) | -                     | 1,738                 |
| Interim fully franked dividend for the half-year ended 31 December 2020 of 0.2 cents per share, paid on 5 April 2021                                | -                     | 1,160                 |
| Fully franked dividend for the year ended 30 June 2021 of 0.3 cents per share, paid on 30 September 2021                                            | 1,740                 | -                     |
| Interim fully franked dividend for the half-year ended 31 December 2021 of 0.2 cents per share, paid on 6 April 2022                                | 1,164                 | -                     |
| <b>Total recognised amounts</b>                                                                                                                     | <b>2,904</b>          | <b>2,898</b>          |

A portion of shareholders participated in the Dividend Reinvestment Plan in respect of \$0.177 million (2021: \$0.059 million). The cash outflow of the above dividends for the year was \$2,727 million (2021: \$3.996 million).

#### *Dividends not recognised at the end of the reporting period*

Subsequent to the end of the financial year, the directors declared a final dividend of 0.3 cents per share (2021: 0.3 cents per share) per fully paid ordinary shares. The aggregate amount of the proposed dividend expected to be paid on 27 October 2022 out of retained earnings at 30 June 2022 but not recognised as a liability, is \$1.744 million.

#### *Franking credits*

|                                                                                                        | Consolidated entity |                |
|--------------------------------------------------------------------------------------------------------|---------------------|----------------|
|                                                                                                        | 2022<br>\$'000      | 2021<br>\$'000 |
| Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2021: 30.0%) | 23,645              | 24,889         |

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The balance of the franking account after the payment of dividends above will be \$22,897 million.

## Notes to the financial statements

### 8 Cash and cash equivalents

|                           | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 20,781         | 9,824          |
|                           | <b>20,781</b>  | <b>9,824</b>   |

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position. Refer to Note 20 for foreign exchange risk.

The cash and cash equivalents disclosed above and in the statement of cash flows include Australian dollar equivalent of \$4.2514 million (2021: \$0.472) which are held by PT Austin Engineering Indonesia. These deposits are subject to regulatory local exchange control regulations. These regulations provide for restrictions on exporting capital, other than normal dividends. No other restriction on cash and cash equivalents held by the Group.

### 9 Trade and other receivables

|                                                        | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------------------------|----------------|----------------|
| Trade receivables                                      | 48,659         | 37,629         |
| Allowance for expected credit losses                   | (29)           | (30)           |
| <b>Trade receivables net of expected credit losses</b> | <b>48,630</b>  | <b>37,599</b>  |
| Contract assets                                        | 5,900          | 2,109          |
|                                                        | <b>54,530</b>  | <b>39,708</b>  |

The carrying amounts of the consolidated entity's trade receivables are denominated in the following currencies:

|                                                     | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------------------------|----------------|----------------|
| Australian dollars                                  | 17,565         | 11,183         |
| US dollars (Australian dollar equivalent)           | 29,699         | 23,305         |
| Chilean pesos (Australian dollar equivalent)        | 6,144          | 4,248          |
| Colombian pesos (Australian dollar equivalent)      | 584            | 49             |
| Peruvian nuevo soles (Australian dollar equivalent) | 538            | 773            |
| Indonesian rupiah (Australian dollar equivalent)    | -              | 150            |
|                                                     | <b>54,530</b>  | <b>39,708</b>  |

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Contract assets relate to transferred goods or services where the Group is yet to establish an unconditional right to consideration. Refer to Note 2 for further details.

#### Impairment loss on financial assets

The Group applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables, finance lease receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables, finance lease receivables and contract assets are grouped based on similar credit risk and aging. The contract assets and finance lease receivables have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on economic factors affecting the Group's customers.

The Group's historical losses are very low as a proportion of the Group's trade receivables as the Group's customer base is made up primarily of large, investment grade credit rated mining and manufacturing companies. In addition to this, it is standard business practice for the Group to receive deposits in advance of work being performed for a portion of sales, this lowers the Group's exposure to trade receivables credit risk.

Refer to Note 20 for more information on the consolidated entity's risk management policy, the credit quality and risk of trade receivables, contract assets and lease receivables.

## 10 Inventories

|                               | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------|----------------|----------------|
| <b>At cost:</b>               |                |                |
| Raw materials and consumables | 19,525         | 19,476         |
| Work in progress              | 20,485         | 9,233          |
| Finished goods                | 352            | 150            |
|                               | <b>40,362</b>  | <b>28,859</b>  |

### Raw materials, consumables and work in progress

Inventories are valued 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 represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## 11 Other receivables and other assets

|                                  | 2022<br>\$'000 | 2021<br>\$'000 |
|----------------------------------|----------------|----------------|
| <b>Current</b>                   |                |                |
| Prepayments                      | 4,591          | 3,759          |
| Other receivables                | 1,852          | 2,640          |
| Current finance lease receivable | 8,000          | 5,337          |
|                                  | <b>14,443</b>  | <b>11,736</b>  |

The Group entered into lessor finance lease arrangements with certain customers for the sale of truck bodies manufactured by the Group. The average term of finance leases entered into is five years. There are no unguaranteed residual values of assets under finance lease at the end of the reporting period. The average effective interest rate contracted is approximately 8% per annum. Please refer to Note 9 for details on the Group's policy for impairment of financial assets, including finance lease receivables.

|                                                    | Current<br>2022<br>\$'000 | Non-current<br>2022<br>\$'000 | Current<br>2021<br>\$'000 | Non-current<br>2021<br>\$'000 |
|----------------------------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| <b>Finance lease receivable</b>                    |                           |                               |                           |                               |
| Not later than one year                            | 8,361                     | -                             | 5,653                     | -                             |
| Later than one year and not later than five years  | -                         | 12,970                        | -                         | 10,847                        |
| Later than five years                              | -                         | -                             | -                         | -                             |
|                                                    | <b>8,361</b>              | <b>12,970</b>                 | <b>5,653</b>              | <b>10,847</b>                 |
| Less: unearned finance income                      | (361)                     | (2,076)                       | (316)                     | (1,607)                       |
| Present value of minimum lease payments receivable | 8,000                     | 10,894                        | 5,337                     | 9,240                         |
| Allowance for uncollectible lease payments         | -                         | -                             | -                         | -                             |
|                                                    | <b>8,000</b>              | <b>10,894</b>                 | <b>5,337</b>              | <b>9,240</b>                  |

## 12 Trade and other payables

|                                       | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <b>Current unsecured liabilities:</b> |                |                |
| Trade payables                        | 30,959         | 30,673         |
| Accrued and other payables            | 17,400         | 9,914          |
| Contract liabilities                  | 12,529         | 6,355          |
|                                       | <b>60,888</b>  | <b>46,942</b>  |

## Notes to the financial statements

### 12 Trade and other payables (continued)

For information about the consolidated entity's exposure to foreign exchange risk, refer to Note 20.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30–90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Invoicing in advance of revenue recognition is treated as contract liabilities and presented as liabilities until revenue recognition criteria is met. All current trade and other payables are measured at nominal value. Refer to Note 2(c) for further details.

The carrying amounts of the consolidated entity's trade and other payables are denominated in the following currencies:

|                                                     | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------------------------|----------------|----------------|
| Australian dollars                                  | 32,080         | 19,788         |
| US dollars (Australian dollar equivalent)           | 8,490          | 14,180         |
| Chilean pesos (Australian dollar equivalent)        | 8,367          | 7,480          |
| Colombian pesos (Australian dollar equivalent)      | 148            | 2              |
| Peruvian nuevo soles (Australian dollar equivalent) | 1,542          | 756            |
| Indonesian rupiah (Australian dollar equivalent)    | 10,066         | 3,499          |
| Singaporean dollars (Australian dollar equivalent)  | 62             | 1,237          |
| Canadian dollars (Australian dollar equivalent)     | 92             | -              |
| Euro (Australian dollar equivalent)                 | 41             | -              |
|                                                     | <b>60,888</b>  | <b>46,942</b>  |

### 13 Provisions

|                             | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------|----------------|----------------|
| <b>Current</b>              |                |                |
| Employee leave entitlements | 3,218          | 4,430          |
| Warranty provisions         | 825            | 2,285          |
| Restructuring costs         | -              | 1,656          |
| Other                       | 1,983          | 666            |
|                             | <b>6,026</b>   | <b>9,037</b>   |
| <b>Non-current</b>          |                |                |
| Employee leave entitlements | 765            | 551            |
|                             | <b>765</b>     | <b>551</b>     |

A provision is recognised in the consolidated statement of financial position when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

#### Employee benefits – short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### 13 Provisions (continued)

#### Other long-term employee benefit obligations

Liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recorded as non-current. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of Australian Corporate Bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### Warranties

Provision is made for potential warranty claims at the reporting date and is based on management assessments of the likelihood of claims arising from products delivered during the year as well as historical costs incurred on meeting warranty claims in prior years.

### 14 Property, plant and equipment

|                          | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------|----------------|----------------|
| Freehold land            |                |                |
| Cost                     | 16,910         | 18,105         |
|                          | 16,910         | 18,105         |
| Freehold buildings       |                |                |
| Cost                     | 19,030         | 23,317         |
| Accumulated depreciation | (5,768)        | (7,251)        |
|                          | 13,262         | 16,066         |
| Plant and equipment      |                |                |
| Cost                     | 33,424         | 37,650         |
| Accumulated depreciation | (28,898)       | (32,112)       |
|                          | 4,526          | 5,538          |
| Capital work in progress |                |                |
| Cost                     | 2,549          | 711            |
|                          | 2,549          | 711            |
| Closing net book amount  | 37,274         | 40,420         |

|                                                      | Freehold<br>land<br>\$'000 | Freehold<br>buildings<br>\$'000 | Plant and<br>equipment<br>\$'000 | Capital work<br>in progress<br>\$'000 | Total<br>\$'000 |
|------------------------------------------------------|----------------------------|---------------------------------|----------------------------------|---------------------------------------|-----------------|
| Year ended 30 June 2022                              |                            |                                 |                                  |                                       |                 |
| Opening net book amount                              | 18,105                     | 16,066                          | 5,538                            | 711                                   | 40,420          |
| Additions                                            | -                          | 151                             | 3,644                            | 56                                    | 3,851           |
| Reallocation of capital work in progress             | -                          | 827                             | -                                | (827)                                 | -               |
| Disposals                                            | (1,180)                    | (1,210)                         | (1,058)                          | (120)                                 | (3,568)         |
| Exchange differences                                 | (15)                       | (1,662)                         | 1,140                            | 10                                    | (527)           |
| Depreciation charge                                  | -                          | (910)                           | (1,875)                          | -                                     | (2,785)         |
| Transfers to/from assets classified as held for sale | -                          | -                               | (144)                            | -                                     | (144)           |
| Other                                                | -                          | -                               | (2,719)                          | 2,719                                 | -               |
| Closing net book amount                              | 16,910                     | 13,262                          | 4,526                            | 2,549                                 | 37,247          |

## 14 Property, plant and equipment (continued)

|                                                      | Freehold<br>land<br>\$'000 | Freehold<br>buildings<br>\$'000 | Plant and<br>equipment<br>\$'000 | Capital work<br>in progress<br>\$'000 | Total<br>\$'000 |
|------------------------------------------------------|----------------------------|---------------------------------|----------------------------------|---------------------------------------|-----------------|
| <b>Year ended 30 June 2021</b>                       |                            |                                 |                                  |                                       |                 |
| Opening net book amount                              | 19,995                     | 19,055                          | 8,013                            | 212                                   | 47,275          |
| Additions                                            | -                          | 645                             | 1,733                            | 855                                   | 3,233           |
| Reallocation of capital work in progress             | -                          | -                               | 336                              | (336)                                 | -               |
| Disposals                                            | -                          | (24)                            | (847)                            | -                                     | (871)           |
| Reallocation from inventory                          | -                          | -                               | 738                              | -                                     | 738             |
| Exchange differences                                 | (755)                      | (502)                           | (165)                            | (20)                                  | (1,442)         |
| Impairment loss (ii)                                 | -                          | -                               | (1,144)                          | -                                     | (1,144)         |
| Depreciation charge                                  | -                          | (1,164)                         | (2,810)                          | -                                     | (3,974)         |
| Transfers to/from assets classified as held for sale | (1,135)                    | (1,944)                         | (316)                            | -                                     | (3,395)         |
| <b>Closing net book amount</b>                       | <b>18,105</b>              | <b>16,066</b>                   | <b>5,538</b>                     | <b>711</b>                            | <b>40,420</b>   |

### (i) Non-current assets pledged as security

Refer to Note 17 for information on non-current assets pledged as security by the Group.

#### Cost

Property, plant and equipment are measured on the cost basis. The cost of fixed assets constructed includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable asset are:

| Class of fixed asset | Depreciation rate |
|----------------------|-------------------|
| Buildings            | 2% to 10%         |
| Plant and equipment  | 5% to 40%         |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

#### Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that have suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

## 15 Intangible assets

|                                         | Goodwill<br>\$'000 | Customer<br>relationships<br>and brands<br>\$'000 | Patents<br>\$'000 | Software<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------|--------------------|---------------------------------------------------|-------------------|--------------------|-----------------|
| <b>Year ended 30 June 2022</b>          |                    |                                                   |                   |                    |                 |
| Opening net book amount                 | 6,240              | -                                                 | 640               | 4,378              | 11,258          |
| Additions                               | -                  | -                                                 | 223               | 112                | 335             |
| Disposals                               | -                  | -                                                 | -                 | (3)                | (3)             |
| Transfers                               | -                  | -                                                 | -                 | 84                 | 84              |
| Exchange differences                    | 261                | -                                                 | 9                 | (18)               | 252             |
| Amortisation charge                     | -                  | -                                                 | (44)              | (294)              | (338)           |
| <b>Closing net book amount</b>          | <b>6,501</b>       | <b>-</b>                                          | <b>828</b>        | <b>4,259</b>       | <b>11,588</b>   |
| <b>At 30 June 2022</b>                  |                    |                                                   |                   |                    |                 |
| Cost                                    | 10,285             | -                                                 | 940               | 6,569              | 17,794          |
| Accumulated amortisation and impairment | (3,784)            | -                                                 | (112)             | (2,310)            | (6,206)         |
| <b>Net book amount</b>                  | <b>6,501</b>       | <b>-</b>                                          | <b>828</b>        | <b>4,259</b>       | <b>11,588</b>   |
| <b>Year ended 30 June 2021</b>          |                    |                                                   |                   |                    |                 |
| Opening net book amount                 | 10,444             | -                                                 | 506               | 1,301              | 12,251          |
| Additions                               | -                  | -                                                 | 194               | 3,697              | 3,891           |
| Exchange differences                    | (268)              | -                                                 | (22)              | (4)                | (294)           |
| Amortisation charge                     | -                  | -                                                 | (38)              | (297)              | (335)           |
| Impairment charge                       | (3,936)            | -                                                 | -                 | (319)              | (4,255)         |
| <b>Closing net book amount</b>          | <b>6,240</b>       | <b>-</b>                                          | <b>640</b>        | <b>4,378</b>       | <b>11,258</b>   |
| <b>At 30 June 2021</b>                  |                    |                                                   |                   |                    |                 |
| Cost                                    | 51,623             | 6,596                                             | 706               | 6,234              | 65,159          |
| Accumulated amortisation and impairment | (45,383)           | (6,596)                                           | (66)              | (1,856)            | (53,901)        |
| <b>Net book amount</b>                  | <b>6,240</b>       | <b>-</b>                                          | <b>640</b>        | <b>4,378</b>       | <b>11,258</b>   |

## Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and 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.

Goodwill is allocated to the cash generating units ("CGU") as follows:

|                             | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------|----------------|----------------|
| <b>Cash generating unit</b> |                |                |
| Aust Bore Pty Ltd           | 2,563          | 2,563          |
| Austin Engineering USA Inc. | 3,938          | 3,677          |
| <b>Net carrying value</b>   | <b>6,501</b>   | <b>6,240</b>   |

## 15 Intangible assets (continued)

### Impairment charge

In FY2022, no impairment was recognised during the financial year as no indicator of impairment was observed. Prior year net impairment charge of \$4.255 million were allocated to the following intangible assets and CGUs:

|                                    | Goodwill<br>\$'000 | Software<br>\$'000 | Total<br>\$'000 |
|------------------------------------|--------------------|--------------------|-----------------|
| Aust Bore Pty Ltd                  | 2,747              | -                  | 2,747           |
| Austin Engineering Ltd – Mackay    | 1,189              | -                  | 1,189           |
| Austin Engineering Ltd – Corporate | -                  | 319                | 319             |
| <b>Total</b>                       | <b>3,936</b>       | <b>319</b>         | <b>4,255</b>    |

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Prior year impairment of Goodwill was the result of the Company reassessing the recoverable values of its CGU in light of the anticipated risks and opportunities that exist in each CGU including the impacts of the ongoing strategic review. The write-down of software was the result of the Group reassessing the recoverable amount of head office assets in light of the head office relocation from Brisbane to Perth.

### Key assumptions used for value in use calculations

The recoverable amount of the cash generating units is based on value-in-use calculations. These calculations use cash flow projections covering a five-year period that are based on financial forecasts of how the business is expected to operate based on current performance consistent with previous experience and external data, including the impact of COVID-19, excluding any benefit expected to arise from future restructuring or from improved asset performance. Cash flows beyond the five-year period are extrapolated using perpetual growth rates.

The calculation of value-in-use for the CGUs is most sensitive to the following assumptions:

- Growth rates used within the forecast period;
- Discount rates; and
- Growth rates used to extrapolate cash flows beyond the forecast period.

In performing value-in-use calculations, the Company has applied a pre-tax discount rate to discount the forecast future cash flows. Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration 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 Group and its operating segments and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. A risk premium is included in each CGU's discount rate, reflecting the level of forecasting, size, country and financing risks for that CGU. The pre-tax WACCs are shown below:

### Pre-tax WACC

|               | 2022<br>% | 2021<br>% |
|---------------|-----------|-----------|
| <b>Region</b> |           |           |
| Australia     | 11.30     | 12.73     |
| USA           | 9.70      | 11.40     |
| Chile         | 13.80     | 17.77     |
| Indonesia     | 18.10     | 21.18     |

## 15 Intangible assets (continued)

### Key assumptions used for value in use calculations (continued)

#### *Pre-tax WACC (continued)*

Perpetual growth rates are applied based on the CGU's location. The average perpetual growth rates used for the CGU are 3% (2021: 3%) based on the long-term growth rates experienced in the Group's end-markets and external forecasts.

### Impact of COVID-19 on value-in-use assessment

The current year value-in-use assessment included estimating the expected impact of COVID-19 on future cash flows of each of the Group's CGUs. These estimates included reducing FY2023 forecast cash flows, increasing discount rates and re-assessing growth rates on CGUs expected to be impacted by the pandemic.

## 16 Right-of-use assets and lease liabilities

### (a) Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 11.

#### *(i) Amounts recognised in the statement of financial position*

The statement of financial position shows the following amounts relating to leases:

|                            | 2022<br>\$'000 | 2021<br>\$'000 |
|----------------------------|----------------|----------------|
| <b>Right-of-use assets</b> |                |                |
| Buildings                  | 10,095         | 5,176          |
| Equipment                  | 1,581          | 1,597          |
| Vehicles                   | 329            | 749            |
|                            | <b>12,005</b>  | <b>7,522</b>   |
| <b>Lease liabilities</b>   |                |                |
| Current                    | 2,998          | 2,427          |
| Non-current                | 11,264         | 7,649          |
|                            | <b>14,262</b>  | <b>10,076</b>  |

Additions to the right-of-use assets during the financial year ended 30 June 2022 were \$6.620 million (2021: \$0.497 million). The Group's leases primarily relate to real property leases, long-term lease of equipment and motor vehicles.

#### *(ii) Amounts recognised in the statement of profit or loss and other comprehensive income*

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

|                                                                                    | 2022<br>\$'000 | 2021<br>\$'000 |
|------------------------------------------------------------------------------------|----------------|----------------|
| <b>Depreciation charge of right-of-use assets</b>                                  |                |                |
| Buildings                                                                          | 2,165          | 1,542          |
| Equipment                                                                          | 205            | 277            |
| Vehicles                                                                           | 63             | 470            |
|                                                                                    | <b>2,433</b>   | <b>2,289</b>   |
| Interest expense (included in finance cost)                                        | 1,094          | 934            |
| Expense relating to short-term leases (included in Occupancy and utility expenses) | 189            | 279            |

The total cash outflow for leases in fiscal year ended in 30 June 2022 was \$3.667 million (2021: \$3.541 million).

### 16 Right-of-use assets and lease liabilities (continued)

#### (a) Leases (continued)

##### (iii) *The group's leasing activities and how these are accounted for*

##### (i) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit on the lease is not readily determinable. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security over the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease liability is presented as a separate line in the consolidated statement of financial position.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

##### (ii) *Right-of-use assets*

The Group recognises right-of-use assets at cost at the commencement date of the lease (i.e. the date the underlying asset is available for use).

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the term and conditions of the lease, a provision is recognised and measured under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Right-of-use assets are subject to impairment in accordance with AASB 136 *Impairment of Assets*. Any identified impairment loss is accounted for in line with our accounting policy for 'Property, plant and equipment'.

##### (iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e. those leases that have a lease of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

## 17 Financial liabilities

### Secured liabilities

|                                                                   | Current<br>2022<br>\$'000 | Non-current<br>2022<br>\$'000 | Current<br>2021<br>\$'000 | Non-current<br>2021<br>\$'000 |
|-------------------------------------------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| <b>Facilities associated with continuing operations</b>           |                           |                               |                           |                               |
| Bank facilities                                                   | 22,000                    | -                             | 1,974                     | 3,914                         |
| Non-bank core debt                                                | -                         | -                             | 12,410                    | -                             |
|                                                                   | <b>22,000</b>             | <b>-</b>                      | <b>14,384</b>             | <b>3,914</b>                  |
| <b>Facilities associated with discontinued operations</b>         |                           |                               |                           |                               |
| Finance liabilities associated with assets held for sale (Note 4) | -                         | -                             | 1,086                     | -                             |
|                                                                   | <b>22,000</b>             | <b>-</b>                      | <b>15,470</b>             | <b>3,914</b>                  |

### Assets pledged as security – fixed/floating charge

|                                                 | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------------------|----------------|----------------|
| <b>Current</b>                                  |                |                |
| <i>Floating charge</i>                          |                |                |
| Cash and cash equivalents                       | 14,735         | 7,014          |
| Receivables                                     | 40,119         | 15,806         |
| Inventories                                     | 20,509         | 6,446          |
| Other assets                                    | 4,144          | -              |
| <i>Fixed charge</i>                             |                |                |
| Assets held for sale                            | 306            | -              |
| <b>Total current assets pledged as security</b> | <b>79,813</b>  | <b>29,266</b>  |
| <b>Non-current</b>                              |                |                |
| <i>Fixed charge</i>                             |                |                |
| Property, plant and equipment                   | 32,822         | 22,186         |
| <b>Total assets pledged as security</b>         | <b>112,635</b> | <b>51,452</b>  |

### Financing facilities

The Group had access to the following financing facilities at the report date:

|                                                                             | Consolidated entity |                |
|-----------------------------------------------------------------------------|---------------------|----------------|
|                                                                             | 2022<br>\$'000      | 2021<br>\$'000 |
| <b>Total facilities</b>                                                     |                     |                |
| Bank facilities                                                             | 35,000              | 5,888          |
| Non-bank core debt                                                          | -                   | 16,143         |
| Finance liabilities associated with assets held for sale in cranes business | -                   | 1,086          |
|                                                                             | <b>35,000</b>       | <b>23,117</b>  |
| <b>Utilised facilities</b>                                                  |                     |                |
| Bank facilities – drawn                                                     | 22,000              | 5,888          |
| Bank facilities – guarantees                                                | 6,418               | -              |
| Non-bank core debt                                                          | -                   | 12,410         |
| Finance liabilities associated with assets held for sale in cranes business | -                   | 1,086          |
|                                                                             | <b>28,418</b>       | <b>19,384</b>  |
| <b>Unused</b>                                                               |                     |                |
| Bank facilities                                                             | 6,582               | -              |
| Non-bank core debt                                                          | -                   | 3,733          |
| Finance liabilities associated with assets held for sale in cranes business | -                   | -              |
|                                                                             | <b>6,582</b>        | <b>3,733</b>   |

## Notes to the financial statements

### 17 Financial liabilities (continued)

#### Banking facilities

In August 2021, the Group entered into a new \$35 million global financing arrangement provided by HSBC Bank Australia Limited and is used to support the working capital requirements of the Group and replaced local Chilean debt facilities and a facility with Export Finance Australia. The facility has a number of financial covenants being, a borrowing base ratio > 1.00, interest cover ratio > 4 times and leverage ratio < 2.25 times. As at 30 June 2022, the Group has complied with all financial covenants on this facility.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

### 18 Equity – share capital

|                                                                           | 2022<br>No.        | 2022<br>\$'000 | 2021<br>No.        | 2021<br>\$'000 |
|---------------------------------------------------------------------------|--------------------|----------------|--------------------|----------------|
| <b>Ordinary shares</b>                                                    |                    |                |                    |                |
| Opening balance                                                           | 580,074,317        | 154,133        | 579,005,430        | 153,958        |
| Conversion of performance rights                                          | 858,372            | 157            | 686,694            | 126            |
| Share issued for dividend reinvestment plan<br>(net of share issue costs) | 795,115            | 176            | 382,193            | 59             |
| Cost of share issues                                                      | -                  | -              | -                  | (10)           |
| <b>Balance at end of year</b>                                             | <b>581,727,804</b> | <b>154,466</b> | <b>580,074,317</b> | <b>154,133</b> |

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote per share. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

#### Options and Performance Rights Plan

For information relating to Austin Engineering Limited's employee option plan and performance rights plan, including details of options and rights issued, exercised, and lapsed during the financial year and the options and rights outstanding at the year-end, refer to Note 31.

#### Capital management

Management controls the capital of the Group in order to maintain optimal debt to equity and leverage ratios, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's total capital is defined as the shareholders' net equity plus net debt and amounted to \$108.539 million at 30 June 2022 (30 June 2021: \$100.320 million). The objective when managing the Group's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The gearing ratios for the years ended 30 June 2022 and 30 June 2021 are as follows:

|                                | Notes | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------|-------|----------------|----------------|
| Total borrowings               |       | 22,000         | 19,384         |
| Less cash and cash equivalents | 8     | (20,781)       | (9,824)        |
| <b>Net debt</b>                |       | <b>1,219</b>   | <b>9,560</b>   |
| Total equity                   |       | 107,320        | 90,760         |
| <b>Total capital</b>           |       | <b>108,539</b> | <b>100,320</b> |
| <b>Net gearing ratio</b>       |       | <b>1%</b>      | <b>10%</b>     |

## 19 Equity – reserves

### Share-based payments

The option/performance rights reserve records items recognised as expenses on the valuation of director and employee performance rights.

### Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulate in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

## 20 Financial risk management

The Group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Group uses, when necessary, derivative financial instruments such as foreign exchange contracts to hedge certain market risk exposures. The Group has no derivatives at the end of the financial year. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk. The Group's policy is to centralise debt and surplus cash balances and also to match the assets and liabilities currency exposure whenever possible.

Risk management is carried out by the finance function under principles and parameters approved by the Board of Directors. The finance function identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings in financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

#### (i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Chilean peso, Colombian peso, Peruvian nuevo soles and Indonesian rupiah as a result of its operations in the Americas and Indonesia.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Australian dollar is the functional currency for a large part of the Group's entities and business activities.

Management has put in place a policy requiring business units and group entities to manage their foreign exchange risk against their functional currency. The Group companies are required to bring significant foreign currency transactions to the attention of the central finance function for evaluation as to the use of hedging using forward foreign currency contracts, no such contracts were used during the year.

### Sensitivity

A sensitivity analysis was performed at 30 June 2022 to determine how the measurement of financial instruments denominated in a foreign currency would be affected if the Australian dollar weakened or strengthened by 10%. The analysis was performed on the same basis as at 30 June 2021, as indicated below.

## Notes to the financial statements

### 20 Financial risk management (continued)

#### Market risk (continued)

##### (i) Foreign exchange risk (continued)

##### Sensitivity (continued)

|                      | Consolidated entity  |                          |                  |                          |
|----------------------|----------------------|--------------------------|------------------|--------------------------|
|                      | Strengthening by 10% |                          | Weakening by 10% |                          |
|                      | Equity<br>\$'000     | Profit or loss<br>\$'000 | Equity<br>\$'000 | Profit or loss<br>\$'000 |
| <b>30 June 2022</b>  |                      |                          |                  |                          |
| US dollar            | (1,024)              | (876)                    | 1,024            | 876                      |
| Chilean peso         | 4,931                | 700                      | (4,931)          | (700)                    |
| Indonesian rupiah    | (2,456)              | (730)                    | 2,456            | 730                      |
| Colombian peso       | 251                  | 180                      | (251)            | (180)                    |
| Peruvian nuevo soles | 8                    | 47                       | (8)              | (47)                     |
| Canadian dollar      | 192                  | 186                      | (192)            | (186)                    |
| <b>Total</b>         | <b>1,902</b>         | <b>(493)</b>             | <b>(1,902)</b>   | <b>493</b>               |
| <b>30 June 2021</b>  |                      |                          |                  |                          |
| US dollar            | (2,667)              | 203                      | 2,667            | (203)                    |
| Chilean peso         | (2,189)              | (580)                    | 2,189            | 580                      |
| Indonesian rupiah    | (2,468)              | (555)                    | 2,468            | 555                      |
| Colombian peso       | (374)                | 284                      | 374              | (284)                    |
| Peruvian nuevo soles | (257)                | 81                       | 257              | (81)                     |
| <b>Total</b>         | <b>(7,955)</b>       | <b>(567)</b>             | <b>7,955</b>     | <b>567</b>               |

There is a finance lease receivable of US\$12.406 million at 30 June 2022 included in Austin's Chilean operation, a 10% strengthening of the US dollar against the Chilean peso would result in a profit of AUD \$1.776 million, whereas a 10% weakening would result in a loss of AUD \$1.776 million.

##### (ii) Price risk

The Group is not exposed to material price risk relating to equity securities and it has therefore not been included in the sensitivity analysis.

##### (iii) Cash flow and fair value interest rate risk

The Group's interest rate risk predominantly arises from long-term borrowings. Borrowings at variable rates expose the group to cash flow interest rate risk and fixed interest rates expose the Group to fair value interest rate risk. The Group analyses its interest rate exposure on an ongoing basis. Various interest rate shifts are simulated taking into account refinancing, renewal of existing positions and facilities, alternative financing and hedging. Based on these interest rate shifts, the Group calculates the impact on profit or loss. The interest rate shift scenario is run only for assets and liabilities that represent the major interest-bearing positions.

The following table analyses the Group's financial assets and liabilities that are subject to interest rate risk.

|                                                     | Consolidated entity                    |                |                                        |                |
|-----------------------------------------------------|----------------------------------------|----------------|----------------------------------------|----------------|
|                                                     | Weighted average<br>interest rate<br>% | 2022<br>\$'000 | Weighted average<br>interest rate<br>% | 2021<br>\$'000 |
| Cash                                                | 0.1                                    | 20,781         | 0.3                                    | 9,824          |
| Financial liabilities                               | 3.3                                    | (22,000)       | 4.3                                    | (19,384)       |
| <b>Net exposure to cash flow interest rate risk</b> | <b>-</b>                               | <b>(1,219)</b> | <b>-</b>                               | <b>(9,560)</b> |

The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

## 20 Financial risk management (continued)

### Market risk (continued)

#### *(iii) Cash flow and fair value interest rate risk (continued)*

##### **Sensitivity**

Based on the simulations performed, the annual impact on profit or loss of a 1% shift in interest rates, with all other variables held constant, is estimated to be a maximum increase or decrease of \$0.220 million (2021: \$0.194 million). The simulation is performed on a bi-annual basis to estimate the maximum loss potential.

##### **Credit risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or contract, leading to a financial loss. Credit risk arises principally from cash deposits and receivables. Credit risk is co-operatively managed by the finance function and the operating units for customers, including outstanding receivables and committed transactions and at a Group level for credit risk arising from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. Only reputable banks and financial institutions are dealt with.

##### **Definition of default**

The Group considers information developed internally or obtained from external sources that indicate whether a debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group) as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet this criteria are generally not recoverable. Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is significantly past due (over 120 days) unless the Group has reasonable and supportable information to demonstrate that a longer default criterion is more appropriate.

##### **Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the customer;
- a breach of contract, such as a default or past due event;
- it is probable that the customer will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

##### **Write-off policy**

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

##### **Trade and other receivables**

The Group's exposure to credit risk for trade and other receivables (including contract assets) as well as finance lease receivables is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group enters into transactions with a number of high-quality customers within the resources industry sector thereby minimising concentration of credit risk for trade and other receivables. The Group has multiple contracts with its significant customers, across a number of their subsidiaries, divisions within those subsidiaries and locations. The Group's activities are largely focused on the mining and mining services industry sectors and as a result its credit risk for trade and other receivables as well as finance lease receivables is concentrated in this sector.

Individual risk exposures are set for customers in accordance with specified limits established by management based on independent credit reports, financial information, credit references and the Group's credit and trading history with the customer. Outstanding customer receivables are regularly monitored and any credit concerns highlighted to senior management.

## 20 Financial risk management (continued)

### Credit risk (continued)

#### Trade and other receivables (continued)

The maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event that other parties fail to perform their obligations under financial instruments for each class of reporting recognised financial asset at the reporting date is the carrying amount of those assets as indicated in the statement of financial position.

Refer Note 9 for a summary of the Group's exposure to credit risk relating to receivables at the end of the financial year.

#### Cash and cash equivalents

The credit risk on cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies.

#### Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions. The Group has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring cash flows on a daily basis as well as forecasting cash flows on a medium and long-term basis;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows;
- Maintaining adequate reserves and support facilities;
- Monitoring liquidity ratios and all constituent elements of working capital; and
- Maintaining adequate borrowing and finance facilities.

The Group maintains backup liquidity for its operations and currently maturing debts through a combination of revolving finance facilities, of which \$6.582 million were undrawn at 30 June 2022 (2021: \$3.733 million). The principal terms of repayment are detailed in Note 17.

The table below analyses the Group's financial liabilities into maturity groupings based on the remaining period from the reporting date to the contractual maturity date. As amounts disclosed in the table are the contractual undiscounted cash flows including future interest payments, these balances will not necessarily agree with the amounts disclosed on the statement of financial position.

|                          | No later than one year<br>\$'000 | Between one and five years<br>\$'000 | Greater than five years<br>\$'000 | Contractual cash flows<br>\$'000 | Carrying value<br>\$'000 |
|--------------------------|----------------------------------|--------------------------------------|-----------------------------------|----------------------------------|--------------------------|
| <b>At 30 June 2022</b>   |                                  |                                      |                                   |                                  |                          |
| Trade and other payables | 48,359                           | -                                    | -                                 | 48,359                           | 48,359                   |
| Financial liabilities    | 22,000                           | -                                    | -                                 | 22,000                           | 22,000                   |
| Lease liabilities        | 3,534                            | 9,918                                | 4,918                             | 18,370                           | 14,262                   |
| <b>Total</b>             | <b>73,893</b>                    | <b>9,918</b>                         | <b>4,918</b>                      | <b>88,729</b>                    | <b>84,621</b>            |
| <b>At 30 June 2021</b>   |                                  |                                      |                                   |                                  |                          |
| Trade and other payables | 40,587                           | -                                    | -                                 | 40,587                           | 40,587                   |
| Financial liabilities    | 15,470                           | 3,914                                | -                                 | 19,384                           | 19,384                   |
| Lease liabilities        | 3,179                            | 7,966                                | 872                               | 12,017                           | 10,076                   |
| <b>Total</b>             | <b>59,236</b>                    | <b>11,880</b>                        | <b>872</b>                        | <b>71,988</b>                    | <b>70,047</b>            |

## 21 Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

At 30 June 2022, the Group did not have any financial instruments that were measured and recorded at fair value. The following methods and assumptions are used to determine the fair values of financial assets and financial liabilities.

### Cash and cash equivalents and other receivables

The carrying values approximate their fair value as they are short term in nature or are receivable on demand.

### Receivables and other assets

The carrying value approximates their fair value as they are short term in nature.

### Short-term borrowings and other payables

The carrying value approximates their fair value as they are short term in nature.

### Long-term borrowings

The fair value of variable rate borrowings, and fixed rate borrowings repriced within 12 months, approximates the carrying value.

## 22 Contingent liabilities

From time to time, the Group receives legal claims from former employees. The Directors are of the opinion that the likelihood of economic loss for the Group from claims pending at reporting date is low and that the potential quantum of these claims is not material.

Other than the matters noted above, and guarantees that are issued to third parties arising out of dealings in the normal course of business, there are no contingent liabilities.

## 23 Events occurring after the reporting period

On 23 August 2022, the Company entered into a binding agreement to acquire Australian mining equipment manufacturer, Mainetec Pty Ltd for an initial amount of AUD \$19.6 million, funded through cash reserves and debt. The financial effects of this transaction have not been recognised at 30 June 2022. The operating results and assets and liabilities of the acquired company will be consolidated in FY2023 upon completion of the acquisition.

On 19 August 2022, the Company announced the appointment of Mr David Bonomini as its new Chief Financial Officer, effective 21 November 2022 and the resignation of Mr Gareth Jones, the current Chief Financial Officer.

## Notes to the financial statements

### 24 Interests in other entities

|                                                                        | Place of business/<br>country of incorporation | Percentage owned |        |
|------------------------------------------------------------------------|------------------------------------------------|------------------|--------|
|                                                                        |                                                | 2022             | 2021   |
| <b>Parent entity</b>                                                   |                                                |                  |        |
| Austin Engineering Limited                                             | Australia                                      |                  |        |
| <b>Subsidiaries of Austin Engineering Limited</b>                      |                                                |                  |        |
| Aust Bore Pty Ltd                                                      | Australia                                      | 100%             | 100%   |
| Austin Engineering USA Holding, Inc.                                   | USA                                            | 100%             | 100%   |
| Austin Engineering South America (No.1) Pty Ltd                        | Australia                                      | 100%             | 100%   |
| Austin Engineering South America (No.2) Pty Ltd                        | Australia                                      | 100%             | 100%   |
| Austin Engineering Singapore Pte Ltd                                   | Singapore                                      | 100%             | 100%   |
| Austin Ingenieros Colombia S.A.S.                                      | Colombia                                       | 1%               | 1%     |
| Austin Engineering Treasury Pty Ltd                                    | Australia                                      | 100%             | 100%   |
| Austin Canada Inc.                                                     | Canada                                         | 100%             | 100%   |
| Austin ETT Africa Limited                                              | Mauritius                                      | 100%             | 100%   |
| <b>Subsidiaries of Austin Engineering USA Holding, Inc.</b>            |                                                |                  |        |
| Austin Engineering USA Services, Inc.                                  | USA                                            | 100%             | 100%   |
| <b>Subsidiaries of Austin Engineering South America (No.1) Pty Ltd</b> |                                                |                  |        |
| Austin Inversiones Chile Ltda                                          | Chile                                          | 99%              | 99%    |
| Austin Ingenieros Chile Ltda                                           | Chile                                          | 1%               | 1%     |
| Austin Engineering Peru S.A.C.                                         | Peru                                           | 99%              | 99%    |
| Austin Arrendamientos Chile Ltda                                       | Chile                                          | 0.01%            | 0.01%  |
| <b>Subsidiaries of Austin Engineering South America (No.2) Pty Ltd</b> |                                                |                  |        |
| Austin Inversiones Chile Ltda                                          | Chile                                          | 1%               | 1%     |
| <b>Subsidiaries of Austin Engineering Singapore Pte Ltd</b>            |                                                |                  |        |
| Austin Engineering Offshore Pte Ltd                                    | Singapore                                      | 100%             | 100%   |
| Austin Engineering Batam Pte Ltd                                       | Singapore                                      | 100%             | 100%   |
| <b>Subsidiaries of Austin Engineering USA Services, Inc.</b>           |                                                |                  |        |
| Austin Engineering USA, Inc.                                           | USA                                            | 100%             | 100%   |
| <b>Subsidiaries of Austin Inversiones Chile Ltda</b>                   |                                                |                  |        |
| Austin Ingenieros Chile Ltda                                           | Chile                                          | 99%              | 99%    |
| Austin Arrendamientos Chile Ltda                                       | Chile                                          | 99.99%           | 99.99% |
| <b>Subsidiaries of Austin Ingenieros Chile Ltda</b>                    |                                                |                  |        |
| Austin Ingenieros Colombia S.A.S.                                      | Colombia                                       | 99%              | 99%    |
| Austin Engineering Peru S.A.C.                                         | Peru                                           | 1%               | 1%     |
| <b>Subsidiaries of Austin Engineering Offshore Pte Ltd</b>             |                                                |                  |        |
| PT Austin Engineering Indonesia                                        | Indonesia                                      | 1%               | 1%     |
| <b>Subsidiaries of Austin Engineering Batam Pte Ltd</b>                |                                                |                  |        |
| PT Austin Engineering Indonesia                                        | Indonesia                                      | 99%              | 99%    |

### 25 Deed of cross guarantee

At 30 June 2022 and 30 June 2021, there was no deed of cross guarantee entered into in relation to the debts of subsidiaries.

## 26 Parent entity financial information

### Summary financial information

The individual financial report for the parent entity shows the following aggregate amounts:

|                                        | 2022<br>\$'000 | 2021<br>\$'000  |
|----------------------------------------|----------------|-----------------|
| <b>Statement of financial position</b> |                |                 |
| Current assets                         | 97,203         | 101,550         |
| Non-current assets                     | 34,217         | 34,008          |
| <b>Total assets</b>                    | <b>131,420</b> | <b>135,558</b>  |
| Current liabilities                    | 49,114         | 51,693          |
| Non-current liabilities                | 3,734          | 4,995           |
| <b>Total liabilities</b>               | <b>52,848</b>  | <b>56,688</b>   |
| <b>Net assets</b>                      | <b>78,572</b>  | <b>78,870</b>   |
| <b>Equity</b>                          |                |                 |
| Contributed equity                     | 154,466        | 154,133         |
| Share-based payment reserve            | 2,909          | 1,428           |
| Accumulated losses                     | (81,658)       | (79,738)        |
| Profits reserve                        | 2,855          | 3,047           |
|                                        | <b>78,572</b>  | <b>78,870</b>   |
| Profit/(loss) for the year             | 792            | (22,329)        |
| Other comprehensive income             | -              | -               |
| <b>Total comprehensive income</b>      | <b>792</b>     | <b>(22,329)</b> |

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

There was no significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities (2021: Nil).

### Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

### Investments in subsidiaries

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial report of Austin Engineering Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

Impairment of investments in subsidiaries by the parent entity is undertaken in the same manner as impairment of intangible assets as disclosed in Note 15. In FY2022, the Company recognised impairments totalling \$3.870 million in respect of investments in, and loans to, subsidiary companies.

### Profits reserve

During the year, the Board appropriated interim profits of \$2.712 million to a dedicated profits reserve. The 2022 interim dividend of \$1.163 million was paid from the profits reserve with remaining distributable profits at 30 June 2022 of \$2.855 million.

## 27 Cash flow information

### (a) Reconciliation of profit after income tax to net cash flow from operating activities

|                                                       | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------------------------|----------------|----------------|
| <b>Profit/(loss) for the year</b>                     | <b>16,807</b>  | <b>(540)</b>   |
| <i>Adjustment for:</i>                                |                |                |
| Depreciation and amortisation                         | 5,589          | 6,612          |
| Impairment expense                                    | -              | 7,853          |
| (Profit) on disposal of property, plant and equipment | (1,913)        | (211)          |
| Share-based payment expense                           | 1,638          | 639            |
| Finance costs                                         | 1,414          | -              |
| Others                                                | (833)          | -              |
| <b>Change in operating assets and liabilities</b>     |                |                |
| (Increase) in receivables                             | (14,822)       | (14,325)       |
| (Increase) in other assets                            | (4,319)        | (4,265)        |
| (Increase) in inventories                             | (11,501)       | (797)          |
| (Decrease)/increase in payables                       | 13,944         | (4,979)        |
| Increase in income taxes payable and deferred         | 1,527          | 609            |
| (Decrease)/increase in other provisions               | (2,796)        | 1,075          |
| <b>Net cash inflow from operating activities</b>      | <b>4,735</b>   | <b>(8,329)</b> |

### (b) Non-cash investing and financing activities

|                                                       | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------------------------|----------------|----------------|
| Acquisition of plant and equipment by means of leases | 6,620          | 497            |

### (c) Net debt reconciliation

|                                                   | 2022<br>\$'000  | 2021<br>\$'000  |
|---------------------------------------------------|-----------------|-----------------|
| <b>Net debt</b>                                   |                 |                 |
| Cash and cash equivalents                         | 20,781          | 9,824           |
| Financial liabilities – repayable within one year | (22,000)        | (15,470)        |
| Financial liabilities – repayable after one year  | -               | (3,914)         |
| Lease liabilities – repayable within one year     | (2,998)         | (2,427)         |
| Lease liabilities – repayable after one year      | (11,264)        | (7,649)         |
| <b>Net debt</b>                                   | <b>(15,481)</b> | <b>(19,636)</b> |

|                                    | Cash and cash equivalents<br>\$'000 | Lease liabilities due within one year<br>\$'000 | Lease liabilities due after one year<br>\$'000 | Financial liabilities – repayable within one year<br>\$'000 | Financial liabilities – repayable after one year<br>\$'000 | Total<br>\$'000 |
|------------------------------------|-------------------------------------|-------------------------------------------------|------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------|-----------------|
| <b>Net debt as at 30 June 2021</b> | <b>9,824</b>                        | <b>(2,427)</b>                                  | <b>(7,649)</b>                                 | <b>(15,470)</b>                                             | <b>(3,914)</b>                                             | <b>(19,636)</b> |
| Cash flows                         | 10,800                              | 3,667                                           | -                                              | (2,640)                                                     | -                                                          | 11,827          |
| Acquisitions through finance lease | -                                   | (1,111)                                         | (5,509)                                        | -                                                           | -                                                          | (6,620)         |
| Foreign exchange movements         | 157                                 | 407                                             | (1,640)                                        | 24                                                          | -                                                          | (1,052)         |
| Transfer in maturity category      | -                                   | (3,534)                                         | 3,534                                          | (3,914)                                                     | 3,914                                                      | -               |
| <b>Net debt as at 30 June 2022</b> | <b>20,781</b>                       | <b>(2,998)</b>                                  | <b>(11,264)</b>                                | <b>(22,000)</b>                                             | <b>-</b>                                                   | <b>(15,481)</b> |

**27 Cash flow information (continued)****(c) Net debt reconciliation (continued)**

|                                    | Cash and cash equivalents<br>\$'000 | Lease liabilities due within one year<br>\$'000 | Lease liabilities due after one year<br>\$'000 | Financial liabilities – repayable within one year<br>\$'000 | Financial liabilities – repayable after one year<br>\$'000 | Total<br>\$'000 |
|------------------------------------|-------------------------------------|-------------------------------------------------|------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------|-----------------|
| <b>Net debt as at 30 June 2020</b> | <b>19,243</b>                       | <b>(2,674)</b>                                  | <b>(9,968)</b>                                 | <b>(4,974)</b>                                              | <b>(4,414)</b>                                             | <b>(2,787)</b>  |
| Cash flows                         | (9,108)                             | 2,575                                           | -                                              | (10,631)                                                    | -                                                          | (17,164)        |
| Acquisitions through finance lease | -                                   | (120)                                           | (377)                                          | -                                                           | -                                                          | (497)           |
| Foreign exchange movements         | (311)                               | 71                                              | 293                                            | 135                                                         | 500                                                        | 688             |
| Transfer in maturity category      | -                                   | (2,403)                                         | 2,403                                          | -                                                           | -                                                          | -               |
| Other changes                      | -                                   | 124                                             | -                                              | -                                                           | -                                                          | 124             |
| <b>Net debt as at 30 June 2021</b> | <b>9,824</b>                        | <b>(2,427)</b>                                  | <b>(7,649)</b>                                 | <b>(15,470)</b>                                             | <b>(3,914)</b>                                             | <b>(19,636)</b> |

**28 Remuneration of auditors**

|                                                                                         | Consolidated entity |                |
|-----------------------------------------------------------------------------------------|---------------------|----------------|
|                                                                                         | 2022<br>\$          | 2021<br>\$     |
| <b>Auditor of the parent entity (BDO Audit Pty Ltd) for:</b>                            |                     |                |
| Auditing or reviewing the financial reports of any entity in the Group                  | 224,817             | 242,770        |
| <b>Network firms of BDO Audit Pty Ltd:</b>                                              |                     |                |
| Auditing or reviewing the financial reports                                             | 165,077             | 162,590        |
| Taxation services (income tax return lodgement)                                         | 50,970              | 55,216         |
| Other services                                                                          | 22,319              | -              |
|                                                                                         | <b>238,366</b>      | <b>217,806</b> |
| <b>Remuneration of other auditors (non BDO Audit Pty Ltd or related Network firms):</b> |                     |                |
| Auditing or reviewing the financial reports                                             | 25,226              | 13,588         |
|                                                                                         | <b>25,226</b>       | <b>13,588</b>  |
| <b>Total auditors' remuneration</b>                                                     | <b>488,409</b>      | <b>474,164</b> |

**29 Related party transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

**Ultimate parent company**

Austin Engineering Limited is the ultimate parent company.

**Controlled entities**

Interests in subsidiaries are set out in Note 24.

**Transactions with other related parties**

There were no transactions with related parties in the 30 June 2022 or 30 June 2021 financial years.

**Outstanding balances arising from sales/purchases of goods and services**

There were no outstanding amounts in respect to related parties (2021: Nil).

## 30 Key management personnel compensation

|                              | 2022<br>\$       | 2021<br>\$       |
|------------------------------|------------------|------------------|
| Short-term employee benefits | 949,647          | 1,741,702        |
| Post-employment benefits     | 80,678           | 76,971           |
| Long-term benefits           | 2,136,292        | 75,641           |
|                              | <b>3,166,617</b> | <b>1,894,314</b> |

Detailed remuneration disclosures are provided in the remuneration report on pages 27 to 32.

## 31 Share-based payments

Equity settled share-based payments form part of the remuneration of employees (including executives) of the Group. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options and performance rights with the relative TSR performance measure is calculated at the grant date using the Monte-Carlo simulation model, taking into account, amongst other things, the impact of the TSR condition and that right holders are not entitled to dividends during the vesting period. The fair value of performance rights with the relative EPS performance measure is calculated using the Black-Scholes pricing model, taking into account that right holders are not entitled to dividends during the vesting period.

The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Group has the following share-based payment arrangements:

- Performance rights
- Options

The net expense arising from share-based payment transactions recognised during the period as part of employee benefits expense was \$1.638 million (2021: \$0.639 million).

### Performance rights

On 23 November 2018, the shareholders of the company voted to approve the Austin Engineering Limited (Austin) Performance Rights Plan. The Performance Rights Plan is a long-term incentive aimed at creating a stronger link between employee performance and reward and increasing shareholder value by enabling senior executives to have greater involvement with, and share in the future growth and profitability of the Company.

No new performance rights issued during the year. As at reporting date, outstanding Performance Rights granted on the terms and conditions of the Company's Performance Rights Plan and vesting details are set out below:

| Grant date                                  | Performance conditions | Performance period         | Test date   | Number of rights | Expiry date |
|---------------------------------------------|------------------------|----------------------------|-------------|------------------|-------------|
| 17 Dec 2018                                 | Tenure                 | 17 Dec 2018 to 30 Sep 2021 | 30 Sep 2021 | 858,370          | 17 Dec 2023 |
| 28 Nov 2019                                 | EPS and TSR            | 1 Jul 2019 to 30 Jun 2022  | 30 Jun 2022 | 9,927,693        | 28 Nov 2024 |
| 28 Nov 2019                                 | Tenure                 | 28 Nov 2019 to 30 Sep 2022 | 30 Sep 2022 | 2,424,242        | 28 Nov 2024 |
| 14 Dec 2020                                 | EPS and TSR            | 1 Jul 2020 to 30 Jun 2023  | 30 Jun 2023 | 11,653,070       | 14 Dec 2025 |
| 14 Dec 2020                                 | Tenure                 | 14 Dec 2020 to 31 Aug 2023 | 31 Aug 2023 | 1,597,221        | 14 Dec 2025 |
| Forfeited/Converted in respect of the above |                        |                            |             | (19,370,523)     |             |
| <b>Total</b>                                |                        |                            |             | <b>7,090,073</b> |             |

On 13 October 2021, 858,372 performance rights were converted into 858,372 ordinary shares at an exercise price of nil. These conversions were made in accordance with the terms of the Group's performance rights plan.

### 31 Share-based payments (continued)

#### Performance rights (continued)

The following table shows the performance rights granted, expired/forfeited, exercised, outstanding and exercisable at the reporting date:

|                                         | 2022<br>No.      | Weighted average<br>exercise price<br>2022<br>\$ | 2021<br>No.       | Weighted average<br>exercise price<br>2021<br>\$ |
|-----------------------------------------|------------------|--------------------------------------------------|-------------------|--------------------------------------------------|
| Outstanding at beginning of year        | 29,089,907       | -                                                | 17,561,554        | -                                                |
| Granted                                 | -                | -                                                | 13,250,291        | -                                                |
| Expired                                 | -                | -                                                | -                 | -                                                |
| Exercised                               | (858,372)        | -                                                | (686,694)         | -                                                |
| Forfeited/lapsed                        | (21,141,462)     | -                                                | (1,035,244)       | -                                                |
| <b>Outstanding at end of year</b>       | <b>7,090,073</b> | <b>-</b>                                         | <b>29,089,907</b> | <b>-</b>                                         |
| <b>Total exercisable at end of year</b> | <b>-</b>         | <b>-</b>                                         | <b>-</b>          | <b>-</b>                                         |

The valuation model inputs used to determine the fair value at the grant date are as follows:

| Grant date  | Performance rights | Expiry date | Exercise price | Share price grant date | Est. volatility | Risk-free interest rate | Weighted average fair value rights granted | Fair value TSR | Fair value EPS | Fair value Tenure |
|-------------|--------------------|-------------|----------------|------------------------|-----------------|-------------------------|--------------------------------------------|----------------|----------------|-------------------|
| 17 Dec 2018 | Tenure             | 17 Dec 2023 | -              | \$0.195                | 60%             | 1.98%                   | \$0.183                                    | N/A            | N/A            | \$0.183           |
| 28 Nov 2019 | EPS and TSR        | 28 Nov 2024 | -              | \$0.200                | 50%             | 0.62%                   | \$0.120                                    | \$0.065        | \$0.174        | N/A               |
| 28 Nov 2019 | Tenure             | 28 Nov 2024 | -              | \$0.200                | 50%             | 0.62%                   | \$0.173                                    | N/A            | N/A            | \$0.173           |
| 14 Dec 2020 | EPS and TSR        | 14 Dec 2025 | -              | \$0.175                | 47%             | 0.10%                   | \$0.137                                    | \$0.121        | \$0.153        | N/A               |
| 14 Dec 2020 | Tenure             | 14 Dec 2025 | -              | \$0.175                | 47%             | 0.10%                   | \$0.153                                    | N/A            | N/A            | \$0.153           |

The expected price volatility is based on the historical volatility (based on the remaining life of the rights), adjusted for any expected changes to future volatility due to publicly available information.

#### Options

At the Annual General Meeting held on 26 November 2021, shareholders approved the issue of 42,900,000 Options as part of the Chief Executive Officer's remuneration package. The valuation model inputs used to determine the fair value at the grant date are as follows:

| Grant date  | Number of options | Expiry date | Share price at grant date | Exercise price | Hurdle rate | Estimated volatility | Risk-free interest rate | Dividend yield | Fair value of option |
|-------------|-------------------|-------------|---------------------------|----------------|-------------|----------------------|-------------------------|----------------|----------------------|
| 26 Nov 2021 | 13,200,000        | 30 Jun 2024 | \$0.21                    | \$0.13         | \$0.20      | 48%                  | 0.10%                   | 2.85%          | \$0.088              |
| 26 Nov 2021 | 13,800,000        | 30 Jun 2024 | \$0.21                    | \$0.13         | \$0.24      | 48%                  | 0.10%                   | 2.85%          | \$0.084              |
| 26 Nov 2021 | 15,900,000        | 30 Jun 2024 | \$0.21                    | \$0.13         | \$0.28      | 48%                  | 0.10%                   | 2.85%          | \$0.076              |

The Options are divided into nine tranches and are each subject to two separately considered performance conditions, both of which must be satisfied in respect of each tranche and before that particular tranche will vest and become capable of exercise. The applicable performance conditions are set out in the following table:

|                 |              | Share price hurdle       |                          |                          | Total             |
|-----------------|--------------|--------------------------|--------------------------|--------------------------|-------------------|
|                 |              | 20 cents                 | 24 cents                 | 28 cents                 |                   |
| Retention dates | 30 June 2022 | (Tranche 1)<br>4,400,000 | (Tranche 2)<br>4,600,000 | (Tranche 3)<br>5,300,000 | 14,300,000        |
|                 | 30 June 2023 | (Tranche 4)<br>4,400,000 | (Tranche 5)<br>4,600,000 | (Tranche 6)<br>5,300,000 | 14,300,000        |
|                 | 30 June 2024 | (Tranche 7)<br>4,400,000 | (Tranche 8)<br>4,600,000 | (Tranche 9)<br>5,300,000 | 14,300,000        |
| <b>Total</b>    |              | <b>13,200,000</b>        | <b>13,800,000</b>        | <b>15,900,000</b>        | <b>42,900,000</b> |

## Notes to the financial statements

### 31 Share-based payments (continued)

#### Options (continued)

The following table shows the Options granted, expired/forfeited, exercised, outstanding and exercisable at the reporting date:

|                                         | 2022<br>No.       | Weighted average<br>exercise price<br>2022<br>\$ | 2021<br>No. | Weighted average<br>exercise price<br>2021<br>\$ |
|-----------------------------------------|-------------------|--------------------------------------------------|-------------|--------------------------------------------------|
| Outstanding at beginning of year        | -                 | -                                                | -           | -                                                |
| Granted                                 | 42,900,000        | 0.13                                             | -           | -                                                |
| Expired                                 | -                 | -                                                | -           | -                                                |
| Exercised                               | -                 | -                                                | -           | -                                                |
| Forfeited/lapsed                        | -                 | -                                                | -           | -                                                |
| <b>Outstanding at end of year</b>       | <b>42,900,000</b> | <b>0.13</b>                                      | <b>-</b>    | <b>-</b>                                         |
| <b>Total exercisable at end of year</b> | <b>14,300,000</b> | <b>0.13</b>                                      | <b>-</b>    | <b>-</b>                                         |

### 32 Critical accounting estimates

#### Key estimates

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 below.

#### *Impairment of intangibles*

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and require the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. For information relating to the value-in-use calculations refer to Note 15.

#### *Taxation – Carried forward tax losses*

The Group has tax losses that have the potential to reduce tax payments in future years. Deferred tax assets have been recognised to the extent that their recovery is probable, having regard to the projected future taxable income of these taxable entities and after taking account of specific risk factors that affect the recovery of these assets.

#### *Fair value of held for sale*

The Group assess the fair value of assets held for sale each period with reference to external valuation information. In respect to property assets, the Group utilise a valuation from a third party independent valuations expert to assess fair value. Valuations take into account comparable sales in the area and physical condition of the facilities. In respect to plant and equipment relating to discontinued operations, the Group valued this equipment based on the highest offer received at reporting date for these assets, less estimated costs to sell.

#### *Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

## 32 Critical accounting estimates (continued)

### Key estimates (continued)

#### *Share-based payments*

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Black Scholes model to value the rights with the EPS performance conditions or tenure performance conditions and a Monte-Carlo simulation to value the rights with the TSR performance conditions.

#### *Impairment of right-of-use asset*

In the current year, an impairment indicator was identified in respect of a right of use asset. In determining that no impairment was necessary, management undertook an impairment test based on an offer to lease the asset. This included estimates in respect of lease payments and services to be provided at a discount. Based on the impairment test that was performed, no impairment was necessary.

## 33 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated Financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The Financial report are for the Group consisting of Austin Engineering Limited and its subsidiaries.

### (a) New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### (b) Basis of preparation

These general purpose financial report have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Austin Engineering Limited is a for-profit entity for the purpose of preparing the financial report.

### (c) Principles of consolidation and equity accounting

#### *(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 33 Summary of significant accounting policies (continued)

#### (d) Foreign currency translation

##### (i) *Functional and presentation currency*

Items included in the Financial report of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated Financial report are presented in Australian dollars (\$), which is Austin Engineering Limited's functional and presentation currency.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally 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.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

##### (iii) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date,
- income and expenses for each Consolidated statement of profit or loss and Consolidated statement of profit or loss and other 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.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### (e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### 33 Summary of significant accounting policies (continued)

#### (f) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

#### (g) Rounding of amounts

All amounts disclosed in the Financial report and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

#### (h) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## Directors' declaration

30 June 2022

### In the Directors' opinion:

- (a) the Financial report and notes set out on pages 37 to 77 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date,
- (b) the remuneration disclosures contained in the Remuneration Report in the Directors' Report comply with section 300A of the *Corporations Act 2001*, and
- (c) there are reasonable grounds to believe that Austin Engineering Limited will be able to pay its debts as and when they become due and payable.

Note 33 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



**Jim Walker**  
Chairman

29 August 2022  
Perth



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## INDEPENDENT AUDITOR'S REPORT

To the members of Austin Engineering Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Austin Engineering Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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



### Key audit matters

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

### Impairment assessment

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Note 15 in the financial report discloses the assets and the assumptions used by the Group in testing these assets for impairment.</p> <p>This was determined to be a key audit matter as management's assessment of the recoverability of the intangible assets is supported by a value in use model which requires the use of estimates and judgements about future operating performance.</p> <p>These include judgements and estimates over the expectation of future revenues, anticipated budgeted costs, growth rates and the discount rate applied.</p> | <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Evaluating the Group's identification of Cash Generating Units ("CGUs") and the allocation of goodwill to the carrying value of CGUs based on our understanding of the Group's business;</li> <li>Challenging key inputs used in the value in use calculations including the following: <ul style="list-style-type: none"> <li>Assessing the discount rate used by involving internal valuation experts and comparing to market data and industry research;</li> <li>Comparing growth rates with historical data and economic and industry growth forecasts;</li> <li>Assessing the Group's forecast cash flows is consistent with our knowledge of the business, board approved budget and corroborating our work with external information where possible; and</li> <li>Performing sensitivity analysis on the revenue, growth rates, gross profit margins and discount rates.</li> </ul> </li> <li>Assessing the adequacy of the related disclosures in the financial report.</li> </ul> |



#### Recoverability of deferred tax assets

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Group's disclosures about deferred tax assets are included in Note 5.</p> <p>Australian accounting standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits.</p> <p>This was a key audit matter as the assessment of the future taxable profits involves significant judgement by management and required significant auditor effort.</p> | <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Evaluating management's forecast of future taxable profits and assessing whether it is probable that there will be sufficient future profits to utilise the deferred tax assets recognised;</li> <li>Assessing the key assumptions used in the forecast period including revenue, expenditure and growth rates applied against actual results achieved; and</li> <li>Assessing the disclosures related to the recognition of the deferred tax assets.</li> </ul> |

#### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Financial Report

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

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



#### **Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 27 to 32 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Austin Engineering Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, larger 'BDO' logo.

**Dean Just**

**Director**

Perth, 29 August 2022

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

## A. Distribution of equity securities

|                   | Number of shareholders | Number of shares   |
|-------------------|------------------------|--------------------|
| 1 to 1,000        | 697                    | 180,815            |
| 1,001 to 5,000    | 651                    | 1,828,695          |
| 5,001 to 10,000   | 342                    | 2,686,117          |
| 10,001 to 100,000 | 814                    | 30,228,704         |
| 100,001 and over  | 297                    | 546,803,473        |
|                   | <b>2,801</b>           | <b>581,727,804</b> |

## B. Substantial shareholders as at 18 August 2022

| Name                                                      | Number held | Percentage |
|-----------------------------------------------------------|-------------|------------|
| Thorney Investment Group Australia Pty Ltd                | 135,510,772 | 23.29%     |
| Wilson Asset Management (International) Pty Ltd           | 61,566,345  | 10.58%     |
| MA Financial (formerly Moelis Australia Asset Management) | 47,855,302  | 8.23%      |
| Pendal Group Ltd                                          | 36,347,820  | 6.25%      |

## C. Voting rights

All ordinary shares issued by the Company carry one vote per share without restriction.

## D. Twenty-two largest shareholders as at 18 August 2022

| Rank | Name                                                                           | Number of ordinary shares held | Percentage of issued shares |
|------|--------------------------------------------------------------------------------|--------------------------------|-----------------------------|
| 1    | UBS NOMINEES PTY LTD                                                           | 135,972,930                    | 23.37%                      |
| 2    | CITICORP NOMINEES PTY LIMITED                                                  | 83,032,581                     | 14.27%                      |
| 3    | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                                      | 77,517,005                     | 13.33%                      |
| 4    | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                                      | 50,826,340                     | 8.74%                       |
| 5    | NATIONAL NOMINEES LIMITED                                                      | 27,351,533                     | 4.70%                       |
| 6    | S J QUINLIVAN PTY LTD                                                          | 17,982,453                     | 3.09%                       |
| 7    | CIRCUMFERENCE CAPITAL CT PTY LTD <CIRCUMFERENCE CAPITAL A/C>                   | 10,000,000                     | 1.72%                       |
| 8    | PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>                              | 7,000,000                      | 1.20%                       |
| 9    | ACE PROPERTY HOLDINGS PTY LTD                                                  | 6,000,000                      | 1.03%                       |
| 10   | MR PETER HOWELLS                                                               | 5,431,197                      | 0.93%                       |
| 11   | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2                              | 4,200,090                      | 0.72%                       |
| 12   | ZERRIN INVESTMENTS PTY LTD                                                     | 4,000,000                      | 0.69%                       |
| 13   | UPTON TRADING PTY LTD                                                          | 3,293,219                      | 0.57%                       |
| 14   | NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>                           | 2,755,704                      | 0.47%                       |
| 15   | BNP PARIBAS NOMS(NZ) LTD<DRP>                                                  | 2,460,000                      | 0.42%                       |
| 16   | SOUTHERN STEEL INVESTMENTS PTY LIMITED                                         | 2,254,966                      | 0.39%                       |
| 17   | MR PETER LOUIS PURSEY + MRS HELEN ELIZABETH PURSEY <THE PURSEY SUPER FUND A/C> | 2,075,232                      | 0.36%                       |
| 18   | DEPOFO PTY LTD <ORDINARY A/C>                                                  | 2,003,942                      | 0.34%                       |
| 19   | DEPOFO PTY LTD <SUPER A/C>                                                     | 2,000,000                      | 0.34%                       |
| 20   | MISS CHELSEA IVY KING                                                          | 2,000,000                      | 0.34%                       |
| 21   | KLOSTERS HOLDINGS PTY LTD <MILBON HOLDINGS A/C>                                | 2,000,000                      | 0.34%                       |
| 22   | PINDAN INVESTMENTS PTY LTD <PINDAN INVESTMENT A/C>                             | 2,000,000                      | 0.34%                       |
|      |                                                                                | <b>452,157,192</b>             | <b>77.73%</b>               |

## E. Additional information

There is no on-market buy-back currently in effect.

## F. Voluntary escrowed shares

643,779 shares are held in voluntary escrow. They are all due to be released on 13 October 2022.

### **Principal place of business and Perth office**

100 Chisholm Crescent  
Kewdale, WA 6105  
Australia  
P: +61 8 9334 0666  
F: +61 8 9359 2390

### **Principal Australian operations**

#### **Queensland**

**Aust Bore Pty Ltd**  
12-16 Progress Drive  
Paget, QLD 4740  
P: +61 7 4952 6222  
F: +61 7 4952 6223

### **International operations**

#### **Indonesia**

**PT Austin Engineering Indonesia**  
Jl. Mas Surya Negara Kav.B2  
Kawasan Industrial Terpadu Kab Batu  
Besar Nongsa, Batam, 29467  
P: +62 778 711 999

#### **USA**

**Austin Engineering USA, Inc.**  
415 First Street  
Mills, Wyoming, 82644  
P: +1 307 235 6475  
F: +1 307 235 3306

#### **Chile**

**Austin Ingenieros Chile Ltda**  
Camino a la Minera No.254  
La Negra, Antofagasta, Chile  
P: +56 55 2 657 400

### **Share registry**

**Computershare  
Investor Services**  
Level 11  
172 St Georges Terrace  
Perth, WA 6000  
P: +61 8 9323 2000

### **Lawyers**

**Johnson Winter & Slattery**  
Level 49  
152-158 St Georges Terrace  
Perth, WA 6000

### **Auditors**

**BDO**  
Level 9  
Mia Yellagonga Tower 2  
5 Spring Street  
Perth WA 6000

### **Principal bankers**

**HSBC Bank Australia**  
Level 33, QV1  
250 St Georges Terrace  
Perth, WA 6000

### **Company secretary**

Katina Nadebaum

### **Stock exchange**

Australian Securities  
Exchange

### **ASX code**

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### **Website**

[www.austineng.com](http://www.austineng.com)

### **ABN**

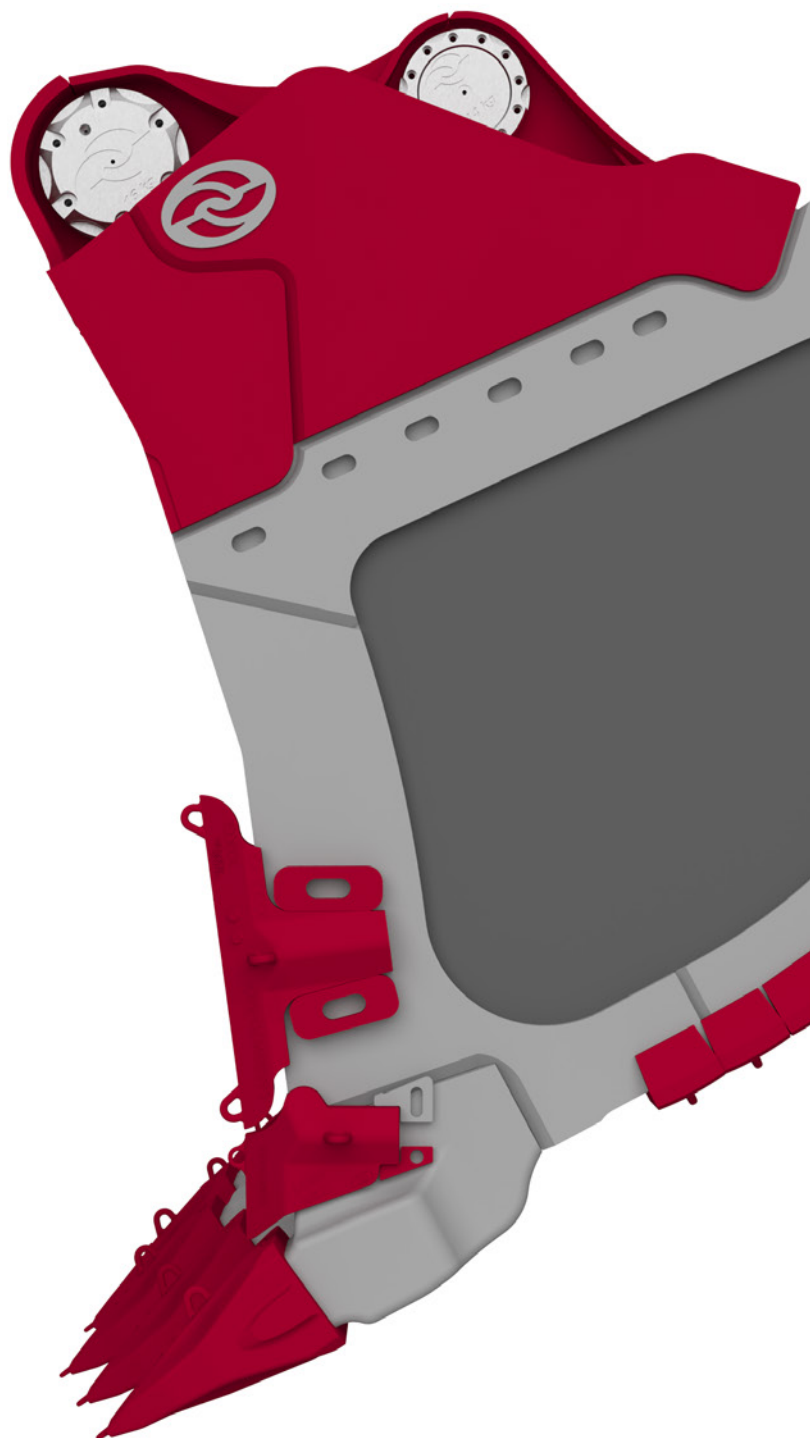
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# At Austin “Design Matters”

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100 Chisholm Crescent  
Kewdale  
Perth WA 6105

[www.austineng.com](http://www.austineng.com)