



**PWR Holdings Limited  
and its controlled entities**

ACN:105 326 850

## **RESULTS FOR ANNOUNCEMENT TO THE MARKET**

### **APPENDIX 4E**

**For the period ended 30 June 2023**

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## Appendix 4E

### Preliminary Final Report

**Name of Entity:** PWR Holdings Limited  
**ABN:** 85 105 326 850

#### 1. Reporting Period

<b>Reporting Period:</b>	<b>Year ended 30 June 2023 ("current period")</b>
<b>Previous Reporting Period</b>	<b>Year ended 30 June 2022 ("previous corresponding period")</b>

#### 2. Results for Announcement to the Market

**A\$'000**

Revenues from ordinary activities	Up	17.1%	to	118,326
Profit / (Loss) from ordinary activities after tax attributed to members	Up	4.4%	to	21,752
Net profit / (loss) for the period attributed to members	Up	4.4%	to	21,752

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<i>Current period</i>		
Interim dividend	3.60 cents	100%
Final dividend	8.90 cents	100%
<i>Previous corresponding period</i>		
Interim dividend	3.50 cents	100%
Final dividend	8.50 cents	100%
Record date for determining entitlements to the final dividend		15 September 2023

#### Brief explanation of revenue, net profit and dividends (results commentary)

Revenue of the Group for the year ended 30 June 2023 was \$118.3 million (2022: \$101.1 million), an increase of 17.1% which is a positive result with growth across all key markets and geographies.

The statutory net profit after tax of the Group for the year ended 30 June 2023 was \$21.8 million (2022: \$20.8 million).

EBITDA<sup>(i)</sup> for the year ended 30 June 2023 was \$39.1 million (2022: \$35.7 million) and EBITDA<sup>(i)</sup> margins were 33.0% (2022: 35.4%).

Conversion of EBITDA<sup>(i)</sup> to cash has increased to 86% (2022: 66%) as inventory holdings of raw materials have commenced returning to historical levels now that the global supply challenges are subsiding.

Subsequent to the end of the reporting period, for the year ending 30 June 2023, the directors have declared a fully franked Final 2023 dividend of 8.90 cents per share to be paid on 22 September 2023 resulting in a total distribution of \$8.9 million based on the number of ordinary shares currently on issue.

(i) Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the annual financial report.

#### 3. Net Tangible assets per security

	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible assets per security	\$0.72	\$0.61

#### 4. Details of entities over which control has been gained or lost during the period

##### Control gained over entities

Name of entities	business and assets of Docking Engineering	business and assets of Bespoke Motorsport Radiators
Date(s) from which control was gained	19 August 2022	30 January 2023
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired.	\$160,000	\$15,000
Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period.	\$184,000	\$275,000

##### Loss of control of entities

Name of entities	Nil
Date(s) from which control was lost	N/A
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost.	N/A
Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period.	N/A

#### 5. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation

N/A

The last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

N/A

#### 6. Details of Associates and Joint Ventures:

Name of associate or joint venture entity	Percentage holding	
	Current period	Previous corresponding period
Nil	Nil	Nil

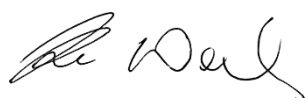
#### 7. For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International Financial Reporting Standards)

N/A

#### 8. Description of dispute or qualification if the accounts have been audited or subject to review

N/A

This report is based on accounts that have been subject to audit by KPMG.



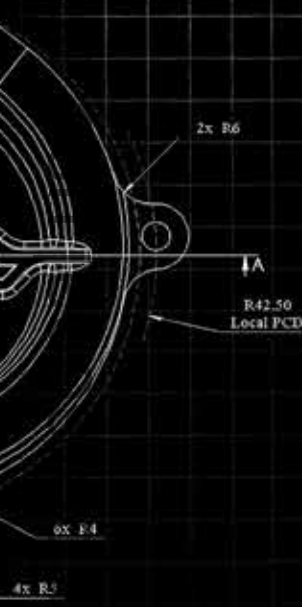
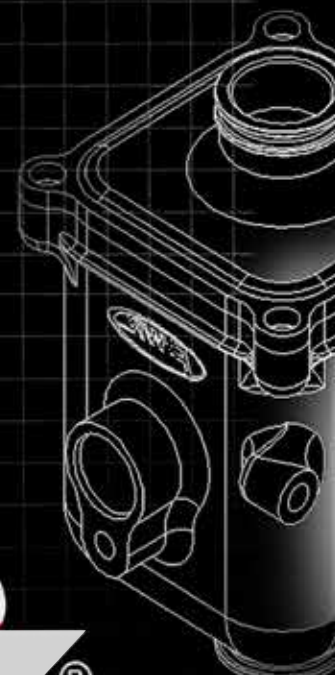
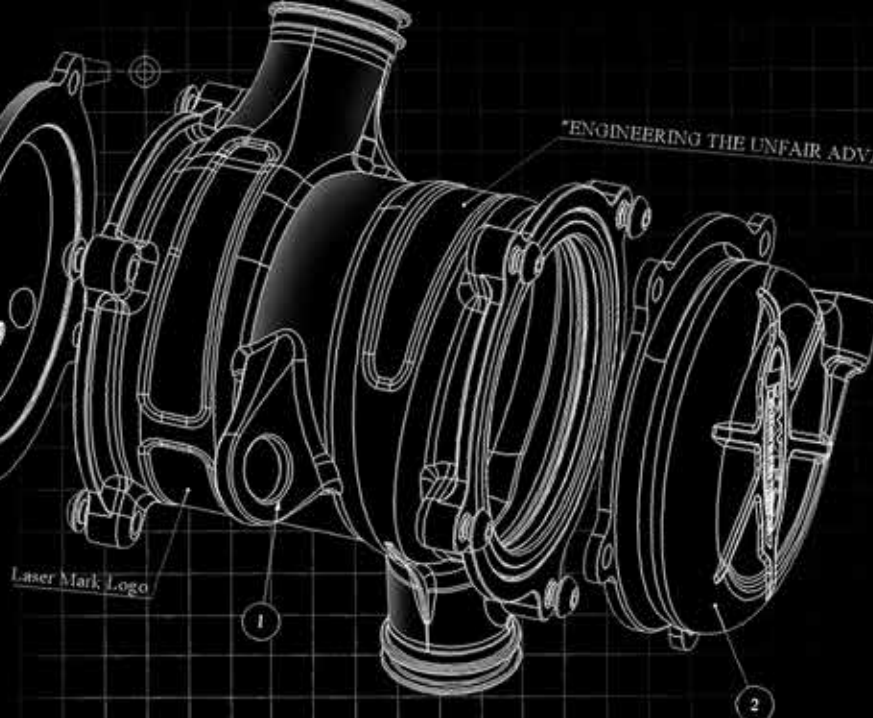
**Kees Weel**

Managing Director

Dated this 17<sup>th</sup> day of August 2023

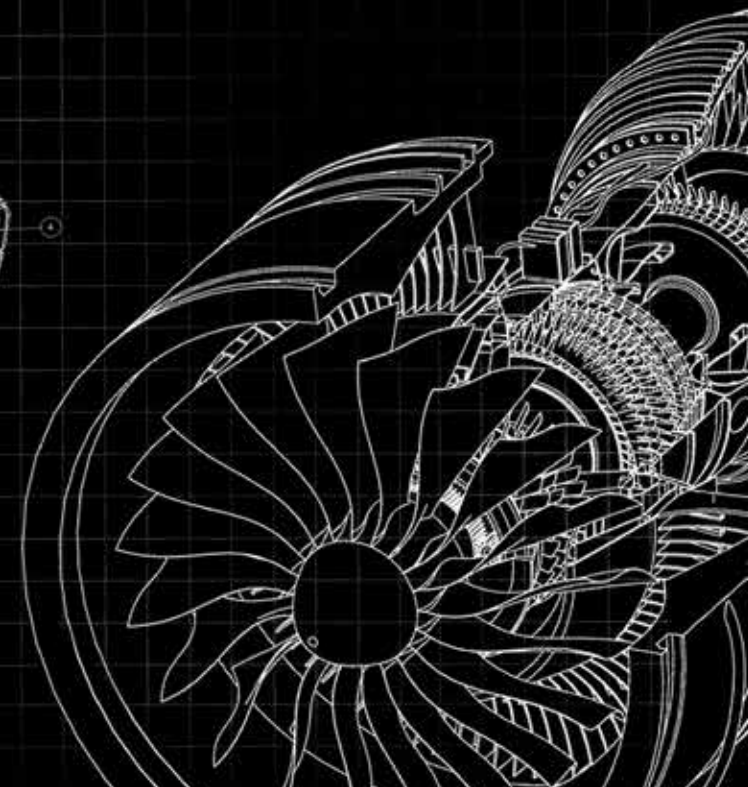
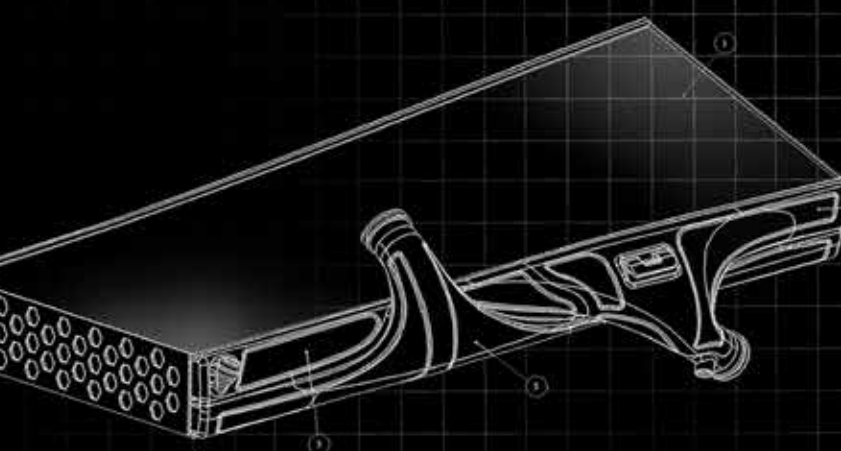
# Annual Report 2023

“ENGINEERING THE UNFAIR ADVANTAGE”



*The Global Leader in Cooling Technology*

*Inspired by Engineering Excellence*



## About this Report

PWR's 2023 Annual Report presents an integrated view of PWR's social, environmental, operating and financial performance for the year ended 30 June 2023. The report describes how we create value through our business activities, focusing on what matters most to our many stakeholders and our business. It covers our performance and our future plans to address the challenges that come with growth as well as the challenges of a changing climate and the part we play in addressing this challenge.

This Annual Report is provided for the benefit of all PWR's stakeholders.

## Corporate Governance Statement

PWR's Corporate Governance Statement discloses the extent to which PWR has complied with the ASX Corporate Governance Council's Corporate Governance Principles & Recommendations (4th edition). This Statement is available at [www.pwr.com.au/investors/corporate-governance](http://www.pwr.com.au/investors/corporate-governance)

## About PWR

PWR Holdings Limited (ABN 85 105 326 850) (PWR) is a company limited by shares, is incorporated and domiciled in Australia and is listed on the Australian Stock Exchange (ASX:PWH).

PWR is the parent company of the PWR consolidated group of companies. Unless otherwise stated in this report, all references to PWR, the Group, the Company, we, us and our, refer to PWR Holdings Limited and its controlled entities as a whole.

References to 2023, the financial year or FY are to the year ended 30 June 2023 unless stated otherwise. All dollar figures are expressed in Australian currency unless otherwise stated. An electronic version of this report is available at [www.pwr.com.au/investors/reports](http://www.pwr.com.au/investors/reports).

In consideration of the environmental footprint associated with the production of the Annual Report, printed copies of the Annual Report will be posted only to shareholders who have requested a printed copy.

## Annual General Meeting

Friday, 27 October 2023 at PWR's manufacturing facility at Ormeau, Queensland.

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# About us

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**PWR** is a global designer, manufacturer and supplier of technically advanced high performance cooling solutions. We invest in research and development to provide solutions to our customers using advanced cooling technology.

We adopt a flexible manufacturing approach and take pride in supporting our customers through great relationships and technical partnerships.

YEAR IN REVIEW

OUR VALUE CREATION FRAMEWORK

LEADERSHIP

DIRECTORS' REPORT

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# 2023 Highlights

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ABSOLUTE ARM



### Revenue

**\$118.3m** 17.1%



### EBITDA<sup>1</sup>

**\$39.1m** 9.2%



### NPAT

**\$21.8m** 4.4%



### EPS

**21.67c** 4.2%



### DPS

**12.5c** 4.2%



### EBITDA to Operating Cash Conversion Ratio

**86%** 20%

<sup>1</sup> Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the annual financial report



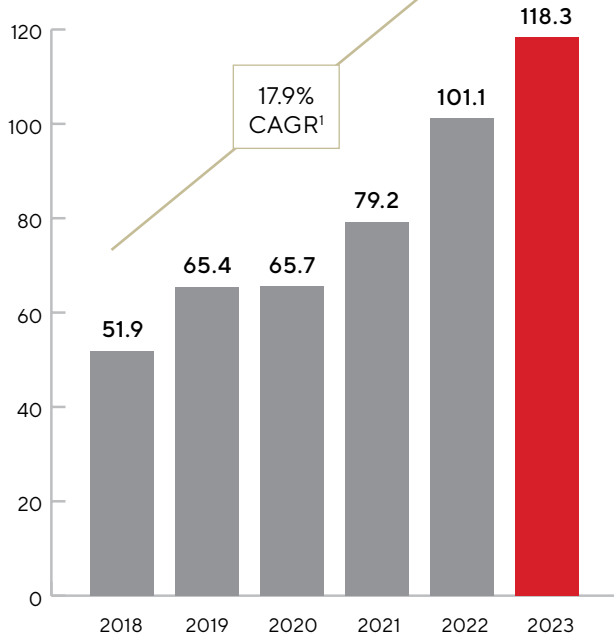
## Year in Review

# Financial Highlights

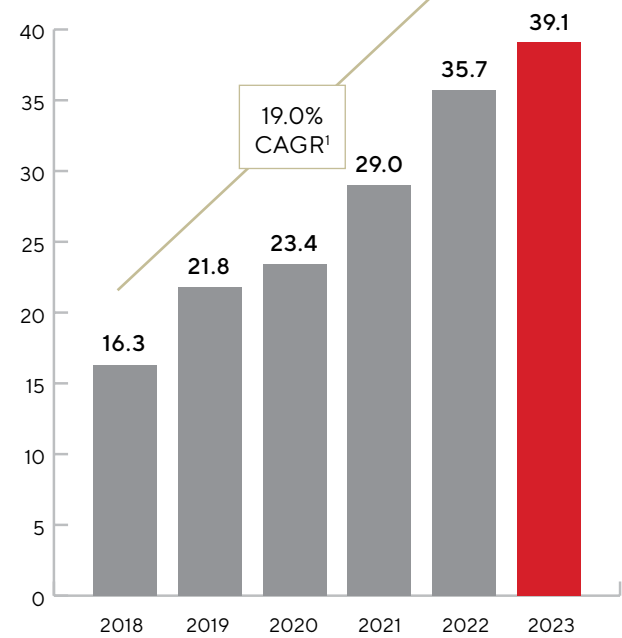
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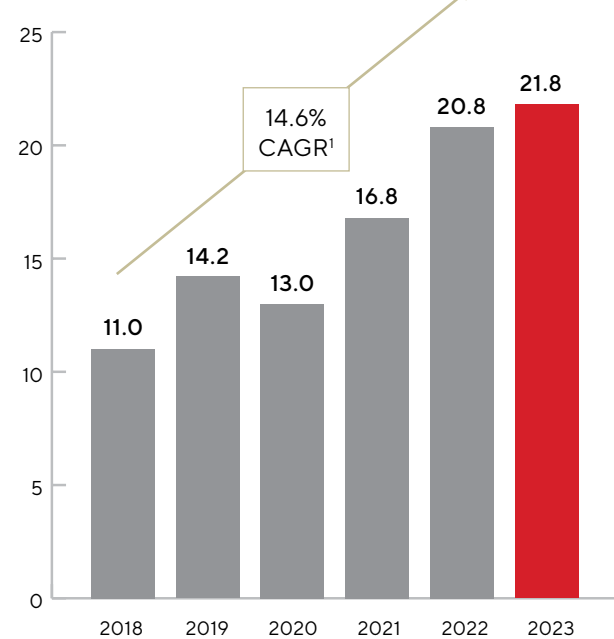
### Revenue (A\$ million)



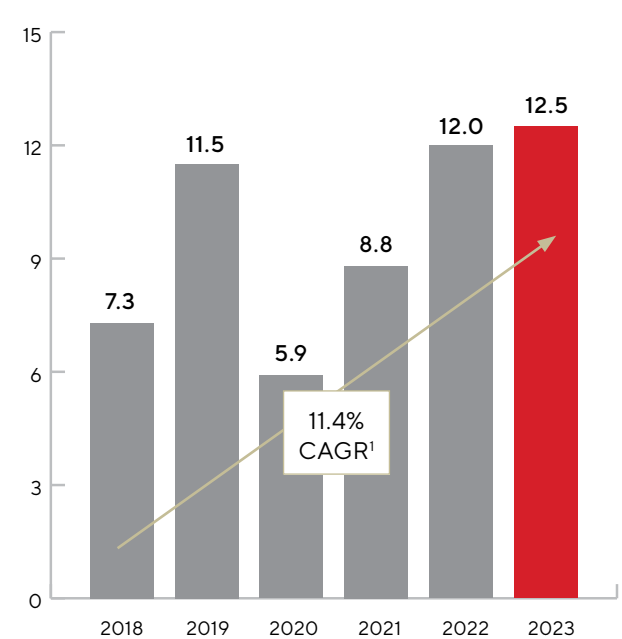
### EBITDA (A\$ million)



### NPAT (A\$ million)



### Dividend per Share (cents)



<sup>1</sup> Compound Annual Growth Rate over 5 years

# Value Adding Strategy



## GROWTH

Opened our new greenfield manufacturing site in Rugby, UK which is now fully operational and employs over

**30 people**

**\$15 million**  
Invested in new equipment

**\$2 million**  
Invested in strategic acquisitions



## PROFITABILITY

**4.4%**  
increase in NPAT

**14.6%**  
Compound annual growth rate in NPAT since FY2018

**14.5%**  
Compound annual growth rate in earnings per share since FY2018



## EXCELLENCE

**100%**  
Manufacturing done in house

Installed Automatic Stackers in the Australian and North American manufacturing sites to **improve efficiency**

Undertook a mapping exercise to identify material topics and ESG pillars and developed an **ESG roadmap** to shape our sustainability reporting

OUR VALUE CREATION FRAMEWORK

LEADERSHIP

# Meaningful Relationships



## CUSTOMERS

**3,782**  
Customers supplied with products (2022: 3,410)

Key supplier to **Formula One teams**



## SHAREHOLDERS

**5,481**  
Shareholders

Total Shareholder Return over the last 3 years of **103%**

Fully Franked Dividend per Share **12.5c** (increased by 4.2%)



## OUR PEOPLE

**511**  
Passionate people (increased by 13%)

Employee Engagement Score **75%**

**89%** of Employees who responded to our Employee Survey feel "Proud to Work at PWR"

Added Aerospace and Defence skills to the Board with the appointment of Kym Osley AM, CSC

DIRECTORS' REPORT

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# Growth | Profitability | Excellence



Teresa Handicott, Chairman

I am delighted to present to you PWR's 2023 annual report on what has been another record year for PWR.

PWR again delivered a record result in the 2023 financial year, with NPAT of \$21.8 million up 4.4% on the prior period (2022: \$20.8 million). The Group continued to deliver on its growth objective through implementation of its ongoing capital investment and research and development programs while still producing a strong return on equity at 25% (2022: 27%).

Cash flows continued to be impacted by the decision in FY2022 to increase inventories of raw materials in response to global supply chain challenges, including the impact of the war in Ukraine on global aluminium supplies. Now that these global challenges are subsiding, we have commenced reducing raw material inventory holdings to historical levels, increasing the EBTIDA to operating cash conversion ratio to 86% (2022: 66%). The Group retained a strong cash balance at 30 June 2023 of \$17.6 million (2022: \$21.5 million) and remains debt free, with access to its \$10 million multicurrency and \$7.5 million equipment finance facilities to support future operational requirements, if required.

Considering these results and balance sheet position, the Board has declared a fully franked final dividend of 8.90 cents per share, taking the full year dividend to 12.50 cents per share, an increase of 4.2% on last year's full year dividend (2022: 12.00 cents per share).

During the year, we continued to invest in our people and their development with the establishment of a dedicated production training function which has as its vision to develop a PWR Academy for job related

learning and development. We also invested a record amount of \$15 million in leading edge technology and equipment to support our business and \$2 million to acquire businesses in the United Kingdom to establish a European manufacturing base. One of our greatest achievements since our last AGM is the development of our new greenfield manufacturing site in Rugby, United Kingdom, which commenced operating in February 2023 and now employs over 30 people.

The Board recognises that what has been achieved in FY2023 would not have been possible without the extraordinary efforts from the entire PWR team and the Board is deeply grateful to each and every member of the PWR team for the way they have focused on our customers to deliver innovative and high-quality products, using our advanced technology while also looking after their team mates and living and breathing the PWR DNA.

As previously announced, I will not seek reelection at the forthcoming Annual General Meeting. It has been both a privilege and a pleasure to serve on the PWR Board for the past 8 years, working with my Board colleagues and the management team to guide this impressive organisation over this pivotal period. It has been an amazing and deeply satisfying journey of which I am very proud to have been a part of.

Your new Chairman, Roland Dane, who has unanimous support of the Board, has substantial Board, leadership, operational and financial experience and has been a Board member since March 2017. Roland will take over as Chairman at the conclusion of the 2023 Annual General Meeting.

Thank you to all of the people at PWR who have worked with passion and drive to deliver significant and transformative growth since PWR's listing on the ASX. Thank you to my Board colleagues who have brought their individual experience and expertise that has resulted in strong contributions and collective decision making. Particular thanks to Kees who with the then Chairman, invited me on this journey; Jeff who has been there since listing and Roland who joined soon after. We have worked hard together over a long period, striving to deliver the best results for shareholders; having robust conversations when we needed to but always with a collaborative spirit and with the clear objective of continuously moving this special company towards achieving its potential.

I thank Kees and all shareholders for your support and for the opportunity to serve you as a Director since 2015 and as Chairman since 2017. I wish Kees, the Board and PWR the very best for what I believe to be a very bright future.

A handwritten signature in black ink, appearing to read 'T. Handicott', written over a light grey circular watermark.

Teresa Handicott  
Chairman

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# Strong performance



Kees Weel, Founder and Managing Director

PWR has performed strongly during the 2023 financial year, delivering solid revenue and profit growth across all major market sectors.

We have maintained a strong balance sheet and are well prepared to deliver on opportunities in the next few years.

## PWR Europe

The PWR team made great progress with its growth strategy with the acquisition of Docking Engineering in August 2022, the acquisition of Bespoke Motorsport Radiators in January 2023 and the development of a state-of-the-art manufacturing facility for PWR Europe located in Rugby in the United Kingdom (UK). This facility has over 3,160 square meters of manufacturing space and we now employ over 30 employees. Over time we plan to increase UK manufacturing to support European motorsports, automotive OEM (Original Equipment Manufacturers) and the automotive aftermarket.

## PWR Australia

PWR Performance Products continues to supply most global motorsport categories with cooling technology. In FY2023 the supply of cooling technology to automotive OEMs and the supply of emerging technologies to existing and new customer markets have been significant growth drivers. PWR Performance Products continues to be PWR's research and development centre of excellence.

## PWR North America

PWR North America (also known as PWR C&R, and C&R Racing, Incorporated), has successfully delivered automotive OEM products, aerospace and defence programs and solid growth in the automotive aftermarket.

PWR North America is well placed to further develop these market sectors, supported by the opening of the PWR North America Aerospace and Defence Machining Centre in October 2022. Additional equipment, including vacuum brazing and heat treatment furnaces is currently being installed at the new machining centre to further expand capacity and capability.

## “ONE PWR” and Global Capacity Planning

PWR has three (3) manufacturing hubs able to service customers globally. We invest in common equipment makes and specifications across all locations enabling global capacity planning to meet customer demand and improve efficiency.

## Centres of Excellence

A key aspect of our corporate strategy is having Centres of Excellence for the different aspects of our business including manufacturing operations, engineering, design, testing, research and development and corporate services. These will ensure appropriately located and resourced specialised teams collectively focus on delivering the best outcomes for the Group.

## Technology Developments

PWR deploys advanced technologies into our manufacturing processes to ensure we remain at the forefront of manufacturing capability and complexity for both existing customers as well as potential new customers and industries.

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During FY2023, the technologies of cold plates, micro matrix and additive manufacturing have been further developed and commercialised. Our application of these technologies continues to expand as current and potential customers embrace the benefits, including customers in the aerospace and defence, electric and hybrid vehicle and alternative energy sectors.

### The Future

Visibility of our growth potential for the next five to ten years is now better than ever which allows us to invest with confidence.

To support growth in FY2023, PWR increased the headcount from 451 to 511. PWR expects continued growth in FY2024 and beyond and expects to further increase headcount, together with a focus on increased productivity and efficiency.

We continue to review the organisational structure and employee development to ensure this aligns with expected operational requirements.

The PWR Team go beyond what is expected of them on a regular basis and I thank them for the dedication and commitment which is so often demonstrated.

Thank you to shareholders, customers and staff for your continued support and I am looking forward to working with the PWR Team this year with the objective of making FY2024 another record year on all fronts.

**Kees Weel**  
Founder & Managing Director



# Operating and Financial Review



Martin Mclver, Chief Financial Officer

PWR continues to invest for the future. FY2023 performance was strong and we have invested in people, research and development, facilities, systems and equipment to support future performance.

## Summary of financial results

	2023 A\$'000	2022 A\$'000	Change %
Revenue	118,326	101,072	17.1%
EBITDA <sup>1</sup>	39,051	35,747	9.2%
EBITDA <sup>1</sup> margin	33.0%	35.4%	
Net profit after tax (NPAT)	21,752	20,843	4.4%
Operating cash flow (excluding interest and tax)	33,399	23,522	42.0%
Basic and diluted earnings per share	21.67 cents	20.79 cents	4.2%

1. Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the annual financial report

## EBITDA<sup>1</sup> Reconciliation

A reconciliation of EBITDA<sup>1</sup> to the reported profit before tax in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2023 A\$'000	2022 A\$'000
Profit for the period before tax	30,243	28,492
Add : net finance costs / (income)	333	30
Add : depreciation & amortisation	8,475	7,225
EBITDA <sup>1</sup>	39,051	35,747

1. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the annual financial report

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YEAR IN REVIEW

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## CFO Report on FY2023 Performance

# Operating and Financial Review

continued

### Revenue

The Group achieved overall revenue growth of 17.1% compared to the prior corresponding period. Sales revenue increased by 16.0% plus favourable exchange rate movements of 1.1%.

The above growth was primarily driven by third party sales out of the United Kingdom, Australia, and the United States of America, where sales grew 17.6%, 16.7% and 8.9% respectively.

Exchange rates at 30 June 2023 saw the GBP being 7.6% stronger and the US dollar being 3.9% stronger compared to the prior period. Average rates during the financial year saw the GBP 2.5% weaker and the US dollar 7.2% stronger than the prior period.

The net impact of exchange rate movements had a favourable impact on revenue for the year of \$1.06 million (2022: \$1.46 million).

Revenue by Customer Market	2023				2022				Growth	
	Ad- vanced Cooling \$'000	Emerging Tech- nologies <sup>1</sup> \$'000	Total \$'000	%	Ad- vanced Cooling \$'000	Emerging Tech- nologies <sup>1</sup> \$'000	Total \$'000	%	\$'000	%
Motorsports	55,026	7,230	62,256	52%	47,476	7,809	55,285	55%	6,971	13%
Automotive OEM	21,935	3,704	25,639	22%	18,007	3,462	21,469	21%	4,170	19%
Automotive Aftermarket	17,796	3	17,799	15%	15,485	360	15,845	16%	1,954	12%
Aerospace & Defence	-	10,533	10,533	9%	-	7,130	7,130	7%	3,403	48%
Other	1,431	668	2,099	2%	671	672	1,343	1%	756	56%
	96,188	22,138	118,326	100%	81,639	19,433	101,072	100%	17,254	17.1%

1. Emerging Technologies includes revenue from Aerospace and Defence across all technologies, and revenue from other market sectors generated by cold plate, micro matrix and additive manufacturing.

### EBITDA

EBITDA in FY2023 compared to the prior corresponding period was stronger mainly due to:

- Solid revenue growth across the OEM, aerospace and defence, automotive aftermarket and motorsports sectors;
- Production cost control; and
- Administration and overhead cost control.

EBITDA was impacted by the investment in travel, marketing, new facilities, development of the enterprise resource planning (ERP) system and computer expenses including cyber security.

### Net profit after tax

Net profit after tax of the Group for the year ended 30 June 2023 was \$21.75 million (2022: \$20.84 million).

### Operating cash flow

The Group cash conversion rate was impacted by the decision to increase inventories of raw materials in response to global supply chain challenges, including the impact of the war in Ukraine on global aluminium supplies. Now that these global challenges are subsiding, we have commenced reducing raw material inventory holdings to historical levels, resulting in an increase in the EBITDA to operating cash conversion ratio compared with the prior period. FY2023 operating cash flow (excluding interest and tax) was \$33.40 million, a conversion of 86% from EBITDA (2022: \$23.52 million, a conversion of 66% from EBITDA).

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## Foreign currency

The Group is exposed to movements in foreign exchange rates, with consolidated revenue generated in various currencies (using average exchange rates through the reporting period) as outlined below:

	2023	2022
British pounds (GBP)	53.1%	58.0%
US dollars (USD)	30.8%	28.6%
Australian dollars (AUD)	11.7%	13.4%
Euro (EUR)	4.4%	-
	100%	100%

## Balance sheet management

The balance sheet remains strong with cash of \$17.6 million (2022: \$21.5 million).

Working capital utilisation has increased from 130 days at 30 June 2022 to 236 days at 30 June 2023 due largely to the increase in raw material inventory in response to global supply chain challenges, work in progress and finished goods inventories.

Capital expenditure for the year was \$15.0 million (2022: \$5.0 million). The capital expenditure was higher than the prior corresponding period due to the timing of purchase orders being placed and extended equipment delivery times. Our strong balance sheet can support ongoing expected capital expenditure for potential future growth opportunities whilst still having access to available and unused financing facilities.

The Group completed two business acquisitions during the year for \$2.0 million (2022: nil). These acquisitions together with the capital expenditure provide additional capacity and increased quality control as part of the program to manage expected growth.

With the solid working capital position, expected future capital investment requirements and the ongoing strong contribution of EBITDA to operating cash flows, the Board has declared a final 2023 dividend of 8.90 cents per share bringing the total dividend paid to 12.50 cents per share.

## Review of operating segments

The Group has 2 operating segments, PWR Performance Products which comprises its Australian and European operations, and PWR C&R which comprises its USA operations (also referred to as PWR North America). The performance of the operating segments are outlined below:

	PWR Performance Products		PWR C&R		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
External revenues	85,435	73,143	32,891	27,929	118,326	101,072
Inter-segment revenues	7,896	3,916	4,122	3,621	12,018	7,537
Segment revenue	93,331	77,059	37,013	31,550	130,344	108,609
Segment EBITDA <sup>1</sup>	33,611	28,538	5,350	7,384	38,961	35,922
Depreciation and amortisation	(6,604)	(5,776)	(1,871)	(1,449)	(8,475)	(7,225)
Segment profit/(loss) before interest and tax	27,007	22,762	3,479	5,935	30,486	28,697
Capital expenditure	9,420	3,003	5,626	2,020	15,046	5,023

<sup>1</sup> Segment EBITDA is the segment's profit from operations before interest, taxation, depreciation and amortisation

The carrying value of goodwill and trademarks is assessed on an ongoing basis to ensure these are not impaired. This assessment has been performed at 30 June 2023 and using currently available information has resulted in the current values continuing to be recognised.

## **Operating and Financial Review**

continued

### **Review of principal businesses**

During the year ended 30 June 2023, in addition to the items outlined above, the Group focussed on diversifying its operations within the targeted segments in a sustainable and profitable manner for the long-term benefit of stakeholders including shareholders, staff, customers, and suppliers.

On 19 August 2022, the Group acquired the business and assets of Docking Engineering (Docking) located in the United Kingdom for \$0.856 million (£0.496 million). Docking is a leading supplier of racing radiators, oil coolers, charge air coolers and motorsport fabrication services.

On 30 January 2023, the Group acquired the business and assets of Bespoke Motorsport Radiators Limited (BMR) located in the United Kingdom for \$1.168 million (£0.675 million). BMR is a leading core manufacturer and supplier of high-performance motorsport radiators, intercoolers, and oil coolers in the United Kingdom.

These acquisitions provide a platform for the Group to build and grow a manufacturing facility based in the United Kingdom to service European customers and to alleviate demand pressure on Australian based manufacturing.

### **Environmental, Social and Governance (ESG), including the Impacts of Climate Change**

The Group engaged PricewaterhouseCoopers to assist the senior management team to identify the critical environmental, social and governance issues and opportunities impacting the Group, and to develop mitigation responses and reporting protocols. The outcomes of this engagement have been included in the 2023 Annual Report on pages 18 to 28.

### **Risk Management**

The Group understands that effective risk management enables us to identify priorities, allocate resources, demonstrate due diligence in discharging legal and regulatory obligations, and meet the standards and expectations of our stakeholders. An outline of material risks and management strategies are outlined on pages 56 to 61.

### **Significant changes in the state of affairs**

Other than as outlined in the operating and financial review, there were no significant changes in the state of affairs of the Group during the year.

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LEADERSHIP

OUR VALUE CREATION FRAMEWORK

YEAR IN REVIEW



# Our Value Creation Framework

Whether determining our strategy, allocating capital or undertaking business as usual activities, sustainability has always been integrated into our approach.

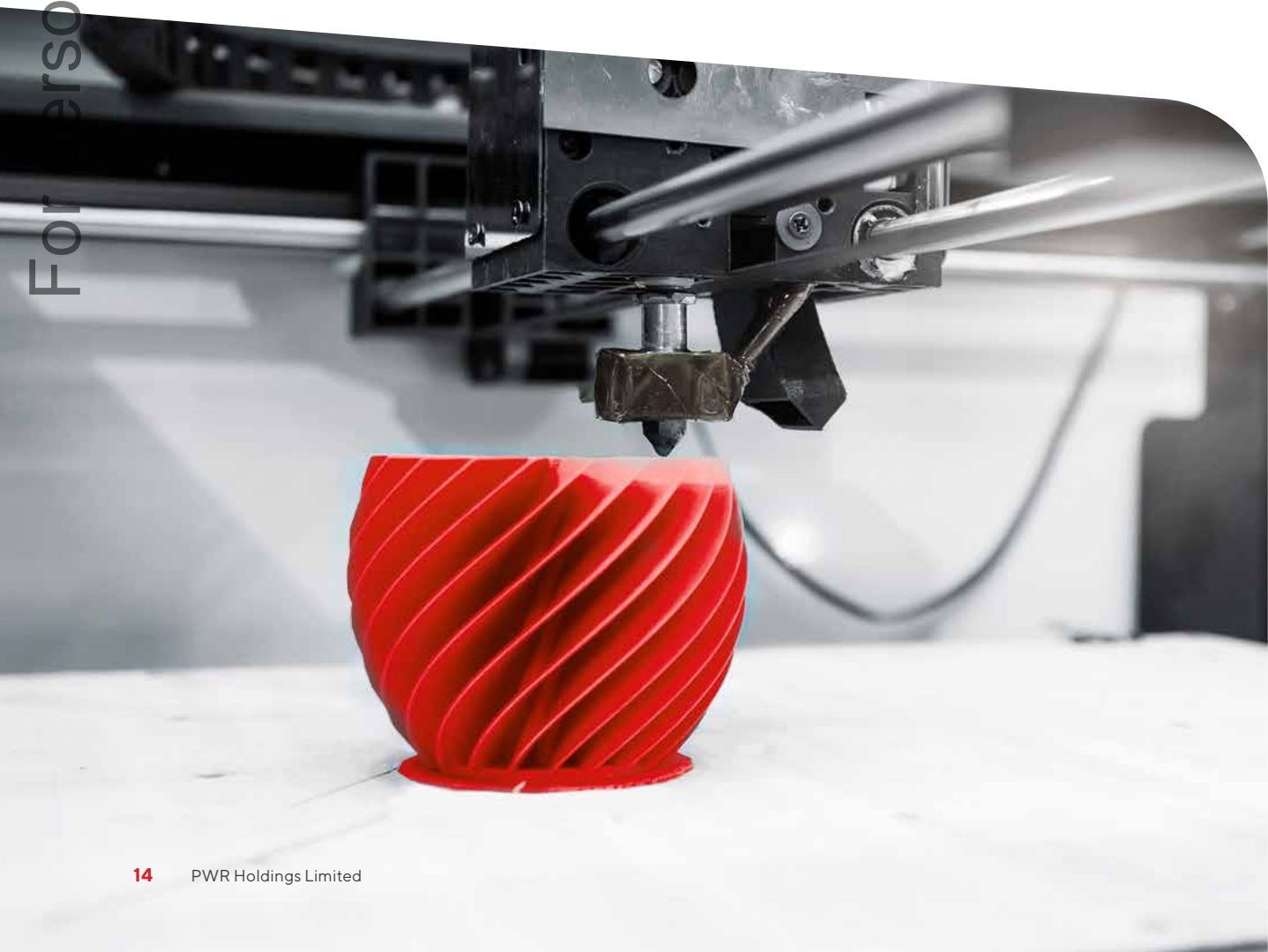
PWR's approach to sustainability has been developed in tandem with its vision to be the global leader in cooling technology inspired by engineering excellence, and has been designed to contribute to the organisation fulfilling its purpose:

“Through passionate people and innovative solutions we lead the way in advanced cooling system design and supply, to exceed the expectations of our global partners across diverse industries”

PWR is committed to creating long term value for all stakeholders through the three strategic pillars of Growth, Profitability and Excellence, and a Sustainability Framework to address the following principles:

- PWR's approach to sustainability is embedded into the corporate strategy
- A governance framework to monitor sustainability performance
- PWR's risk management approach would include scenario planning, stress testing and stakeholder feedback within the context of PWR's risk appetite, and
- Realistic and measurable targets will track performance and progress.

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PWR has already championed many sustainability initiatives across the business and this year it developed an integrated framework and roadmap together with material sustainability priorities to be addressed.

## Relationships and Inputs

-  **Customers and Stakeholders**

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-  **Our People**

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-  **Emerging Technology and New Industries**

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-  **Intellectual Capital**

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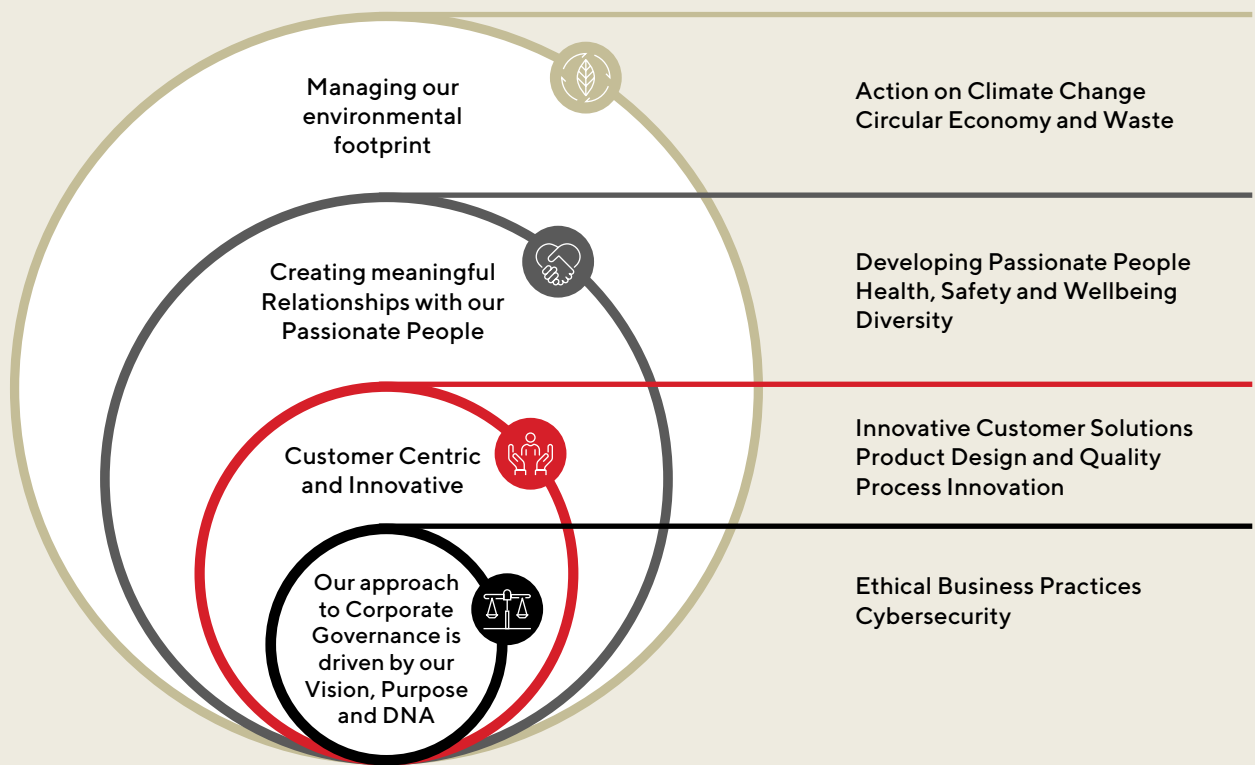
-  **Governance and Risk Management**

## Value Creating Strategy

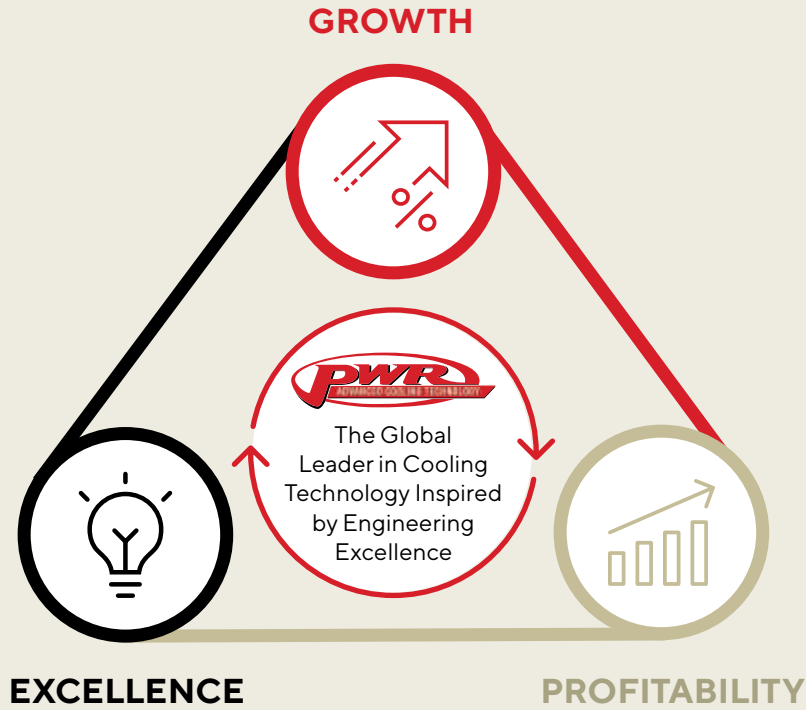


## Sustainability Pillars

## Material Sustainability Priorities



# Our Value Creating Strategy



## Our Purpose

Through passionate people and innovative solutions we lead the way in advanced cooling system design and supply, to exceed the expectations of our global partners across diverse industries.

## Our DNA



**RESPECT**



**PASSION**



**TEAMWORK**

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PWR aspires to create sustainable value through engineering excellence, cutting edge innovation and trusted relationships with our global partners. PWR's strategy supports our purpose and focuses us on what's important to deliver Growth, Profitability and Excellence. Summarised below are our key strategic programs and performance indicators for FY2024:

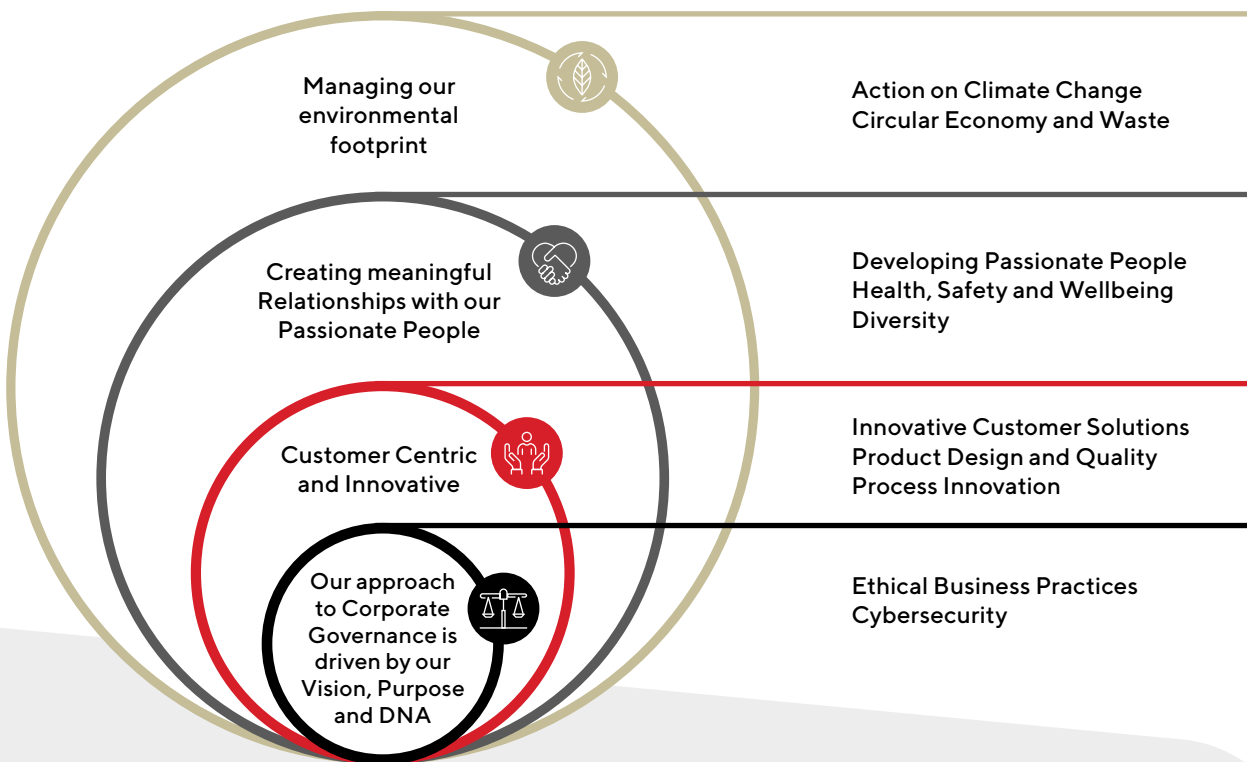
Goals	Strategic Programs	FY2024 Performance Indicators
 <p><b>GROWTH</b></p> <p>Achieve profitable growth by growing our global performance aftermarket business and diversifying into new industries and technologies</p>	Leverage our reputation and know how into thermal management solutions for the Aerospace and Defence Industry	Increase aerospace and defence customer base
	Grow the performance aftermarket business globally	Fully stocked online stores and sales increasing globally
	Increase our brand awareness globally to support profitable growth	PWR brand is known for its quality and passion worldwide
 <p><b>PROFITABILITY</b></p> <p>Operating our global business to manage risk and drive efficiency and ensuring sustainability</p>	Adopt automation for efficiency	Clear roadmap of potential automation opportunities to reduce repetitive activities, improve workflow and improve delivery timeframes and to enable growth in a labour constrained environment
	Take a global approach to business systems and operations to drive OnePWR	Head office led global business systems that are well maintained, on which the workforce is fully trained and that support growth and an efficient business
	Set measurable goals and track progress using visible management systems	All teams in our Group know their goals and how they are tracking against them
	Streamline our global operating footprint through capacity planning and sustainability and efficiency initiatives	Clear understanding of true manufacturing capacity and level of optimisation of the PWR Group  Continue to embed PWR Sustainability Framework
 <p><b>EXCELLENCE</b></p> <p>Build capability, systems and processes to support profitable growth and efficiency</p>	Drive efficiencies and improvements through our digital data, processes, technology and systems	Readily available data to support decision making and capacity planning
	Develop, attract and retain a diverse workforce to meet current and future business needs	Increased workforce diversity
	Prioritise staff health, safety and wellbeing	Improved employee wellbeing and workplace safety and a year on year improvement on our health and safety metrics
	Maintain and strengthen a workplace culture that values people, invests in leadership development and workplace training and provides rewarding work experiences	Increased workforce satisfaction and reduced employee turnover

# Our Sustainability Framework, Pillars and Material Sustainability Priorities

## 4 Sustainability Pillars and 10 Material Sustainability Priorities

### Sustainability Pillars

### Material Sustainability Priorities



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Our approach to sustainability is embedded into our strategy and we integrate environmental, social, and governance factors into important business and operational decisions.

We are committed to a journey of both understanding our baseline and setting realistic and measurable targets to meet and report against. We know that this is a rapidly changing topic and each year we will review and revise our approach to sustainability and climate change to ensure it keeps pace with the expectations of our stakeholders. We need to ensure we get our data right for our current emissions and will need to invest in information systems to track our emissions and targets.



#### Achievements


In FY2023 we developed our ESG Roadmap which included:

- Determining our material sustainability priorities following feedback from internal and external stakeholders
- Developing our ESG policy
- Establishing our ESG oversight and governance structure
- Completing an assessment of our GHG emissions baseline (scope 1 and scope 2) for our Group operations
- Commencing the development of metrics against our material sustainability priorities on which to measure our progress in future years.



## Material Sustainability Priorities

To identify the most pertinent Sustainability issues for PWR, we conducted a materiality mapping exercise which incorporated feedback from internal and external stakeholders. This exercise identified a list of ten material issues aligned to four sustainability pillars and importantly aligns to the Task Force on Climate Related Financial Disclosure (TCFD) Framework which PWR will be required to report against.

 We Manage our Environmental Footprint	Action on Climate Change Circular Economy and Waste
<p><b>Action on Climate Change</b></p> <p><b>PWR is committed to playing its part in developing lower emissions technology to support customers and help to build a sustainable world for the next generation.</b></p>	<p>Aluminium is PWR’s main raw material used in its products. Aluminium is an energy and Green House Gas (GHG) intensive raw material to produce. This priority relates to PWR’s actions to combat climate change through energy consumption and the release of greenhouse gas emissions, both in its own operations and throughout the value chain.</p> <p>It includes PWR’s management of energy in the manufacturing process, measures taken to improve energy efficiency and intensity, energy mix, as well as grid reliance.</p> <p>It also encompasses PWR’s release of greenhouse gases and/or its precursors into the atmosphere over a specified area and period of time. Critically, it seeks to address the emissions intensity of the production process, as well as the upstream and downstream elements of the supply chain.</p>

### What We Currently Do

- PWR ensures that exhaust gases generated in the manufacturing process are removed via activated compounds prior to being released into the environment
- PWR’s Environmental Management System is accredited to ISO 14001
- We seek to manufacture less carbon-intense thermal cooling solutions for our customers
- We work with our customers to aid them in working towards their environmental footprint targets
- We invest in research and development for emerging technologies
- PWR’s three manufacturing sites facilitate product manufacturing closer to our customers reducing the distance products have to travel via air, sea or road to our customers
- PWR is not subject to the Federal Government’s National Greenhouse and Energy Reporting (NGER) Scheme. We have however undertaken scope 1 and 2 baseline emissions calculations for our global operations as follows:

PWR Location	(t CO2-e) <sup>1</sup>
Ormeau, Australia	2,853
Rugby, United Kingdom <sup>2</sup>	43
Indianapolis, USA	2,342
<b>TOTAL</b>	<b>5,238</b>

1. References for emissions factors used:

AUSTRALIA FACTORS Report per t <https://www.cleanenergyregulator.gov.au/NGER/Forms-and-resources/Calculators>

UK FACTORS Report per kg and converted <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

USA FACTORS <https://ghgprotocol.org/calculation-tools-and-guidance> [https://www.epa.gov/system/files/documents/2023-03/ghg\\_emission\\_factors\\_hub.pdf](https://www.epa.gov/system/files/documents/2023-03/ghg_emission_factors_hub.pdf)

2. Operational from February 2023

### What We Plan To Do

#### FY2024 and FY2025

- Explore opportunities to reduce our scope 1 and scope 2 emissions given, without intervention, our emissions will grow as we do
- Review classification of revenue in FY2024 to determine underlying exposure to vehicle power units and in FY2025 - report the outcome
- Undertaking an initial upstream scope 3 emissions assessment of raw material inputs is targeted for FY2025

#### FY2026 to FY2028

- Implementing processes to capture data for scope 3 emissions (FY2026)
- Identify opportunities to reduce carbon intensity for Scope 1 and 2 (FY2026), Scope 3 (FY2028)
- We will look at financial impact aligned with the recommendations from the Task Force on Climate Related Financial Disclosures with the overarching objective of understanding our baseline so we have a foundation on which to build realistic targets. We aim to have FY2027 as our comparative year and commence reporting in FY2028 aligned with the IISB disclosure requirements
- We will actively explore renewable energy sources for any new factory we identify for our operations in future years

# Our Sustainability Framework, Pillars and Material Sustainability Priorities

continued



We Manage our Environmental Footprint

Action on Climate Change  
Circular Economy and Waste

## Circular Economy and Waste

Integrating and advocating good sustainability practices in PWR’s global operations. We take every opportunity we can to recycle from our raw material to our coffee cups!

PWR is conscious of its environmental impact through the waste produced through raw material offcuts, packaging materials, and the end of life of its sold products, as well as the potential exposure to toxic waste management and packaging regulations. Specifically, this topic considers the processes and actions required to manage the impacts of waste from its inception to its final disposal including waste minimisation.

It also covers PWR’s operations and the existence and strength of its environmental management systems to manage potential environmental impacts.

### What We Currently Do

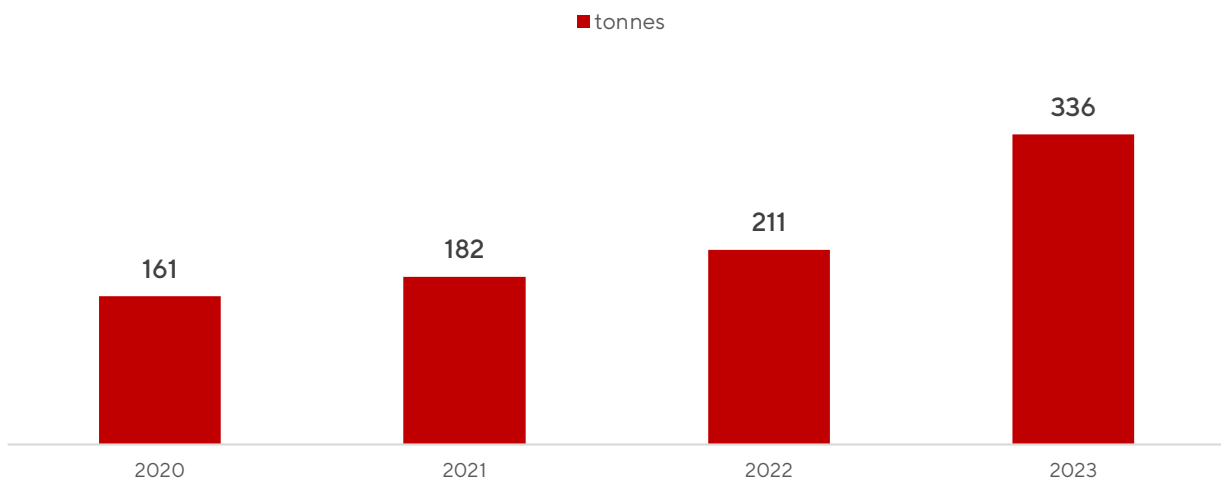
- Recycling raw materials, cardboard and office materials
- Disposal of wastes and hazardous materials in accordance with government regulations
- At PWR, aluminium is used almost exclusively in the production of our high-performance cooling solutions. This material is abundant, easy to fabricate and one of the most widely recycled materials. During the FY2023 we recycled 336 tonnes of aluminium.

### What We Plan To Do

- Taking a global and consistent approach to recycling our raw material across three sites through the development of a Recycling Policy
- Investigating product packaging and other recycling opportunities across our business

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Tonnes of Aluminium Recycled per Financial Year





 <b>We Create Meaningful Relationships with our Passionate People</b>	<b>Developing Passionate People Health, Safety and Wellbeing Diversity</b>
<p><b>Developing Passionate People</b></p> <p><b>At the heart of PWR is its people. We believe in them and ensure they have access to learning and development opportunities.</b></p>	<p>Passionate People are written into PWR’s corporate purpose and are critical to the success of the business. This topic relates to PWR’s approach to employment or job creation including hiring, recruitment, retention and related practices, and the working conditions we provide. Specifically, this topic considers the establishment and strengthening of employee and employer relationships through measuring employee satisfaction, identifying and resolving workplace issues, and approaching communication of significant operational changes.</p> <p>The topic also relates to PWR’s approach to training and upgrading employee skills including improving performance, capabilities and resources. For example, the use of performance and career development reviews and the management of career endings due to retirement or termination.</p>
<p><b>What We Currently Do</b></p> <ul style="list-style-type: none"> <li>- Targeted and effective approaches to talent and recruitment management</li> <li>- Succession planning and growth of key talent through time in critical roles, as well as relevant external training</li> <li>- Report on growth in employee numbers over the last 5 years</li> <li>- Continue to improve long-term workforce planning and talent management across the business</li> <li>- PWR-specific frontline leadership training program, including the use of a DiSC profile</li> <li>- Rewarding high performing staff</li> <li>- Recruiting apprentices, offering work experience to high school students, and investing in them to build a capable and committed workforce</li> <li>- Graduate engineering program provides an opportunity for recent engineering graduates to expand on their university studies.</li> <li>- International Secondment Program to give a small, selected number of employees an opportunity to work at a PWR manufacturing site in another country for 1 to 2 years</li> <li>- Monitor and manage our staff turnover</li> </ul>	<p><b>What We Plan To Do</b></p> <ul style="list-style-type: none"> <li>- Collect and analyse existing data to effectively communicate and report on workplace culture and human capital measures</li> <li>- Offering opportunities for staff to upskill by participating in a pilot delivery of a Certificate II in Engineering program which will be delivered onsite at PWR which upon successful completion will reward the participants with a nationally recognised, formal Australian qualification in Engineering and provide exciting opportunities to further develop a career pathway here at PWR</li> <li>- Build the PWR Academy</li> <li>- Tailored development plans for employees</li> <li>- Work towards reducing our rolling 12 month voluntary turnover to ≤20%</li> </ul>
<p><b>Read more about what we do</b></p>	<p>Our People Section on pages 35 to 45.</p>

# Our Sustainability Framework, Pillars and Material Sustainability Priorities

continued

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 We Create Meaningful Relationships with our Passionate People	Developing Passionate People Health, Safety and Wellbeing Diversity
<p><b>Health, Safety and Wellbeing</b></p> <p><b>PWR’s DNA calls out respect. Respect for our employees and respect for each other. We strive to ensure that a culture of respect promotes a safe workplace so that everyone goes home safe every day.</b></p>	<p>A culture of proactive health and safety management is critical to PWR, with critical safety risk management already included within executive short term remuneration. This topic relates to ensuring operations and work practices are designed to be safe, developing and ensuring a robust safety culture, and promoting workforce psychological and physical health through relevant programs and initiatives related to mental health and physical wellbeing.</p> <p>Mental health and wellbeing are also important components of PWR’s ability to have a positive social impact. PWR’s measures for the prevention of physical and mental harm to employees and customers, as well as the promotion of workers’ health, including health &amp; lifestyle benefits and employee wellness, will be addressed through this priority.</p>
<p><b>What We Currently Do</b></p> <ul style="list-style-type: none"> <li>- Lost Time Injury Frequency Rate (LTIFR) and safety leadership already included in executive short term remuneration. For FY2024, our Corporate Scorecard requires safety leadership and visibility as a key performance indicator to measure safety leadership activity in the business</li> <li>- PWR ran campaigns during the year to facilitate employees’ health and wellbeing by offering access to flu vaccinations and COVID boosters. We continue to also facilitate strong personal hygiene at all sites. Staff continue to have access to free COVID testing</li> <li>- Critical Safety Risks identified</li> <li>- Work Health and Safety Committee in place</li> <li>- Global Work Health and Safety Policy implemented</li> <li>- Wellbeing focus with freshly chef prepared morning tea and cooked lunches every day at Weely’s Diner in Australia</li> <li>- Staff globally have access to an employee assistance program</li> </ul>	<p><b>What We Plan To Do</b></p> <ul style="list-style-type: none"> <li>- Review existing safety training practices and induction sessions to identify areas of improvement that support the creation of an inclusive, safe culture that prioritises both physical and mental health and wellbeing</li> <li>- Collect data to effectively communicate and report on health, safety and wellbeing measures</li> <li>- Explore appetite for internationally recognised ISO 45001 and ISO 45003 alignment</li> <li>- Expand charter of Work Health and Safety Committee to explicitly cover wellbeing and mental health</li> <li>- Increase health and safety leadership capabilities within our global business</li> </ul>
<p><b>Read more about what we do</b></p>	<p>Our People Section on pages 35 to 45.</p>

 <b>We Create Meaningful Relationships with our Passionate People</b>	<b>Developing Passionate People Health, Safety and Wellbeing Diversity</b>
<p><b>Promoting Diversity</b></p> <p>Diversity and inclusion are considerations that form part of PWR’s long term commercial success and strategy.</p>	<p>PWR operates within an industry which has historically demonstrated a lack of diversity, in particular in relation to gender. This topic includes PWR’s actions to improve its performance around diversity and inclusion. Through promoting a corporate culture which embraces and values the unique contributions of its people with diverse backgrounds, experiences and perspectives to provide exceptional customer service and to make the Company a great place to work.</p> <p>It also encompasses the diversity PWR maintains within its Board (e.g. diversity in skills, gender, experience, qualifications, etc).</p>
<p><b>What We Currently Do</b></p> <ul style="list-style-type: none"> <li>- PWR currently collects data on employee gender identity</li> <li>- PWR has established targets for the number of women on the Board of Directors, and number of women in Executive Management over the next three years across its global sites</li> <li>- Work has commenced in Australia to establish Women in Engineering Programs and Trade based work experience programs for females</li> <li>- Embedded gender diversity into our Excellence objective</li> </ul>	<p><b>What We Plan To Do</b></p> <ul style="list-style-type: none"> <li>- Explore the collection of diversity data including on ethnicity</li> <li>- Increase female representation across our workforce and Board</li> <li>- Increase global female workforce representation to ≥20%</li> <li>- Explore flexible working arrangements that meet the needs of both the business and individuals</li> </ul>
<p><b>Read more about what we do</b></p>	<p>Our People Section on pages 35 to 45.</p>





# Our Sustainability Framework, Pillars and Material Sustainability Priorities

continued

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 <b>We Create Trusted Partnerships with our Customers Through Innovation, Quality and Design</b>	<b>Product Design and Quality Process Innovation Innovative Customer Solutions</b>
<p><b>Product Design and Quality</b></p> <p>PWR’s true value is realised through industry leading products and services with highly differentiated features and benefits compared to any potential competitor offer. Our willingness to engage in new developments and push boundaries of current capability is one of the defining characteristics of a relationship with PWR.</p>	<p>Excellence is one of PWR’s three corporate goals, and covers every aspect of what we do. This topic encompasses product design, safety, quality, and lifecycle management. This topic relates to PWR’s ability to limit the use of material inputs that could be associated with health concerns while addressing issues such as energy efficiency and end-of-life disposal of our products.</p> <p>In relation to safety and quality, this topic will address PWR’s efforts to mitigate adverse events such as equipment failures, manufacturing defects, design flaws, or inadequate disclosure of product-related risks.</p>
<p><b>What We Currently Do</b></p> <ul style="list-style-type: none"> <li>- Introduced capability for serialisation of products including full traceability of components and raw materials used in the production process back to raw material source</li> <li>- Track the remakes and reworks as a % of manufactured product, as well as warranty claims and customer returns, which are both a component of executive short term remuneration</li> <li>- PWR is ISO 9001 accredited and has invested in securing AS9100 accreditation (aerospace and defence quality standard) as well as National Aerospace and Defense Contractors Accreditation Program (NADCAP) accreditation (thermal and chemical management)</li> <li>- PWR forges long lasting relationships with integral supply chain partners</li> <li>- PWR has adopted KPIs for the business and its executives which include:             <ul style="list-style-type: none"> <li>- Emerging technologies revenue growth</li> <li>- Warranty claims and customer returns as % of total dispatched items</li> <li>- Cost of Poor Quality as a percentage of total sales</li> </ul> </li> </ul>	<p><b>What We Plan To Do</b></p> <ul style="list-style-type: none"> <li>- Focus on securing accreditation for the Australian Defence Industry Security Program (DISP)</li> <li>- Identify further opportunities for improvement in product quality and design</li> <li>- Reduce cost of poor quality by expanding and refining internal reporting and development of targets</li> <li>- Assess adequacy of targets in place around production accuracy and product quality to ensure continuous improvement</li> <li>- Continue to enhance the functionality of our ERP System</li> </ul>
<p><b>Read more about what we do</b></p>	<p>Our Emerging Technology section on pages 46 to 49. Our Intellectual Capital section on pages 50 to 53.</p>

 <b>We Create Trusted Partnerships with our Customers Through Innovation, Quality and Design</b>	<b>Product Design and Quality Process Innovation Innovative Customer Solutions</b>
<p><b>Process Innovation</b></p> <p>Technology and innovation are advancing at a rapid pace and we pride ourselves by being at the forefront of technological advances in the field of cooling. However it requires continuous investment and focus. Falling behind is not an option.</p>	<p>Innovation is critical not just to PWR’s products, but the way it produces them. This topic relates to PWR’s exploration of opportunities to innovate its processes to ensure automation, reduction of waste and offcuts and remake rates. This topic also considers the need to invest in training to encourage innovation.</p>
<p><b>What We Currently Do</b></p> <ul style="list-style-type: none"> <li>- PWR is continuously investing in research and development. In FY2023 PWR invested \$10.1m on R&amp;D activities (2022: \$9.8m)</li> <li>- PWR adopts quality control approaches in everything we do and uses advanced technology to problem solve for our customers</li> <li>- Undertook a Lessons Learned Workshop to identify opportunities for process enhancements to gain efficiencies during our busy period</li> </ul>	<p><b>What We Plan To Do</b></p> <ul style="list-style-type: none"> <li>- Continue to identify and report on opportunities for innovative production processes</li> <li>- Develop an automation vision and strategy</li> <li>- Assess the current spend on process innovation e.g. 3D printing and internal designs</li> <li>- Assess current training programs and their ability to encourage innovation within the workplace</li> </ul>
<p><b>Read more about what we do</b></p>	<p>Our Intellectual Capital section on pages 50 to 53.</p>



# Our Sustainability Framework, Pillars and Material Sustainability Priorities

continued

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 <b>We Create Trusted Partnerships with our Customers Through Innovation, Quality and Design</b>	<b>Product Design and Quality Process Innovation Innovative Customer Solutions</b>
<p><b>Innovative Customer Solutions</b></p> <p>Leveraging existing technology to new industries and continuous innovation and learning to remain an industry leader... our project engagement is one of true partnership with our customers with a shared goal to succeed in producing the best final product or solution.</p>	<p>Innovative solutions are at the core of our purpose. To continue to be the global leader in cooling technology we must continue to innovate and ensure that we are providing the solutions of tomorrow. This topic relates to PWR’s exploration of opportunities in the new less carbon intense related market areas such as the advanced technology industry and clean or low-carbon technology. E.g. hydrogen, end of useful life battery storage, exploration of potential strategic development initiatives in the clean technology space and the possibility of future revenue generation from such technologies.</p> <p>PWR is fortunate to be able to call some of the world’s leading companies and race teams its customers, and this provides our staff a tremendous source of pride in the work they do, and for the applications that their work serves. Our feedback from our key customer base is consistently that of partnership, where PWR is recognised and acknowledged as an integral part of our customer’s own team in the way that we work.</p>
<p><b>What We Currently Do</b></p> <ul style="list-style-type: none"> <li>- Solutions are developed in partnership with PWR’s clients and are bespoke in nature</li> <li>- PWR attends trade shows and keeps up to date with the latest advances in technology</li> <li>- PWR strategically invests in leading edge manufacturing technology and has spent \$15.0m on new equipment this year (2022: \$5.0m)</li> <li>- PWR has a strong governance process over recording our R&amp;D expenditure</li> <li>- Leveraging motorsports expertise into Aerospace and Defence</li> <li>- Providing services to our customers such as CFD/ Wind tunnel – going beyond just manufacturing their part</li> </ul>	<p><b>What We Plan To Do</b></p> <ul style="list-style-type: none"> <li>- Identify and report on opportunities to explore in the new less carbon intense related market areas</li> <li>- Begin to track key customer satisfaction metrics</li> </ul>
<p><b>Read more about what we do</b></p>	<p>Our Intellectual Capital section on pages 50 to 53.</p>



**Our approach to Corporate Governance is Driven by our Vision, Purpose and DNA**

**Ethical Business Practices  
Cybersecurity**

**Ethical Business Practices**

**PWR maintains high standards of ethical conduct and is committed to ensure that high standards of conduct are maintained by all staff.**

Trust and transparency are critical to the ongoing success of business relationships. We recognise that companies are evaluated on their oversight and management of business ethics issues such as fraud, misconduct, corrupt practices, money laundering and anti-trust violations. This is a key area of focus in the governance pillar and PWR recognises it is absolutely essential to embed good governance in everything it does for the benefit of both PWR and its customers.

This priority relates to PWR consistently acting according to its DNA and moral principles when dealing with areas of potential risk to oversight and transparency expectations, including corporate governance, insider trading, bribery, discrimination, environmental compliance, anti-competitive behaviour and corporate social responsibility.

This priority also captures ethical or controversial sourcing of materials. Controversial sourcing refers to PWR's dependence on and purchase of raw materials procured from conflict areas or through modern slavery, and the efforts around the traceability and certification of these materials.

**What We Currently Do**

- Comprehensive risk assessments on our supply chain
- Developed and implemented our Ethical Sourcing and Modern Slavery Policy
- Well documented and communicated Code of Ethical Conduct Policy which calls on the PWR DNA as our frame of reference
- PWR communicates with its shareholders through our AGM onsite in Australia where it hosts shareholder tours to better understand PWR's business and encourages questions from shareholders
- Regular and ongoing engagement with other key stakeholders including its customers through trade shows and sponsorships
- Committees which inform the Board on certain topics
- Governance framework to monitor performance
- Risk management approach involves scenario planning, stress testing and stakeholder feedback within the context of PWR's risk appetite
- Reporting on Board capability and experience
- Whistleblower policy and independent hotline in place

**What We Plan To Do**

- Collect existing data to effectively communicate and report on business conduct and ethics initiatives, policies and measures
- Education and feedback around the global operation of our whistleblower policy
- Establish a supply chain (and supplier engagement) strategy and procurement framework to adopt and maintain fair, inclusive and sustainable business practices
- Expand our customer feedback mechanism to track performance on business practices

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# Our Sustainability Framework, Pillars and Material Sustainability Priorities

continued



**Our approach to Corporate Governance is Driven by our Vision, Purpose and DNA**

**Ethical Business Practices  
Cybersecurity**

## Cybersecurity

Protection of PWR’s intellectual property and that of our customers is paramount. There are strict protocols in place to manage intellectual property.

Cybersecurity threats and data breaches are regular news stories, and currently at the forefront of customer concerns. Taking into consideration the profile of some of PWR’s customers, it is essential that their sensitive data is handled securely. This topic relates to PWR’s proper handling of sensitive data which includes personal, financial, customer, and intellectual property data. This topic considers the protection of digital data from destructive forces and unwanted actions of unauthorised users, such as cyber-attacks and data breaches.

### What We Currently Do

- Regularly undertake independent external reviews of our IT and potential cyber security exposures and have implemented all recommendations arising from these reviews
- Maintain strict confidentiality procedures for new technology and manufacturing processes
- Operate restricted areas within our manufacturing sites and do not permit phones or cameras on the factory floor
- Have a designated Executive member to take ownership of this area
- Developed a cybersecurity and privacy policy
- Undertook staff cybersecurity awareness training and embedded compulsory security awareness training as an ongoing program
- Developed a PWR global cybersecurity requirements checklist

### What We Plan To Do

- Begin the development of a cybersecurity ‘defence in depth’ strategy to secure PWR’s facilities, including well-timed detection at all layers of their technology stack with timely removal of threats to endpoints and the network to protect their perimeter
- The Chief Security Officer and Security Officer will regularly conduct risk assessments and update the PWR Defence Industry Security Program (DISP) developed security register and PWR Security Policies and Plans (SPP)
- Work towards CMMC2.0 (Cybersecurity Maturity Model Certification) which will transition from NIST SP 800-171
- Upgrade surveillance systems to monitor sensitive areas
- Issue employee name tags and ID cards
- Strengthen the current Data Loss Prevention policies
- Ongoing security awareness training for PWR employees
- Ongoing program of external and internal penetration testing, and Incident Response tabletop exercises

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**Our Value Creation Framework**

# Our Relationships and Resources

 **Customers and Stakeholders**

 **Our People**

 **Emerging Technology and New Industries**

 **Intellectual Capital**

 **Governance and Risk Management**

## Customer and Stakeholder Relationships

We create value through focusing on what matters most to the many stakeholders of our business. The relationships we develop with our many stakeholders directly impacts the success of PWR.

### Building Trust and Respect

Genuine relationships built on trust and respect underpins the successful achievements of PWR, while providing the foundation for successful growth in the future. At the forefront our success in delivering value are:

- Customer Service | Responsiveness | Product Range
- Quality | Knowledge | Capability

### Our staff are Passionate

PWR’s engagement between customer and staff is demonstrated by a can-do attitude and a desire to take on tasks and challenges like they are our own, to provide innovative solutions and solve complex challenges to serve the best interests of our customers. PWR’s true value is realised through industry leading products and services with highly differentiated features and benefits compared to any potential competitor offer. Our willingness to engage in new developments and push boundaries of current capability is one of the defining characteristics of a relationship with PWR.

### We Provide our Customers with Around-the-Clock Service

A global presence through Australia, Europe and the USA, with highly dedicated staff means we provide our customer base with around the clock service, and our project engagement is one of true partnership with a shared goal to succeed in producing the best final product or solution. Our feedback from our key customer base is consistently that of partnership, where PWR is recognised and acknowledged as an integral part of our customers own team in the way that we work.

### Employee Engagement

#### Employees’ Trip to Melbourne Formula One

It has been a long standing tradition within PWR that each year the company takes a select group of high performing staff from the prior year to Albert Park in Melbourne for the Formula One Grand Prix where they have the opportunity to see some of the results of their hard work in the products PWR supplies to Formula 1.

It’s a great team building experience and a further point of connection to their daily efforts for customers to have access to see and appreciate the importance of the products and services they are responsible for delivering. This is also an opportunity to hear firsthand from the teams, the positive influence PWR makes to a reliable and efficient race car. PWR was very pleased to be able to take 22 of its employees to the Melbourne Grand Prix in 2023.





## Our Value Creation Framework

# Customer and Stakeholder Relationships

continued

### Our Prospective Employees - PWR Job Fair

With unemployment at an all time low in Australia, it is a tough recruitment market. Thinking of innovative ways to attract talent, PWR's Australian facility held its very first Jobs Fair. The event was a great success with many staff giving up their Saturday to support the day and future similar events are planned.

Our efforts were supported by Toby Price and his undefeated Redbull TSCO Trophy Truck which was displayed alongside a TA2 two-seater race car from the TA2 Muscle Car Series. Both vehicles are a rare sight outside of competition and are often in pieces between races due to undergoing maintenance and repairs. Having these vehicles made available to PWR between racing commitments is a testament to the close relationships we have with our customers and a strong attraction tool for our prospective employees.



Kees Weel, Managing Director talking to attendees at the PWR Job Fair



### Some key statistics:



**250+**

attendees on the day



**90**

applications and Expressions of Interest received (within 48 hours post event)



**70**

people taken on site tours on the day



**40**

job interviews conducted on the day



**Bringing Our Employee and Customers Together**

PWR is fortunate to be able to call some of the world’s leading companies and race teams our customers, and this provides our staff a tremendous source of pride in the work they do, and for the applications that their work serves.

PWR is extremely proud of its company uniform, but it has long been a tradition that PWR staff are encouraged on a Friday to wear shirts that represent our customer base. Fridays will see staff wearing motorsport team shirts from Formula 1, Moto GP, NASCAR, WRC and Supercars to name just a few, as well as representation of other prestige marques from the automotive industry. This tradition serves as a constant reminder of importance in the role PWR plays in supporting this customer base, and that our staff are an extension of our customers own teams with each playing a critical role in the success of delivering a high quality and high performing end product or solution.

Our customers are appreciative of this demonstration of our partnership and are supportive with initiatives supplying discounts and access to their branded merchandise to PWR staff, because all parties benefit from the increased engagement this delivers.

**Shareholder Engagement**

**Our Annual General Meeting is Dedicated to our Shareholders**

PWR is always keen to show our shareholders what we do.

Our 2022 AGM provided a great opportunity for PWR to invite Investors and shareholders to our Australian facility and to be able to share examples of our latest product developments, as well as tour the factory providing valuable insight into the significant investments made by the company to support the adoption of latest advanced technologies and manufacturing capabilities.

Events such as these are hugely successful, with very positive feedback received and attendees impressed by the scale and presentation of the facility. This platform provides an ideal opportunity for effective communication to our shareholders engaging with PWR tour hosts and staff to better understand PWR’s business, products and services that support the opportunities ahead.

An overwhelming trend of feedback received from our AGM was positive towards our staff regarding their knowledge and passion for PWR, our products and our customers. The open forum created by hosting events such as this delivers positive results for shareholders and staff alike with the ability for all to engage in discussion around common points of interest behind PWR. This is certainly a platform that PWR plans to retain and grow in the future.



Matthew Bryson, Chief Technical and Commercial Officer hosting an AGM tour



Kees Weel, Managing Director presenting to shareholders at the AGM



Ben Nielsen, Senior Project Engineer, hosting a tour at the AGM



## Our Value Creation Framework

# Customer and Stakeholder Relationships

continued

## Community Engagement

### Australian Defence Force Capability and Technology Management College Visit

PWR had the privilege to host 44 Defence personnel from the Australian Defence Force Capability and Technology Management College taking part in their Masters level course.

The diverse group of men and women had the chance to tour PWR's facilities and gain an insight into the cutting edge capabilities housed at our Australian Head Quarters. This visit presented a great opportunity to raise awareness of the PWR brand and our achievements, whilst allowing our engineering team to engage directly with Defence personnel on potential future project needs.

### Brisbane Supercar Club Visit

PWR was pleased to host an open day for the Brisbane Supercar Club at PWR's Head Quarters in Australia.

The event was highly successful with 45 people and 25 supercars in attendance. The team organised to have a coffee van onsite, plenty of high-end products on display and provided an audio system with headsets so that the attendees could hear the tour guides as they conducted the factory tours. The tours walked the club members through each department following the manufacturing process from start to finish. The team also included the Wind Tunnel, Additive Manufacturing department and the Micro Matrix department which proved to be popular with the people in attendance.

The response from the attendees was overwhelmingly positive, everyone was extremely impressed with the facility, our capabilities and PWR's story.



Members of the Australian Defence Force Capability and Technology Management College on a site visit to PWR Australia



Brisbane Supercar Club Visit to PWR Australia



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**Sponsorships**

PWR proudly supports key figures in several of our target markets through product sponsorship. These sponsorships are mutually beneficial for both PWR and our partners and assist in drawing a direct link between our brand and some of the most respected names in the business. These sponsorships range from grass roots motorsport competitors such as Tyler Collins Motorsport in the Australian Excel cup series through to the Repsol Honda Team competing in MotoGP.

We also work with social media influencers such as Shaun Whale and Bailey Winen from 4WD 24/7 who actively promote our products to the Australian 4WD industry. These partnerships have proven to be a valuable source of marketing content which is then shared with their extensive network of social media followers, further increasing our brand’s reach.

PWR’s list of sponsorships also includes high profile partners such as Mad Mike Motorsport, Patriot Productions, TA2 Muscle Car Series, Queensland Raceway, Willowbank Raceway and KIR Drift.



**Customer Engagement**

PWR is an extension of our customer’s team when it comes to collaborating with them to design and manufacture the very best thermal solution for their application, however the extent of our commitment does not end there, and reciprocal of our efforts to integrate with our customers and go the extra mile, our customers happily recognize our close collaboration.



**CASE STUDY**

**PWR enjoys excellent relationships with our customers, where our technical and manufacturing efforts are seen as an extension of our customers own team.**

As such our customers often make special efforts in recognition of PWR’s commitment.



In this last 12 months during our European customer visit schedule, our visiting engineers went to lunch after meeting completion with one of our customer teams based in Italy. The restaurant of choice being a famous location, popular with team members and tourists alike, with its walls adorned with Formula One memorabilia from race and championship winning cars and drivers. The history and significance of some of the items on display in the venue confirming it to be a truly iconic location.

A few months after this visit we were reached out to from some of our close customer contacts to share an image of a new addition of memorabilia, a PWR Formula One radiator assembly, that had been mounted to the wall in this historic location, and some of our close customer contacts taking pride in sharing this acknowledgment with PWR staff.



## Our Value Creation Framework

# Customer and Stakeholder Relationships

continued

### Shows

PWR is committed to maintaining a high level of community and customer engagement which is largely achieved by getting out and talking directly to people in the community at shows. Globally PWR invested in attending 30 shows in FY2023 which was a substantial increase on previous years. These shows include Performance Automotive events, 4X4 shows, Aerospace and Defence shows, Motorsport events, industry trade shows, local community events and facility open days.

These events are a great way to network and hold meetings with both current and potential new trade customers and gain valuable insights into market trends and changes in market conditions. The teams are also able to speak directly to end users of our products and get valuable feedback about our product range and what new products PWR should look to develop next.

Shows are also a great way to increase brand awareness and share PWR's incredible story with the world. PWR's passionate team of representatives are always eager to talk about the company's heritage, new products and our affiliation with elite motorsport teams and OEMs. Many of PWR's employees are also passionate automotive enthusiasts which is reflected in their interactions with customers and the community.

### Supplier Engagement

PWR is proud to be an extremely vertically integrated business taking control of most processes to deliver our products and services; however, we still have a very important supply chain with integral partners we forge long lasting relationships with to deliver to the high quality and service expectations of PWR and our customers. Just as PWR is considered a critical link in our customers supply chain, PWR relies on exceptional partners in our own supply chain to deliver world class service.



## CASE STUDY

### 2022 SEMA Show

PWR North America and PWR Australia representatives attended SEMA 2022 in November 2022. SEMA is the world's largest automotive trade show and is held annually in Las Vegas, The show attracts more than 161,000 people each year from more than 140 countries outside of the USA. The show covers 2.2 million square feet at the Las Vegas Convention Centre and features over 2,400 exhibiting companies and 1,500 feature vehicles.



PWR Stand at the 2022 SEMA Show in Las Vegas



# Our People

At the heart of PWR is its people. We believe in them, support their health, safety and wellbeing and ensure they have access to learning and development opportunities.

We encourage a workplace that is diverse, empowered and demonstrates good decision making and one which fosters innovation and high productivity.

### PWR DNA and Code of Conduct

The PWR DNA defines us and is a key consideration in all decisions we make and interactions we have with our people. It is embedded in our Employee Handbook, new employee induction program and employee reward and recognition programs. It is also at the core of our annual Performance and Development Review process.



PWR Australia staff enjoying the annual Christmas lunch



### RESPECT

We are polite and courteous

We respect the PWR uniform and take pride in our personal appearance

We look out for our team-mates

We turn up to work on time



### PASSION

We are solutions focused – we take customers problems and make them our own

We have a positive ‘can do’ attitude

We take pride in what we do



### TEAMWORK

We work together

We talk to each other

We chip in when one of the team is under pressure

We solve problems together

Our Code of Conduct ensures that PWR consistently strives for the highest standards of business conduct possible, including:

- the creation of sustainable value for shareholders and other stakeholders
- compliance with the law
- respect for local cultures
- a healthy and safe workplace
- responsible environmental management
- integrity, fairness and respect in its interaction with others.

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ONE VISION  
ONE MISSION  
ONE TEAM

**ONE PWR**



RESPECT



PASSION



TEAMWORK

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### Employee Recognition

At PWR we recognise those employees who live the PWR DNA and go above and beyond their role, assist and support others and show initiative.

- PWR Employee of the Month - 2 employees are chosen from a pool nominated by supervisors.
- PWR Employee of the Year - the employee of the year is chosen from a pool nominated by supervisors and management.
- PWR Apprentice of the Quarter.
- PWR Apprentice of the Year.
- Annual Christmas Lunch - just before Christmas on site.
- Employee Referral Program - receive cash incentives for referring someone to come and work at PWR.
- Trip to Melbourne Grand Prix - highly coveted, a small number of outstanding employees get the opportunity to attend the Melbourne Grand Prix as part of the PWR Team.
- Discounts and Freebies - discounts for PWR staff at several local suppliers.
- Recognition of service anniversaries.

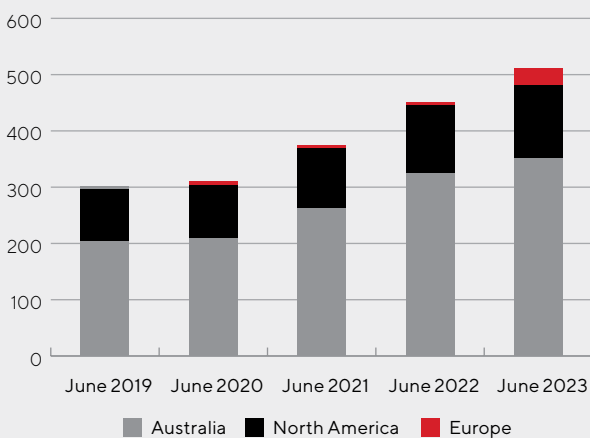


Nathan Pierson, Kelcy McNee and Jake Nicholson

### Growth in a challenging employment market

The Labour market continued to present challenges over the year globally, with low candidate availability and high recruitment demand and unemployment remaining low in Australia, USA and UK. Despite these challenges, globally, PWR grew employee numbers by 13% over the year, continuing our progressive growth over the last five years.

### Employee Numbers



60

Expanded our team to employ an additional 60 people globally



**Our Value Creation Framework**

**Our People**

continued

**Welcoming the PWR Europe Team**

The growth of the PWR Europe operation including the acquisition and integration of two external businesses culminated in a move to larger premises in Rugby UK. By the end of June 2023, the team had grown from 6 to 30, with production and distribution now operational. We have been delighted to offer exciting career paths for the team in our state-of-the-art facility as it continues to grow from strength to strength.



PWR Europe Team outside the new PWR Factory in Rugby, UK

**Welcome to Wayne Rodgers, Executive General Manager, PWR Europe**



Wayne started with PWR in January 2023 and has overseen the integration of Dockings Engineering and Bespoke Motorsport Radiators into the new PWR Europe facility at Rugby, UK. Wayne brings over 22 years of experience within the Motorsport and Performance aftermarket sector, along with 10 years of race experience as a co-driver. With a proven track record of enhancing business growth, operational efficiency and profitability, Wayne has enjoyed international success in both Europe and the US motorsport and performance markets.

Wayne was previously Head of Performance and Motorsport UK – Business Development at Goodridge, Managing Director of Marchesini Wheels (a subsidiary of the Brembo group), director of Brembo USA Performance aftermarket, Technical Sales Manager of Federal Mogul’s Ferodo brand and Motorsport Sales Manager for Silkolene.



**CASE STUDY**

**Wayne Osgood**

PWR Europe has a young welder on a traineeship with college day release commencing in late 2023.

Wayne Osgood commenced employment with Docking Engineering in 2011 as a Workshop Assistant. With the acquisition of Docking in August 2022, Wayne transferred to PWR as a Manufacturing Production Assistant (a directly equivalent role to the one he held previously). Wayne has a long-held desire to train as a welder, and since the move to PWR he has demonstrated genuine interest in the fabrication side of the business. This has led to him being promoted to the Centre Bench Lead position. At the same time, he enrolled himself on evening classes to learn welding, and in support of his personal commitment PWR are now funding the cost of these classes.



*“PWR Europe has made good progress improving conditions and responding to the needs of staff and it made me happy that the team from Dockings transitioned to PWR. On a personal note, I am very pleased that PWR is supporting me on my journey to become a qualified welder.”*

Wayne Osgood


## We support Schools and Apprentices with Development Opportunities


Our Apprenticeship and School Work Experience Programs are well established as key components in our strategy of building future talent for PWR.

We take a particular interest in recruiting apprentices, offering work experience to high school students and investing in them to build a capable and committed workforce to maintain PWR's exceptional quality workmanship and customer service.


### Achievements


 **7**  
New apprentices signed up in PWR Australia

 **4**  
Apprentices completed and transitioned to fully qualified tradespeople

 **35**  
Work Experience Students spent time at PWR Australia

 **18**  
Internships hosted at PWR North America

 **1**  
Technical student work placement hosted at PWR Europe

 PWR Europe commenced a welding traineeship

## Work Experience Program

During the year we had 35 Work Experience students spend time on a placement at PWR Australia, where they were exposed to several of our production areas in a structured and supervised program. At PWR Europe we hosted an engineering student on a work placement from Silverstone University Technical College on a 45-day placement spread over the year. PWR North America hosted a successful internship program with 18 placements over the year, 4 of those have since been hired into PWR as full time employees.

### Lani Morris – From Work Experience to Apprentice to Trade Qualified CNC Machinist



Lani first approached PWR Australia in 2018 to enquire about a possible work experience placement. At that stage she was in Year 12 at High School and had already decided that she wanted to undertake a career as a fitter and turner. She secured a place on the PWR Work Experience Program and after successfully completing the placement she applied for and gained full time employment with us as a Manufacturing Production Assistant in the Machine Shop. In 2020 she secured herself a place on an Apprenticeship with PWR which she completed in 2023; she is now a trade qualified CNC Machinist working in our Machine Shop.

*"I am enjoying my time at PWR, it's a great environment here with lots of opportunities to develop your career. Longer term I want to progress into a leadership role and continue my career growth."*

Lani Morris



## Our Value Creation Framework

### Our People

continued

#### Apprenticeship Program

At PWR Australia we signed up 7 new Apprentices during the year, resulting in a total of 37 Apprenticeships underway by the end of June 2023 and during the year we were pleased to see 4 Apprentices complete their training and transition to fully qualified Tradespeople.

#### Joe Van Galen 2022 Apprentice of the Year



Our Apprentice of the Year 2022 was Joe Van Galen. Prior to joining PWR, Joe was studying at university and working in the hospitality industry. However, his true calling was in welding and fabrication led him to leave university and pursue an apprenticeship. This decision marked a turning point in his career, and his dedication eventually led him to PWR.

One aspect that surprised Joe about working at PWR is how apprentices have the opportunity to progress as if they were tradesmen. This inclusive and supportive environment has further fueled his passion for his craft. One of Joe's proudest work-related accomplishments is learning to weld a Red Bull F1 CAC (Charge Air Cooler) system. This complex project showcased his technical proficiency and marked a significant milestone in his career.

When asked about what led him to pursue a career at PWR, Joe emphasized his desire to find an apprenticeship in welding and fabrication; *"the opportunity to work with experts in the field and learn from their wealth of knowledge"*.

Joe Van Galen

#### Leadership Development Programs

The PWR specific Frontline Leadership Training Program continued at PWR Australia, with a series of short, targeted sessions covering key topics, followed by a session on applying each of the learnings. Subject areas delivered included PWR's Expectations of a Leader, Workplace Health & Safety, Managing Performance, the Accentis Program and Strategic Direction. PWR North America also delivered a Leadership Program during the year, with topics including Effective Communications, Becoming a Leader, Managing Stress, Project Management Problem-Solving and Team Building.



PWR Leaders working together on a leadership challenge

#### Graduate Engineer Program

PWR's graduate engineering program provides an opportunity for recent Engineering Graduates to expand on their university studies. Offered as a 2-year program, they will benefit from the insight and support of experienced engineers and production team members who have worked on innovative and leading-edge product development in the motorsport, automotive, aerospace and defence industries. Their guidance will help the journey to transition from an Engineering Graduate into an experienced Professional.

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**Chris Hopgood – From Graduate Engineer to Special Project Engineer in Aerospace and Defence**



Chris joined PWR in May 2021 as he was approaching the end of a dual Bachelor of Mechanical and Aerospace Engineering/ Bachelor of Science degree at the University of Queensland. He has a keen interest in aerospace engineering as well as a passion for automotive engineering, having worked on the two-year restoration of a 1969 Ford Mustang Mach 1 with his Father. PWR is the perfect place to develop his career with exposure to his engineering fields of interest. In January 2022 Chris took up a place on the PWR Graduate Engineer Program, which saw him gain experience in our Vacuum Braze Department. He has now been appointed to a position as a Special Projects Engineer in PWR Aerospace & Defence.

*“The PWR Graduate Engineer Program provided me the opportunity to gain a hands-on understanding of the fundamentals behind a range of PWR products. The transferring of technical and manufacturing skills between departments has further strengthened my problem-solving ability, making it easier to tackle each new challenge.”*

*The extended placement in vacuum brazing allowed me to really investigate and dive into projects and put some serious time into development. Understanding the processes involved and the interactions with other people and departments has helped me in my career journey. My new role as Special Projects Engineer is the culmination of my university studies and diverse PWR experience, which I am excited to bring together.”*

Chris Hopgood

**International Secondment Opportunities**

During the year we continued our International Secondment Program by giving two employees an opportunity to work at a PWR manufacturing site in another country for 1 to 2 years, with PWR supporting the visa application and contributing to relocation, accommodation and motor vehicle costs.

**Ben Jackson  
Contributing to the growth of PWR Europe and some sightseeing on the side**



In early 2017, Ben joined PWR after graduating from Griffith University with a Bachelor of Engineering with Advanced Studies. He commenced in the Specialty Build Department as a Junior Engineer and over the following years developed his career within PWR into a role as Project Engineer and then Senior Project Engineer. With the move to the new Rugby UK site for PWR Europe and the establishment of manufacturing capability, a need was identified for an injection of skills and experience from PWR Australia. In January 2023, Ben took up a 2-year secondment opportunity to PWR Europe as Engineering Manager.

*“It is an exciting time to be here at PWR Europe, as we grow at a rapid rate. It has been great to get the opportunity to assist with setting up the new factory, starting to build a strong engineering team here in the UK while also being able to visit in person our European customers to continue to build our strong relationships. On a personal note the move has allowed me as well to experience the cultural difference of living in the UK and the ability to be able to travel easily to Europe.”*

Ben Jackson

## Our Value Creation Framework

### Our People

continued

#### Employee Health, Safety and Wellbeing

At PWR, our employees are at the heart of the business and their safety and wellbeing remain the highest priority. PWR's key focus is on preventing work-related injuries, illnesses and incidents as well as protecting and promoting the wellbeing of our team members.

#### Key Focus Areas in FY2023

During the year, the business focused on building a global approach to safety management through increasing safety leadership capability and visibility and further understanding critical safety risks as the business grows and evolves.



Although our Lost Time Injury Frequency Rate (LTIFR) for the year was 61% lower than the industry standard<sup>1</sup>, our global LTIFR of 9.64 across the PWR Group was disappointing and indicates we have more work to do on embedding our safety expectations and behaviour across our sites



We invested in our people leaders to equip them with the knowledge and skills to strengthen their leadership and effective communication capability



We launched our random drug and alcohol testing for our Australian workforce this year. Since the launch of this program in February 2023, we have conducted a total of 161 tests on 129 employees



We focused on proactive injury management and early intervention for injured employees



We facilitated free flu vaccinations and COVID boosters at our Australian operations

<sup>1</sup> <https://data.safeworkaustralia.gov.au/interactive-data/lost-time-injury-frequency-rates>

#### Wellbeing

Weely's Diner at PWR Australia continues to be a real point of difference, providing breakfast, morning tea and a cooked lunch for every employee, every day, free of charge. A well fed and hydrated workforce is happier and more productive. Furthermore, taking a planned and proper break from the work area helps our staff to refresh and interact with others – especially those from other teams or departments, where they exchange ideas and return to work rejuvenated.

This year we welcomed back Grant Cook as Head Chef at Weely's Diner. Grant was the original Chef at PWR in Australia and worked with the business for 14 years. He recently returned from overseas where he was working with a friend at his bakery/café; he is happy to be back and is delighted to be a part of a strong team. Along with Grant's return to PWR, we also welcomed a new Chef, Damien Boodhun. Damien has over 25 years of chef experience and has proven to be a fantastic addition to the Weely's Diner team, working alongside our kitchen hand, Kopu Neale.



Weely's Diner: Kopu Neale, Grant Cook and Damien Boodhun



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220,000

Served over 220,000 free meals to our 351 employees at our Ormeau facility

The feedback from staff has been fantastic, with responses to surveys including the following comments:

“Amazing food!! we are so lucky to have 2 fantastic chefs back, Thank you!!! Soup is beautiful in winter, the scone was fluffy and light, both with incredible flavours”

“Grant has really brought the joy back to meals at PWR. Has everyone looking forward to it again. The consistency of high level/restaurant quality meals is amazing.”

“Grant has really added life back into the kitchen. We are so happy to have him back.”



Kopu Neale serving up morning tea in Weely’s Diner

### Supporting Community Wellbeing Initiatives

#### Hearts of Purple

In August 2022, PWR Australia commenced support of Hearts of Purple – a Not-for-Profit Charity based in QLD assisting high risk Domestic Violence victims, and those in crisis situations. The organisation is run by volunteers from the community, raising funds through the 10 cent bottles and cans recycling program. Purple wheelie bins are located on site and the funds raised are used for a number of initiatives including providing at risk victims of abuse with a special security device that can sound alerts and contact emergency numbers.



#### Versiti’s Lifesaving Mission

In December 2022, PWR North America team members took the opportunity to give back to the community by supporting Versiti’s lifesaving mission. Versiti’s mission is rooted in saving lives through blood donation, blood research, organ and tissue donation, diagnostic testing, and more. In addition, giving back to the community has become essential in our journey at PWR. The team also came together to help provide a delicious Thanksgiving meal for four needy families. We are extremely proud of our team’s efforts.





## Our Value Creation Framework

### Our People

continued

#### Diversity

At PWR Gender Diversity is a key strategic focus for us. We believe in the benefits of having a diverse workforce. We believe there are many benefits in what has been a traditionally male dominated environment to increase the number of women and are working on programs to attract and retain talented women in our workforce.

#### Celebrating International Women’s Day at PWR

PWR celebrated INTERNATIONAL WOMEN’S DAY; an annual celebration of the social, economic, cultural and political accomplishments of women and has been observed since the early 1900’s. PWR is extremely proud of the women who are a part of our company and the achievements they have accomplished.



PWR North America Women celebrating International Women’s Day



PWR Australia Women celebrating International Women’s Day



#### CASE STUDY

#### Women in Leadership Roles – Kirra-Lee Goldfinch

Kirra-Lee joined PWR in 2018 after working at a local 7/11 since completing school in 2016. Starting as a production hand, she has progressed to Quality Supervisor, marking a significant milestone in her journey. Reflecting on her time at PWR, Kirra-Lee’s greatest achievement is her personal progress. With support from her supervisor and colleagues, she quickly learned and advanced from a junior quality inspector to a quality coordinator and now holds the position of Quality Supervisor.

As a Quality Supervisor,, Kirra oversees part inspection and ensures smooth processes in the Q.C. department. Her attention to detail and high standards contribute to the department’s success. Working at PWR, Kirra-Lee finds joy in the collaborative atmosphere, learning from peers and experiencing a supportive and motivating environment that fosters growth. We were delighted to award Kirra-Lee Employee of the Year 2022.



*“Looking back and seeing how far I have come has got to be the best achievement. When I first started, I knew absolutely nothing but with the support of my then supervisor Jason and a wide range of people around me I was able to learn more than I could imagine.”*

Kirra-Lee Goldfinch



PWR Australia ran a Female Work Experience Program in September 2022, one of the participants returned for further periods of Work Experience with us and has now secured an Apprenticeship with PWR.



PWR Work Experience Students: Zoe Coplick, Alyssa Watson, Ana Tsompanellis (PWR Leader) and Jordyn Davis-Hurrell

Gender Diversity Targets for the 3 years FY2023 to FY2025 and achievement to date are as follows:

	2022 Actual	2023 Target	2023 Actual	2024 Target	2025 Target
Number of women on Board of Directors	1	1	1	2	2
Number of women in Executive Management	1	2	2	2	3
PWR Group Female representation:					
PWR Australia	16%	21%	16%	22%	23%
PWR North America	17%	21%	20%	22%	23%
PWR Europe	17%	10%	8%	12%	15%

# Our Emerging Technology and New Industries

At PWR, we provide leading edge cooling solutions to our customers in many industries and we leverage our knowledge, skills and capabilities to provide products to new industries for our cooling solutions, such as the aerospace and defence industry.

Our unique point of difference however is the way we stay ahead of the curve in the emerging technology space. Emerging technologies create real opportunity for PWR and its customers and are used by PWR and its customers to tackle climate change by working with customers to develop lower emission cooling solutions.

Thermally efficient heat exchangers are a key driving force in many processes requiring a chemical reaction. The use case can be for carbon capture from the atmosphere, where CO<sub>2</sub> is entrapped within special coatings on a heat exchanger surface, where it is later stored underground or used for product use. Additional use cases require heat exchangers to be used in conjunction with a catalyst to aid in the production of green fuels, as an alternative to fossil fuels.

Other opportunities for PWR exist across the sustainable mobility platforms, with the race to less carbon intense modes of transport heating up.

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## CASE STUDY

### Working with Universal Hydrogen – Making Carbon-Free Flight A Reality Today

Universal Hydrogen is a Los Angeles-based company that has gathered the world's leading aviation and hydrogen experts to build a hydrogen operating network to make clean aviation a reality in this decade. Hydrogen is, in many ways, the ideal aviation fuel. It is light, clean, safe, and will reach cost-parity with jet fuel by the middle of this decade. It is the only fuel that can decarbonize aviation in the near term.

The company takes a flexible, scalable, and capital-light approach to hydrogen logistics by transporting it in modular capsules over the existing freight network from green production sites to airports worldwide. Universal Hydrogen's innovation is to treat hydrogen as if it were cargo, making it easy to support zero-emission flight at airports anywhere without relying on new infrastructure.

Universal Hydrogen is also developing a conversion kit to retrofit existing regional airplanes with a hydrogen-electric powertrain compatible with its modular capsule technology to accelerate market adoption. Universal Hydrogen has commitments for over 200 regional aircraft conversions and has attracted investors such as Airbus Ventures, Toyota Ventures, GE Aviation, JetBlue and Fortescue Future Industries.

Universal Hydrogen worked with PWR to investigate high-performance charge air cooling and hydrogen-to-liquid heat exchange solutions for a 1-megawatt powertrain fuelled by hydrogen cells. Universal Hydrogen needed lightweight systems with high thermal efficiency to ensure successful heat management for the prototype powertrain ahead of flight testing.

This case study is printed with the permission of Universal Hydrogen

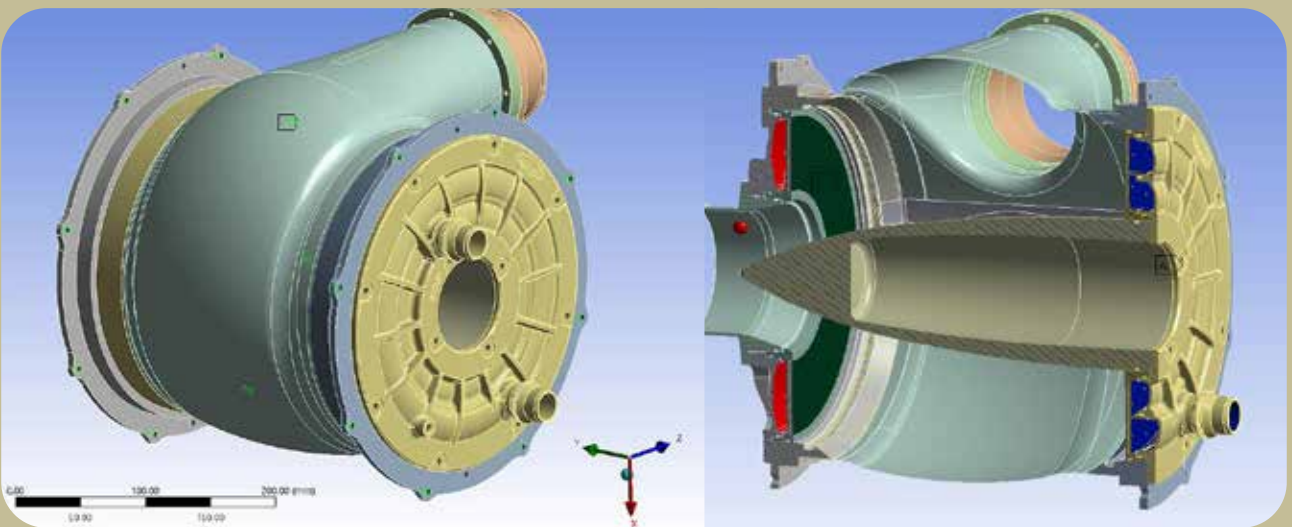


Converted aircraft being refuelled with hydrogen storage capsules. Image courtesy of Universal Hydrogen (2022).

The collaboration on the charge air cooler used a range of PWR’s in-house development tools and capabilities, including:

- Design support for concept phase
- Thermal predictions
- Computational Fluid Dynamics (CFD)
- Finite Element Analysis (FEA)
- Manufacturing
- Thermal calorimeter wind tunnel testing

The following images show the development of the Universal Hydrogen charge air cooler at each phase mentioned. In the CAD design phase, the teams achieve packaging, performance, and durability requirements.



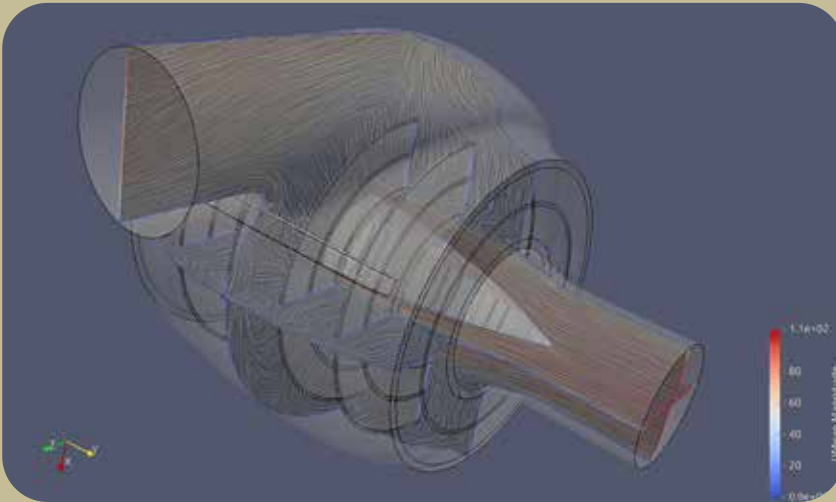
Complete and sectioned CAD of the charge air cooler assembly. Image courtesy of PWR internal studies (2022).

## Our Value Creation Framework

# Our Emerging Technology and New Industries

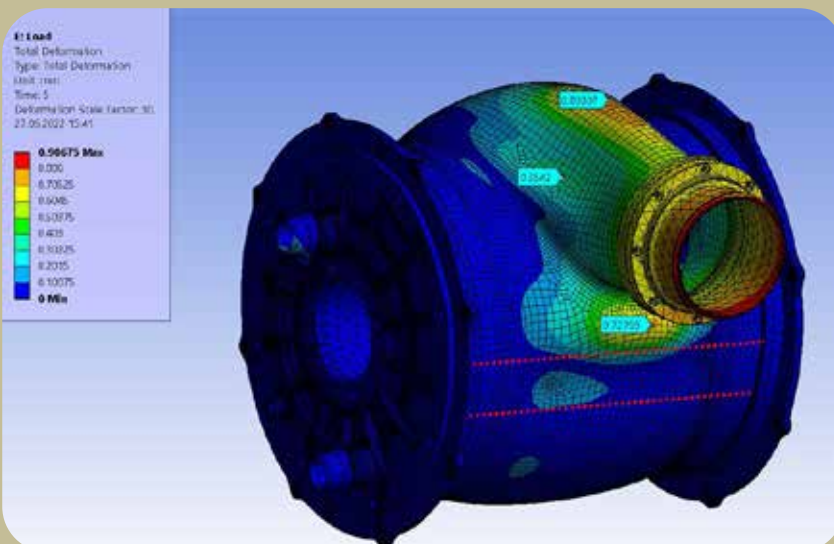
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The image below shows the fluid flow inside the charge air cooler assembly, as created by PWR's CFD software. The computer-generated internal streamlines show the magnitude of the charge air velocity and the distribution within the assembly as it flows from inlet to outlet. Both aspects are critical features to ensure correct performance and pressure drop of the unit. Performing this task pre-production allows PWR's customers to assess performance metrics and avoid lost time or investment in trial-and-error development.



CFD analysis of charge air cooler assembly. Image courtesy of PWR internal studies (2022).

Post CFD analysis, while still in virtual form, the unit progresses to FEA, otherwise known as stress analysis. The model image below shows the impact of high temperatures and pressure on the surface and features of the complete assembly, together with extreme axial loading for various flight scenarios. The colour gradient across the surface shows the different stress levels and allows PWR to confirm a pass/fail criterion to the customer.



FEA analysis of charge air cooler assembly. Image courtesy of PWR internal studies (2022).

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Once the model has gone through the above sign-off criteria, PWR's team progresses to manufacturing the physical assembly, in this case, using a high-efficiency PWR Micro Matrix Heat Exchanger (MMX), whose core is surrounded by a high-strength composite duct and connected to supporting billet-machined fluid tanks.



With the assembly complete, the unit progresses to PWR's thermal wind tunnel calorimeter for performance sign-off. This process allows PWR to provide Universal Hydrogen with a matrix of real-world performance information to plug into their aircraft propulsion models to verify the complete system. In addition, the wind tunnel testing step allows PWR to close the loop between our pre-production CFD simulation predictions and the real-world test. Through continuous improvement and tight correlations between CFD and testing, PWR can better deliver on our objective to provide the world's best cooling solutions.



Following early flight testing, PWR will continue to work with Universal Hydrogen to support the project as it moves through the validation, certification, and production phases.



# Intellectual Capital

To be an industry leader in the field of Thermal Management systems across multiple high value market sectors requires substantial investment in people, advanced manufacturing technology, capability, quality control and testing systems to deliver customized solutions to exacting standards.

To stay ahead we must always innovate and never be satisfied to be standing still even when business is strong. Our operational management aims to attract and retain talented staff, minimize waste and improve efficiencies, while our strategic management anticipates customer needs and industry trends to ensure PWR is well positioned to deliver on customer expectations and market opportunities in advance of their materialization.

PWR is committed to investing in its own success to build capability and capacity to support all of our market sectors to deliver solutions exceeding our customer's expectations.

## PWR Europe Greenfield Manufacturing Site

We expanded our capacity and capability in FY2023 by establishing a new manufacturing facility in Rugby, United Kingdom and moving our PWR Europe operations from Silverstone. PWR Europe also acquired Docking Engineering and Bespoke Motorsport Radiators during the year who also relocated to Rugby, expanding the Group's manufacturing capabilities and capacity to service our current European customers. This paves the way for PWR Europe to manufacture its products in the UK which has been a long-term objective of PWR. Our facility at Rugby will provide capacity for future growth opportunities in the Motorsport, Automotive, Industrial, Marine and Aerospace and Defence sectors.

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PWR Europe's new manufacturing facility located in Rugby, United Kingdom

### Moving Towards Automation for Efficiency

Automation is a key part of our value adding strategy and we are always looking at automating manufacturing processes particularly in a labour constrained market. This year we purchased an automatic stacking machine and installed it at PWR Australia. It has been extremely beneficial to stack and plate large numbers of intercoolers. It can produce cores from a component level to a 'ready to braze state' in around 5 minutes compared to approximately 35 - 40 minutes when done the traditional way. This efficiency gain not only increases our output but reduces the need for a full time equivalent, as the operator is completing both the plating and stacking processes in one.

This introduction into automation has shown huge potential in a short amount of time and we will continue to explore further automation opportunities in the years ahead.



### CASE STUDY

#### PWR Technology and depth of capability

##### Custom Tube and Fin Heat Exchangers

PWR has developed an extensive range of tube and fin geometries allowing us to optimize core constructions to achieve lightweight and high performing coolers. Whether the heat exchanger be a water radiator, oil cooler, charge air cooler or refrigerant application we have dedicated core specifications that can be tailored to maximize cooling performance. PWR has also developed specific tube and fin combinations to optimize thermal management for coolers in applications like battery cooling, motor cooling and electronics cooling.

With tube and fin heat exchangers PWR can also completely customize not only the size of the cooler but the shape as well. With the ability to produce 3D profiled coolers and free-form coolers PWR can design a tube fin cooler to maximize heat exchanger face area and minimize packaging space.



## Our Value Creation Framework

### Intellectual Capital

continued

#### Bar and Plate Assemblies

Known for their increased robustness and durability, PWR has a wide range of bar and plate construction options that can be tailored to meet a project's requirements and optimize performance. From robust and heavy-duty bar and plate solutions designed to succeed in the most demanding conditions in Mining and Defence applications to lightweight coolers for Aerospace and Motorsport, PWR can meet the needs of a broad range of markets.

Like all of our products PWR can deliver bar and plate coolers as part of a turn-key solution ready to install as a complete module.



#### Micro Matrix Heat Exchangers

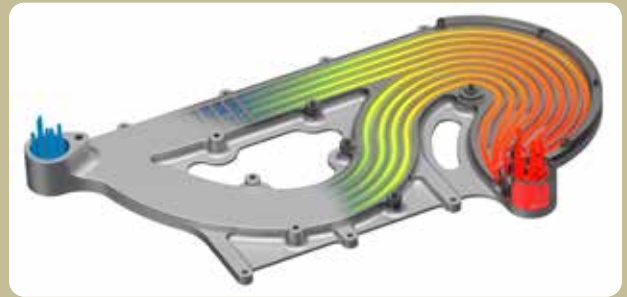
MMX heat exchangers are extremely efficient, compact and light weight solutions, constructed from an array of hollow micro tubes, similar to hypodermic needles and ranging in sizes from 0.3mm diameter to 1mm diameter. These thin wall tubes provide exceptional surface area in a compact package to maximize heat transfer in liquid/liquid, liquid/air or liquid/phase change material applications.

This technology has many advantages for Aerospace and Defence due to the ability to reduce thermal signature, increase payload, flight time and reduce space claim.



#### Ruggedized Liquid Cold Plates and Bipolar HFC Plates

PWR manufacture liquid cooling plates and brazed chassis for Aerospace, Defence, Automotive and Motorsport markets. These components are used in a variety of end applications such as radar systems, electric vehicles, autonomous vehicles, energy storage systems and power electronics cooling applications. PWR can customise a range of pressed cold plates and wave MPE (multiport extrusion) tube options for cylindrical and pouch cell battery cooling.



#### Complete Cooling Modules

In addition to the production of high-performance cooling systems, PWR has a proven track record in assisting our customers in platform integration. As a vertically integrated company with vast capabilities, PWR can manufacture complete sub-assemblies on behalf of the customer as a value-added process to streamline production at the final assembly plant.

PWR can manufacture and source a vast array of machined, fabricated, carbon composite and common off the shelf parts, to allow assembly of complete cooling system modules to our customers' specifications.





**CT Scanning/Computed Tomography**

Industrial computed tomography (CT) is a highly precise, non-destructive X-Ray imaging technology. The CT scanner reconstruction produces a complete 3D representation of a component, based on a large number of 2D X-ray images. Computed Tomography allows PWR to thoroughly inspect external and internal structures without the need to physically dissect and analyze the entire component which would otherwise render it unsuitable for future use. This is a process and capability that has significant benefits to weld and braze joint analysis and process developments, as well as providing critical inspection capability for Additive Manufactured parts.

This highly specialized measurement equipment has become an important inclusion in our final inspection processes supporting our high-end Motorsport and Aerospace/Defence customer base.



**Simulation**

PWR has continued to invest in hardware, software and talented engineers to strengthen our simulation capabilities to deliver world class service to our customers requiring support and as a powerful design tool for PWR product development. To complement our in-house 1D predictive tools that are supported through real world data collection in our wind tunnel, our Simulation team use 3D Computational Fluid Dynamics (CFD) software to analyze heat exchanger flow distributions and heat rejections to maximize the efficiency of PWR manufactured designs. CFD is an invaluable engineering tool for the design and analysis of cold plates in addition to more conventional heat exchangers. The implementation of the flow and heat-transfer analysis in the design process allows PWR to evaluate and compare performance of different designs and different manufacturing methods allowing optimization of heat-transfer, reducing pressure-drop or mass.

**Additive Manufacturing**

PWR has developed both resin and metal 3D printing while working with specific partners to adapt the technology to thermal management applications. PWR focuses on plastic and metal additive processes and materials that support our business model of engineering the unfair advantage and supplying customers with the highest quality and shortest lead time.

PWR is leading the thermal management industry with specific technology developments to apply metal additive manufacturing to improve the performance and manufacturing of our products. The laser powder bed fusion process of aluminium forms the basis of the metal additive manufacturing process at PWR. The results of several years partnering with a leading materials development company has resulted in the exciting recent introduction of an Aluminium Powder known as CP1. This new CP1 powder that PWR is introducing to its production offers higher strength and thermal properties than other additive Aluminium powders and can be printed faster, but the most exciting characteristic of CP1 is its ability to be brazed which enables PWR's evolution of additive thermal management components to combine all the very best attributes of our capabilities to maximise design and thermal efficiency.





# Our Corporate Governance and Risk Management

The Board of PWR is committed to providing a return to its shareholders and meeting the expectations of shareholders by leading a company culture that embodies ethical business practice. Our approach is driven by our Purpose and our DNA of Respect, Teamwork and Passion.

PWR's 2023 Corporate Governance statement is available through the Group website and is also released to the ASX as part of our annual reporting. The Corporate Governance statement adopted by the Board reflects the Board's endorsement and adoption of the recommendations contained in the ASX Corporate Governance Council's Principles and Recommendations and details the key aspects of the governance framework and practices of PWR.

Highlights of the Board's activities during the year and our approach to managing our enterprise risks is outlined here.

Key Focus Areas of the Board during the year:

- Following an assessment of Board skills and the Company's strategy, the appointment of Mr Kym Osley, AM, CSC as a Non-Executive Director
- Participating in the review of the Group's Strategy and overseeing the implementation of strategy through quarterly strategy implementation reports

- Reviewing the Group's risk management framework and the Enterprise Risk Register and monitoring key mitigation actions
- Monitoring the Group's operating and cashflow performance, financial position and key metrics
- Approving the acquisitions of Dockings and Bespoke Motorsport Radiators in the UK together with the sourcing and establishing of a greenfield manufacturing site at Rugby
- Reviewing and updating the Group's Executive Remuneration Policy with advice from independent remuneration consultants and overseeing remuneration outcomes for Executives
- Participating in the development PWR's Sustainability Pillars, Material Sustainability Priorities, ESG Policy, ESG Governance Responsibilities and ESG Roadmap
- Monitoring and reviewing the Group's safety performance and overseeing implementation of strategies to improve safety performance and build safety leadership capabilities including the adoption of a refreshed Group wide Health, Safety and Wellbeing Policy
- Reviewing outcomes and implementation plans arising from the Group's Employee Engagement Survey
- Developing a comprehensive succession plan for members of the Board

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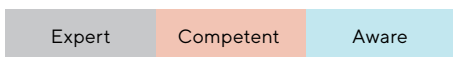


## Board Skills and Experience

The Board Skills Matrix sets out the skills and experience considered essential to the effectiveness of the Board and its Committees. The Matrix is reviewed by the Nomination and Remuneration Committee to ensure the prescribed skills and experience address PWRs strategy and operating environment.

### Board Skills and Experience (Does not include Chairman who is retiring)

<b>Strategy</b>		Experience in leading, developing or executing strategic business objectives
<b>Risk Management</b>		Experience in identifying, assessing and monitoring existing and emerging financial and non-financial risks
<b>Leadership</b>		Held senior leadership/ executive role in an organisation of significant size or complexity
<b>Accounting/ Financial Statements</b>		Proficient in financial accounting and reporting
<b>Corporate Governance/Legal /Listed Entity</b>		Experience as a Non-Executive Director of a listed entity and/ or understanding of legal and regulatory frameworks underpinning corporate governance principles
<b>Manufacturing</b>		Experience at a senior level working in and/or leading a manufacturing business
<b>Global Business</b>		Experience in global business operations
<b>Motorsports</b>		Experience in the motorsports industry
<b>Aerospace/Defence</b>		Experience in the Aerospace and Defence industry



## Board Succession and Renewal

During the year, the Board focused on Board succession and developed comprehensive succession plans for directors driven by its assessment of skills and capabilities aligned to PWR's Strategy.

The outcome of the succession planning and Board Skills Matrix and the decision by Teresa Handicott, current Chairman, not to stand for re-election at the 2023 Annual General Meeting has resulted in:

1. The Board determining that Roland Dane will be appointed as its Chairman following the end of the 2023 Annual General Meeting, and
2. The Board commencing a Non-Executive Director recruitment exercise focusing on the following attributes and skills:
  - Gender diversity
  - Experience in financial statements and reporting
  - Experience in corporate governance/ legal and listed entity operating environment.

## Our Corporate Governance and Risk Management

continued

### Managing Risk

Risk management is fundamental to maximising the value of our business and informing PWR’s strategic direction.

PWR’s risk management approach is a structured process to identify potential threats to the success of the business and defines the risk appetite and strategy for eliminating or minimising the impact of these risks.

We particularly focus on strategic and material risks and PWR is committed to ensuring that risk management is regarded as an essential element in our management processes with linkages to every aspect of our business including development of existing business, expansion into new markets, relationships with major customers and suppliers and our treasury and capital management activities.

Below is an outline of our material risks and how we manage them. This outline is not exhaustive, and risks are not presented in order of materiality:

#### People and Culture Risks

##### Protecting the health, safety and wellbeing of our people

PWR’s DNA calls out respect. Respect for our employees and respect for each other. We strive to ensure that a culture of respect promotes a safe workplace so that everyone goes home safe every day. We also believe that providing our employees with health and wellbeing opportunities supports a happier, healthier, more productive workforce and workplace

- We have identified and regularly talk about our critical safety risks
- We investigate the root cause of all incidents, identify key learnings and talk about them in our toolbox talks
- We are continuously improving our working environments to make them safer and more productive for our people
- We have an Employee Assistance Program to help employees deal with life’s challenges by giving them and their families free access to professionals who can provide them with strategies to minimise stress and manage their mental health
- Weely’s diner provides quality food, free of charge to our employees for breakfast, morning tea, lunch and dinner with healthy selections available
- We facilitate and encourage onsite vaccinations for the flu and COVID-19
- Safety leadership and visibility key performance indicators have been included in the FY2023 corporate scorecard and the FY2024 personal scorecards for leaders

##### Talent identification, recruitment, upskilling and retention

Our ability to identify, attract, upskill and retain key talent and develop capabilities is fundamental to delivering our strategic objectives

- We focus on enhancing our offerings to employees and potential employees to distinguish ourselves in the market through targeted and effective approaches to talent and recruitment management
- We focus on succession planning and we identify key talent and provide them with experience and growth through time in critical roles and identify relevant internal and external training for their skills development and career progression
- We continue to improve our long-term workforce planning and talent management program across PWR
- We continue to improve our career planning and training programs across PWR
- We invest in our leaders to support their skills in leading and managing their teams and have developed a tailored front line leadership program to develop our supervisors and managers and equip them with the skills to lead their teams effectively

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**Reliance on key personnel risk**

PWR's growth is supported by a highly capable team. Ongoing development of the team and effective succession planning is required for delivering our strategic objectives

- We identify key functions across the PWR operations, establishing succession plans to manage key personnel risk and increase capacity
- We have an active Executive Leadership Team that meets regularly to set priorities, monitor performance, and manage issues
- We continue to expand our technical sales teams to broaden our customers relationships

**Labour rate increases**

Labour and on costs are PWR's largest expense. Managing labour rate increase is important to ensure we can attract and retain quality employees, while protecting the profit margin and shareholder return

- We monitor market labour rates, adjusting salary and wage rates where appropriate to remain competitive
- We manage productivity to minimise the use of overtime
- We identify and implement production improvements, including investigating opportunities for automated and semi-automated production activities where applicable
- We review our customer pricing and pass through cost increases where appropriate and justified

**Operational Risks**

**Managing the challenges that come with rapid growth**

PWR has worked hard to get where we are and have grown our business year on year but with this comes challenge. The challenge of managing and communicating with a larger, wider-spread workforce, more workload, the need for more factory space, better and more streamlined systems and processes, more customers and new advances in technology, to name a few

- First and foremost, we need to stay focused on our people at all times, no matter how demanding our business growth becomes - because our people are responsible for driving our growth. We have invested in a highly capable human resource area to provide the extra support and focus required
- We have focused on developing high performing leaders, targeting managers and supervisors for our in-house front line leadership program where a self-assessment of one's own behavioural preferences is the first step in the journey
- Recruiting for growth has no doubt been a challenge during the reporting period with the availability of workers the lowest it has been in a long time
- We are focused on ensuring we have robust systems and processes that facilitate knowledge transfer for the production of our many products. When everyone follows a well-tested set of steps, we reduce the likelihood of mistakes, delays and duplicated effort
- We have made progress this year to extract value from our current Enterprise Resource Planning (ERP) system and have selected and commenced implementation of a Human Resource Management System that will support the business for many years to come
- We review and plan for the factory footprint and machinery required to support the business
- We understand the importance of effective production planning and capacity planning between our locations, and will continue to invest in the planning function

**Protecting our intellectual property and managing cyber security risks**

Second only to our people is PWR's intellectual property and that of our customers

- We regularly undertake internal and independent external reviews of our IT and potential cyber security exposures and update our systems and approach as required
- We have strict confidentiality procedures in place when developing new technology and manufacturing processes
- We operate restricted areas within our manufacturing sites and do not permit phones or cameras on the factory floor



## Our Value Creation Framework

# Our Corporate Governance and Risk Management

continued

### Sustainability Risk

PWR is committed to playing its part in building a more sustainable world for the future generations. How we go about this requires focus and investment and close contact with our many stakeholders. We believe that PWR can play its part in the transition towards a sustainable society through the use of emerging technology and innovative product development to support our customer's climate change targets.

- We invest in new technologies and projects to support low emissions programs
- In FY2023 we assessed our baseline using our sustainability framework described on page 18 and established our environment, sustainability and governance roadmap
- We have quantified our scope 1 and scope 2 baseline emissions outlined on page 19
- We will set realistic and measurable targets to meet and report against
- We will continuously review and revise our approach to sustainability and climate change to ensure it keeps pace with the expectations of our stakeholders
- We will incorporate the recommendations from the Task Force on Climate Related Financial Disclosures
- We determine where to manufacture product considering source location of raw materials, capacity and capability of the PWR factory, and destination of the final product

### Diversifying our business

Our objective is to leverage our research and development and success in providing cooling solutions to motorsport into other industries where we can use our know-how and add value.

- We keep our strategy front of mind as it informs the decisions we make about leveraging our existing cooling solutions into new industries
- We regularly evaluate our strategic objectives with the Board
- We have a dedicated advanced technology team focused on building a pipeline of opportunities
- We strategically invest in leading edge manufacturing technology
- We hold AS9100 accreditation (aerospace and defence quality standard) and National Aerospace and Defense Contractors Accreditation Program (NADCAP) accreditation (thermal and chemical management)
- This year we will focus on securing accreditation for the Defence Industry Security Programs for Australia and North America

### Maintaining our leading edge through innovation and advanced technology

Technology and innovation are advancing at a rapid pace, and we pride ourselves at being at the forefront of technology advances in the field of cooling however it requires continued investment and focus and falling behind is not an option.

- We are continuously investing in research and development. This year we invested \$10.1 million on R&D activities
- We adopt quality control approaches in everything we do and use advanced technology to problem solve for our customers
- We have capability for serialisation of products including full traceability of components and raw materials used in the production process back to raw material source
- We attend trade shows and keep up to date with the latest advances in technology
- We are investing in understanding automation and artificial intelligence and how these technologies can be applied to PWR to increase efficiency

### Customer and market concentration risk

PWR has been successful in expanding across the motorsports market. We are well placed to expand our customer base and exposure to customer markets to limit the impact of commercial and market variability.

- We regularly evaluate our strategic objectives with the Board
- We invest in our technical sales teams to provide capacity to broaden our customer base and market focus
- We invest in trade shows and marketing to increase the PWR brand awareness, with a particular focus on aerospace and defence
- We invest in flexible equipment that services a broad range of customer programs and markets, allowing us to redeploy resources as required

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**Contract risk**

PWR has historically been engaged on lower volume, flexible orders. Increasingly, PWR is engaging on longer term, higher volume programs with set pricing and contractual terms. The importance of disciplined contract governance is increasing

- We review all contract pricing, terms and conditions closely, and engage advisors where appropriate
- We are enhancing our contract governance, with particular focus on understanding contract exposures, risks and opportunities, with approval escalations
- We are investing in our ERP to provide improved data to support contract pricing and analysis of contract performance

**Raw material supply and pricing**

Raw materials, consisting mainly of aluminium products including extruded tube, billet, coil and sheet metal, are used in the manufacture of PWR products. Movement in the aluminium commodity markets, production costs of aluminium products and global logistics impact the price paid by PWR

- We maintain stocks of raw materials to ensure continuity of PWR production and to provide time to manage changes in global pricing and supply
- We maintain diverse sourcing options globally to reduce exposure on a single company, country or region
- We forecast demand and target stock holding of between 12 and 24 months for critical raw material lines
- We hold raw material that can be further cut to size to provide flexibility in our stock holding

**Major equipment risk**

PWR continues to invest in equipment to provide capacity and capability. There are major items of equipment that are important to production continuity, including: furnaces, wind tunnel and CT machine

- We continue to review and update our risk register and business continuity plans
- We have invested in new furnaces that will provide some redundancy across PWR locations
- We employ an experienced maintenance team that have detailed knowledge of the installation and operation of the equipment
- We undertake regular services and inspections
- We engage local suppliers to support servicing and repairs
- We hold critical spares

**Accreditation and Certification Risk**

PWR holds accreditations that are important to support current and future customer programs. These accreditations also enhance the PWR systems to improve efficiency and consistency. Specific accreditations include AS9100 (aerospace and defence quality standard), NADCAP (National Aerospace and Defense Contractors Accreditation Program), and ISO 14001 (Environmental Management System)

- We continue to update our systems and training programs to incorporate and improve the requirements of these accreditations
- We have a dedicated team to carry out surveillance audits and manage third party certification
- We continue to assess other accreditations to determine if they are appropriate for PWR

## Our Value Creation Framework

# Our Corporate Governance and Risk Management

continued

### Business interruption risk from external factors

There are potential events that, if they occur, could have a significant impact on the operations of one or more PWR locations, including but not limited to interruptions from natural disasters, fire, flood, loss of critical services or pandemic

- We continue to review and update our risk register and business continuity plans
- We maintain our facilities and conduct regular inspections
- We engage local suppliers to support servicing and repairs
- We review local health advice and have demonstrated an ability to respond swiftly to protect the health and wellbeing of our staff and their families
- We facilitate and encourage onsite health information sessions (as required) and vaccinations for the flu and COVID-19
- We are aligning manufacturing capabilities, where possible, across all PWR locations to provide flexibility for delivering on customer programs

### Financial, Legal and Regulatory Risks

#### Liquidity and funding risk

PWR operations required working capital and investment in equipment. Operating cash flows and access to funding will be required to support future growth

- We generate ongoing cash from the sale of products and services
- We manage customer credit limits and outstanding debtor closely
- We maintain access to debt facilities and currently have \$17.5 million in undrawn debt facilities
- We are listed on the Australian Stock Exchange, so have the ability to raise equity capital if required

#### Currency and foreign exchange risk

PWR operates facilities in Australia, the United States of America and the United Kingdom, reporting consolidated financial results in Australian Dollars (AUD). Most of the Australian production is sold to European customers, with the production costs in AUD and sales in Great British Pounds (GBP) or Euro

- We operate a hedging strategy for the GBP, protecting a portion of future sales in GBP out to between 6 to 12 months
- We operate production facilities in the United States of America and the United Kingdom. Local production costs reduce PWR's exposure to exchange rate movement in the local currencies
- We are increasing sales in Euro to further diversify the impact of currency fluctuations

#### Macro-economic conditions risk

Global and regional economic conditions impact PWR, impacting customer demand, labour rates, commodity prices, energy prices, freight and logistics

- We continue to review and update our risk register and business continuity plans
- We regularly evaluate our strategic objectives with the Board
- We communicate closely with our customers and suppliers to monitor impacts from changing economic conditions
- We invest in flexible equipment that services a broad range of customer programs and markets, allowing us to redeploy resources as required in response to changes in customer markets
- We hold raw material that can be further cut to size to provide flexibility in our stock holding
- We maintain access to funding sources to support short term impacts on operating cash flow

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**Debtor risk**

PWR recognises the importance of collecting cash from sales. Cash receipts are the measure of effective sales

- We operate a strict debtor policy to determine credit terms ranging from cash up front to trading with an appropriate credit limit
- We monitor the credit performance of customers, changing credit terms where appropriate
- We report to senior leaders the cash balances daily and outstanding credit balances weekly
- We hold debtor insurance for most debtors and hold a doubtful debt provision where required

**Fraud risk**

PWR is aware of the potential for fraud across its operations. While maintaining clear expectations for behaviour, it is important to understand and protect against fraud risk

- We train all staff in the PWR Code of Conduct and Business Ethics, including what we expect from all PWR staff as part of the PWR DNA of Respect, Passion and Teamwork
- We maintain an anti corruption and bribery policy
- We maintain segregation of duties for critical functions and IT permissions based on role
- We promote the whistleblower policy

**Insurance risk**

PWR understand the importance of holding comprehensive insurance policies to protect the interests of shareholders, customers, officers and employees

- In FY2023 we engaged Arthur J. Gallagher as our global insurance broker, to undertake a review of our insurance program and to provide broking services for future insurance renewals. They identified several improvements to our insurance program that we have adopted
- We maintain a comprehensive insurance program that is adjusted to align with our changing requirements

**Regulatory risk**

PWR recognises the importance of understanding and complying with the regulations in the countries where we operate, purchase supplies and sell our products. Changes to the regulations in these countries may impact how PWR operates

- Our facilities are located in Australia, the United States of America and the United Kingdom
- We continue to monitor changes in regulations impacting PWR, updating our operating processes as required
- We engage advisors globally to highlight regulation changes, assisting us to understand the impact on PWR and advising on how to comply
- We engage directly with government departments and are members of relevant industry bodies



## Leadership

# Directors and Executives



**Teresa Handicott** A N

Independent Chairman,  
Non-Executive Director



**Kees Weel**

Managing Director and  
Chief Executive Officer



**Jeffrey Forbes** A N

Independent,  
Non-Executive Director

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Teresa is a former corporate lawyer, with over 30 years' experience in mergers and acquisitions, capital markets and corporate governance. She was a partner of national law firm Corrs Chambers Westgarth for 22 years, serving as a member of its National Board for seven years including four years as National Chairman.

Teresa is a director of ASX listed company Downer EDI Limited.

Teresa is State President of the Queensland Council of the Australian Institute of Company Directors (AICD) and a member of the AICD's National Law Committee. She is a Member of Chief Executive Women (CEW), is a Senior Fellow of Finsia and a Fellow of the AICD.

Teresa was previously Chairman of Peak Services Holdings Pty Ltd, a subsidiary of The Local Government Association of Queensland (LGAQ), a Member of the Queensland University of Technology Council, the Takeovers Panel, Associate Member of the Australian Competition and Consumer Commission (ACCC), member of the Finsia Queensland Regional Council, Director of CS Energy Limited, Principal Law Lecturer for the Securities Institute of Australia (now Finsia) and tutor in Corporate Governance for the AICD Directors Course.

Kees Weel is the founder of PWR and has been awarded the 2021 Australian Performance Automotive Industry "Australian of the Year". From the humble beginnings of hand making his first copper and brass radiator in 1982 to a visionary leader of PWR, Kees has lead PWR on an extraordinary journey that has cemented PWR's reputation globally for quality and innovative cooling products and unparalleled customer service.

It was Kees' inspiration to begin manufacturing radiators that quickly led to a ready-made customer base that required superior quality and capability from radiators. With an ever growing business and in-demand product, in 2006 Kees started building, what is today, PWR's state of the art manufacturing facility at Ormeau. Kees's uniquely Australian approach to business is his greatest strength, where no challenge is too big and an ethos that everything can be made with time, money and hard work.

Following its listing on the ASX, Kees has continued to oversee the extraordinary growth of PWR while still maintaining its commitment to quality and customer service and that 'family feel' amongst employees.

Kees' continues to develop PWR's business capabilities and leads his high performance team to be innovative, listen to the customer and always have a can do attitude. Printed in supersized letters on the wall at the Ormeau manufacturing facility is Kees' motto: Most people see things as they are and say why. We dream of things that never were and say why not?

Jeff has over 30 years' experience in senior finance and management roles with extensive mergers and acquisitions, equity and capital markets and project development experience.

As an executive Jeff worked at Cardno Limited, an engineering and environment consultancy company as CFO, Executive Director and Company Secretary before leaving in 2013 to commence Non-Executive Director roles. Prior to joining Cardno, Jeff was Chief Financial Officer and Executive Director at Highlands Pacific Limited, a PNG-based mining and exploration company. He has significant experience in capital raisings and debt financing. During his career has worked for numerous major companies including Rio Tinto, BHP and CSR and has previously held senior finance roles in the resources sector.

Jeff is a Non-Executive Director of Cardno Limited and Ventia Services Group Limited. Jeff is also Chairman of Herron Todd White Australia and Herron Todd White Consolidated.

Jeff holds a Bachelor of commerce from the University of Newcastle and is a Graduate of the Australian Institute of Company Directors.

**Key** A Audit, Risk and Sustainability Committee  
N Nomination and Remuneration Committee  
● Committee Chair



**Roland Dane** A N

Independent,  
Non-Executive Director

Roland has extensive automotive business experience in the UK, Asia and Australia. Roland was the founder of, and remains the principle shareholder in, the Park Lane (UK) vehicle acquisition business in the UK some 35 years ago. He is the former Managing Director of the successful Triple Eight Race Engineering team, winning 9 out of the last 15 V8 Supercar championships.

Roland is a director of Racing Together Limited, a charitable organisation promoting opportunities in motor sports for young indigenous Australians. He is a member of the FIA Touring Car Commission and a member of the Safety and Risk Committee of Motorsports Australia.



**Kym Osley AM, CSC** A N

Independent,  
Non-Executive Director

Kym joined the Board on 1 February 2023. Kym brings to the Board over 45 years' experience in the Defence Force and Defence industry. He has undertaken Defence strategic procurement and capability planning for the Defence Force as well as personally leading major Defence capability programs, including the \$17B F-35 Joint Strike Program for Australia. Kym was Australia's senior Air Force representative to the UK, and later was the senior Defence representative in the US engaging with the US military as well as with international major Defence companies. Kym flew operationally as a fast jet aviator in aircraft including the F-111, Phantom and F-18 and commanded at all levels through to two-star rank. He was deployed to the Middle East where he directed air operations for the Coalition with responsibility for over 400 aircraft and 25,000 staff.

In his Reserve military capacity he has also led many overseas industry delegations to engage with overseas primes and military organisations to generate export contracts. In 2019, Kym was awarded a Defence Industry Service Commendation by the Minister for Defence for his contributions to Defence and Defence Industry over many years.

Mr Osley was the most recent NSW Defence Advocate (Investment NSW) and is a non-executive director of Quickstep Holdings Limited (ASX:QHL), a member of LEOLabs Strategic Advisory Board, and is the Chair of the Australian Air Force Cadet Foundation. He also is an Air Vice-Marshal in the Air Force Active Reserves, and acts in a pro-bono capacity as Executive Secretary of the Australian Institute of Navigation, Patron of the Australian Federation Guard, and Patron of various Air Force veteran organisations.



**Martin Mclver**

Chief Financial Officer  
(CFO)

Martin Mclver is responsible for finance, treasury, human resources, information technology, and procurement.

Martin was previously the CFO at WorkPac with 7 years' service and is currently Chairman at Tlou Energy Ltd (ASX:TOU). Earlier he held the position of Director in Corporate Finance with PricewaterhouseCoopers with a focus on mergers and acquisitions.

Martin has a Bachelor of Business from QUT and is a MBA graduate from the American Graduate School of International Management (Thunderbird).

# Financial Report FY2023

For the year ended 30 June 2023

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## Directors' Report

# Directors' Report

For the year ended 30 June 2023

The Directors present their report together with the financial report of PWR Holdings Limited (the Company) and its controlled entities (the Group) for the year ended 30 June 2023 (reporting period) and the auditor's report thereon.

The report is prepared in accordance with the requirements of the Corporations Act, with the following information forming part of the report:

- Operating and financial review on pages 9 to 12
- Director biographical information on pages 62 and 63 and Company Secretary biographical information on page 66
- Auditors Independence Declaration on page 70
- Remuneration report on pages 71 to 89
- Note H1 Financial risk management objectives and policies on page 116
- Note I10 Share capital on page 125
- Note H3 Auditor's remuneration on page 121
- Note D3 Employee share based payments on page 107
- Directors' declaration on page 128
- Shareholder information on pages 133 and 134
- Corporate directory (inside back cover).

### 1. DIRECTORS

As at the date of this report, the Directors in office were:

---

Teresa Handicott	Appointed 1 October 2015
Kees Weel	Appointed 30 June 2003
Jeffrey Forbes	Appointed 7 August 2015
Roland Dane	Appointed 1 March 2017
Kym Osley	Appointed 1 February 2023

---

You can find information about our Directors' qualifications, experience, special responsibilities and other directorships on pages 62 and 63.

### 2. COMPANY SECRETARY

**Lisa Dalton** (B.App.Sc., M.App.Sc., LLB (Hons), FAICD, FCSA, FCIS)

Lisa Dalton was appointed as PWR's company secretary on 7 August 2015 and remains the company secretary at the date of this report.

Lisa is an accomplished lawyer, governance professional, senior executive and leader with over 25 years' experience in the mining, energy, construction, manufacturing, medical, agricultural and infrastructure sectors.

Lisa is currently Chairman of Second Skin Pty Ltd, a non-executive director of Healthia Limited and Company Secretary of both PWR Holdings Limited and Jameson Resources Limited. Lisa is also an independent member of the Audit and Risk Committee of the Queensland Department of Regional Development, Manufacturing and Water and Deputy Chair of the Advisory Board for Marist College Ashgrove.

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# Directors' Report

For the year ended 30 June 2023

## 3. DIRECTORS' MEETINGS

Our Chairman sets the agenda for Board meetings, with the Managing Director and the Company Secretary. The meetings typically include:

- Minutes of the previous meeting
- Matters arising
- Strategy discussion
- MD's report
- Chief Financial Officer report
- Production report
- Operational excellence report
- People report
- Health and Safety report
- Board Committee Chair reports
- Continuous disclosure checkpoint
- Share trading checkpoint

Closed sessions with Directors and as required, a closed session with Non-Executive Directors only are held periodically throughout the year.

Our Board also receives periodic reports on operational and other important business matters including regulatory updates, market research and investor relations activities.

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings		Audit and Risk Sustainability Committee		Nomination and Remuneration Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
Teresa Handicott	11	11	6	6	4	4
Jeffrey Forbes	11	11	6	6	4	4
Roland Dane	11	11	6	6	4	4
Kym Osley <sup>1,2</sup>	5	5	3 <sup>3</sup>	3 <sup>3</sup>	2 <sup>3</sup>	2 <sup>3</sup>
Kees Weel <sup>2</sup>	11	11	6 <sup>3</sup>	6 <sup>3</sup>	4 <sup>3</sup>	4 <sup>3</sup>

1. Appointed as Non-executive Director, 1 February 2023.

2. Not members of the Audit, Risk and Sustainability Committee or the Nomination and Remuneration Committee during the Reporting Period.

3. Attended by invitation

## 4. PRINCIPAL ACTIVITIES

The Company's registered office and principal place of business is 103 Lahrs Road, Ormeau, Queensland 4208.

The principal activities of the Group during the year were the design, prototyping, production, testing, validation and sales of advanced cooling products and solutions to the motorsports, automotive original equipment manufacturing (OEM), aerospace and defence, and automotive aftermarket sectors for domestic and international markets.

The Group has manufacturing and distribution facilities in Australia, the United Kingdom (UK) and the United States of America (USA).

Other than items outlined in the Operating and Financial review, there were no significant changes in the nature of the activities of the Group during the year.

## Directors' Report

# Directors' Report

For the year ended 30 June 2023

### 5. DIVIDENDS

Dividends paid or declared by the Company to members since the end of the previous financial year were:

Declared and paid during the year	Cents per share	Total amount \$'000	Date of payment
Final 2022 ordinary	8.50	8,525	23 September 2022
Interim 2023 ordinary	3.60	3,614	24 March 2023
Total amount		12,139	

### Declared after end of year

The following dividend was declared by the Directors since the end of the financial year:

	Cents per share	Total amount \$'000	Date of payment
Final 2023 ordinary dividend	8.90	8,934	22 September 2023
Total amount		8,934	

The financial effect of the dividends declared after the end of the year have not been brought to account in the consolidated financial statements for the year end 30 June 2023 and will be recognised in subsequent financial reports. There is no dividend re-investment plan in operation.

### 6. LIKELY DEVELOPMENTS

The Group will continue its strategy of increasing profitability and market share within existing categories and markets and pursue opportunities with emerging technologies in existing and new markets and categories during the next financial year.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

### 7. EVENTS SUBSEQUENT TO REPORTING DATE

The Board declared a fully franked final 2023 ordinary dividend of 8.90 cents per share. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2023.

Other than the matter noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

### 8. ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Instrument to the nearest thousand dollars unless otherwise stated.

### 9. ENVIRONMENTAL REGULATIONS

The Group is not subject to any significant environmental regulations.

### 10. INDEMNIFICATION AND INSURANCE OF OFFICERS

The Group has indemnified the Directors and Executives for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid insurance premiums in respect of a contract to insure the Directors and Executives of the Group against a liability to the extent permitted by the *Corporations Act 2001*. The insurance contract prohibits disclosure of the nature of liability and the amount of the premium.

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# Directors' Report

For the year ended 30 June 2023

## 11. 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 Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## 12. NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has not performed any services other than the audit and review of the financial statements.

## 13. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 70 and forms part of the Directors' Report for the financial year ended 30 June 2023.

## 14. DIRECTORS' INTERESTS

Details of the Directors' interests in the securities of the Company are disclosed in the remuneration report.

This report is made with a resolution of the directors:



-----  
**Teresa Handicott**  
*Chairman*  
Brisbane  
17 August 2023



-----  
**Kees Weel**  
*Managing Director*  
Brisbane  
17 August 2023



**Lead Auditors Independence Declaration Under Section 307C of the Corporations Act 2001**

for the year ending 30 June 2023



Lead Auditor's Independence Declaration under  
Section 307C of the Corporations Act 2001

To the Directors of PWR Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of PWR Holdings Limited for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Erin Neville-Stanley  
*Partner*

Brisbane  
17 August 2023

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# Remuneration Report

For the year ended 30 June 2023

## 1. LETTER FROM CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE

Dear Shareholders,

On behalf of the Board, I'm pleased to present the Remuneration Report for the year ended 30 June 2023.

This report seeks to describe, in a simple and transparent way, our approach to remunerating Executive key management personnel (Executive KMP) and the key principles that underpin our Pay for Performance Framework, as well as remuneration for our Non-Executive Directors.

### Strong results while investing in capability and capacity

In FY2023, PWR Holdings Limited (the "Company") and its controlled entities (the "Group") have grown revenue year on year by 17.1%. We have been able to deliver a record profit of \$21.8 million, a tremendous effort by each and every one of our employees who worked with us and supported the business in taking this step.

To allow the Group to deliver on future opportunities, in FY2023 we have invested in expanding capability and capacity. This included investing in employee development, ongoing research and development of new technologies, expanding our manufacturing footprint, including commencing manufacturing in the United Kingdom, and ongoing investment in additional critical equipment.

### Total Fixed Remuneration Reviews for Remuneration in FY2024

Annual salary reviews were conducted at the end of FY2023 for salaries moving into FY2024. The Board appointed an independent remuneration consultant to provide advice on remuneration benchmarking for the Executive KMP. The outcome of that exercise was:

- Managing Director - In recognition of Mr Weel's established tenure in the role of MD, performing at a high level and leading the company through significant growth (in revenue, profit and share price), and in consideration of his remuneration relative to market peers, his Total Fixed Remuneration (TFR) was increased effective 1 July 2023 to \$752,200 per annum, representing a 15% increase on the prior year. His Short Term Incentive Program (STIP) opportunity has increased to 60% of TFR, with up to half payable in cash and the remaining half deferred over a two year period under the terms of the STIP. His Long Term Incentive Program (LTIP) opportunity has increased to 90% of TFR, subject to performance over a 3-year period and is payable in shares, cash or a combination of shares and cash.
- Chief Financial Officer - Based on a review of market peers, Mr McIver's TFR has been set at \$405,500 per annum from 1 July 2023, a 6% increase on the prior year. His STIP opportunity has increased to 50% of TFR, with up to half payable in cash and the remaining half deferred over a two year period under the terms of the short term incentive plan. His LTIP opportunity has increased to 50% of TFR, subject to performance over a 3-year period and is payable in shares, cash or a combination of shares and cash.

The deferred portion of the STIP will have a service condition where the Executive KMP must remain continually employed by the Company or another Group entity until the date of vesting. 50% of the deferred portion of the STI will vest on 1 September, 14 months after the end of the STI financial year, and the remaining 50% of the deferred STI will vest on 1 September, 26 months after the end of the STI financial year. The deferred portion of the STI can be paid in shares, cash or a combination of shares and cash.

### Short Term Incentive Program (STIP) Outcomes for FY2023

The intent of the FY2023 STIP was to focus our Executive KMP and leaders on what they can influence in the performance year. For the STIP to be activated for Executive KMP, it must have met a profitability Gate established by the Board at the beginning of FY2023. If the STIP Gate is met, this unlocks a greater STIP amount for participants and forms the basis of a stretch target. This is a key feature of the STIP Plan that assists the Board in aligning the creation of shareholder value with actual company performance. The STIP Gate is a financial measure linked to budgeted NPAT for the Group. Provided the STIP gate is met or exceeded, the Corporate Scorecard is assessed against NPAT growth, safety, staff retention, staff engagement, product quality and manufacturing efficiency. The more the STIP Gate is exceeded, the more of the Corporate Scorecard is unlocked.

As outlined in more detail on page 77, the Company exceeded the gate for the STIP and accordingly Executives did earn cash bonuses for FY2023 under the STIP. The quantum of their bonuses was based on assessment of the Corporate Scorecard as well as personal KPIs which are further explained on page 78. The Board believes this was appropriate given the significant effort and contribution they made during the reporting period for which I and my fellow directors sincerely thank them.

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# Remuneration Report

For the year ended 30 June 2023

### Long Term Incentive Program (LTIP) Outcomes

Performance of long-term incentive rights granted in the FY2020 year were assessed for the end of FY2022 being the relevant performance period. Both the TSR and EPS performance hurdles for the 3-year performance period were exceeded, resulting in 100% vesting of long-term incentives in September 2022.

At the end of June 2022, following a 3-year performance period:

- the Company ranked at the 86<sup>th</sup> percentile for Total Shareholder Return (TSR) for the performance period for the FY2020 performance rights (1 July 2019 to 30 June 2022) when compared to the benchmark group of ASX 300, excluding the Energy sector (oil, gas and coal)
- the Group's EPS hurdle for the FY2020 performance rights was measured by the growth in EPS from FY2020 (base year) to the end of the third year of the Performance Period (FY2022). The EPS growth rate was 46.3%, a compound growth rate of 13.5% over that period

As a result, 100% of the FY2020 performance rights vested on 1 September 2022 and provided the Executive KMP and other participants an equivalent number of the Company shares to the rights granted as remuneration.

### Board Membership

Following an assessment of Board skills and experience and its alignment to PWR's long term growth strategy, the Board undertook a recruitment process for an additional Non-Executive Director during the year, with strong experience in the Aerospace and Defence Sector. With the assistance of independent, external recruitment consultants, the Board appointed Mr Kym Osley, AM, CSC to the Board from 1 February 2023. The Board extends a warm welcome to Kym and looks forward to his contribution.

### Directors' fees remain unchanged

The fees for the Chairman and Non-Executive Directors will remain unchanged for FY2024. Further details can be found on page 84.

### Looking Forward

The Board has confidence in the integrity of the Pay for Performance Framework and believes it incorporates the necessary flexibility to continue to balance rewarding our Executives for performance and recognising the interests of shareholders.

Our Corporate Scorecard for FY2024 will continue to focus our Executive KMP, leaders and people they lead on our business priorities including implementing controls to keep our people safe and well, growing our aerospace and defence business, maintaining exceptional product quality and improving productivity.

In what continues to be an exciting time for the Group, I wish to thank our shareholders for their continued support.

Sincerely,



-----  
**Teresa Handicott**  
Chairman, NRC

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# Remuneration Report

For the year ended 30 June 2023

## 2. INTRODUCTION AND SCOPE OF REPORT

This report details the remuneration framework and outcomes for Key Management Personnel (KMP) of PWR Holdings Limited (the "Company") and its controlled entities (the "Group") for FY2023. This report forms part of the Directors' Report for this period.

The information provided in the Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The following personnel were classified as KMP during FY2023:

<b>Executive KMP<sup>4</sup></b>
Kees Weel, Managing Director
Martin Mclver, Chief Financial Officer
<b>Non-Executive Directors</b>
Teresa Handicott (Independent Chairman and Non-Executive Director), appointed Non-Executive Director on 1 October 2015 and Chairman on 19 October 2017
Jeffrey Forbes (Independent, Non-Executive Director), appointed 7 August 2015
Roland Dane (Independent, Non-Executive Director), appointed 1 March 2017
Kym Osley (Independent, Non-Executive Director), appointed 1 February 2023

<sup>4</sup> On 1 July 2021, Matthew Bryson changed role to Chief Commercial and Technical Officer and due to his change in responsibilities is no longer classified as a Key Management Personnel from 1 July 2022 for the purpose of the Remuneration Report and associated disclosures.

## 3. REMUNERATION GOVERNANCE

The Board is accountable for establishing the remuneration policies and framework for the Group and ensuring remuneration of the Executive KMP is fair and reasonable and aligned with the interests of shareholders. Outlined below is the Board's framework for remuneration governance:

<b>Board</b>	The Board is responsible for setting remuneration policy and determining Executive KMP remuneration. In addition, the Board is responsible for approving all key performance indicators and performance hurdles set under the Executive KMP variable remuneration framework, being the Short Term Incentive Plan (STIP) and the Long Term Incentive Plan (LTIP). The Board delegates responsibility to the Nomination and Remuneration Committee for reviewing and making recommendations to the Board on these matters. The Board retains full discretion to decrease or increase outcomes to ensure that they are fair and reasonable. The Board has regular contact with each of the Executive KMP during the year.
<b>Nomination and Remuneration Committee (NRC)</b>	The NRC makes recommendations to the Board regarding all aspects of Executive KMP remuneration. This includes making recommendations in relation to the targets to be included in the STIP (both financial and other non-financial) and in relation to setting performance hurdles that attach to Performance Rights under the LTIP. The Group's Managing Director provides updates and makes recommendations to the NRC on these matters in relation to his direct reports throughout the year. To inform the Board and NRC, and to assist with their decision-making processes, additional information and data is sought from management and remuneration consultants, as required. Remuneration Consultants were appointed to provide advice on remuneration for the Executive KMP for FY2023 and FY2024. The NRC Charter sets out further information regarding the Committee's objectives and role.
<b>Managing Director</b>	Our Managing Director makes remuneration recommendations to the NRC regarding remuneration for direct reports including those who are Executive KMP and how the Pay for Performance Policy and framework applies to all our employees.
<b>Responsibility for determining NED remuneration</b>	The Board is responsible for assessing Non-Executive Director fees, assisted by the NRC. Shareholders approve the Main Board Package (MBP) for Non-Executive Director remuneration. The MBP approved by shareholders is currently \$1,000,000 per annum. Reviews of Non-Executive Director and Committee Member fees are carried out periodically with assistance of independent benchmarking reports and/or consultants.
<b>Remuneration Consultants</b>	Godfrey Remuneration Group Pty Limited (GRG) provided advice during FY2023 on remuneration of Executives and the structure of the performance rights plan. GRG was paid \$28,000 plus GST for this advice.

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## Remuneration Report

For the year ended 30 June 2023

### 4. REMUNERATION PRINCIPLES

The guiding principles governing the Group's Pay for Performance Policy and how we implement them are summarised in the table below:

Guiding Principles		How we meet these principles
Attract and Retain	Remuneration will incorporate external market reference to maintain market competitiveness	We periodically undertake remuneration benchmarking using independent remuneration consultants to maintain market competitiveness and ensure our reward supports the Group in both attracting and retaining key talent.
Pay Executives for Performance that Delivers Value to Shareholders	Make clear the line of sight between performance and reward to ensure that superior performance is recognised and rewarded, with a view to driving long-term growth and shareholder value	<p>We set key performance indicators that have a stretch target component, evidenced by improvement over and above actual results achieved from the prior year or specifically linked to achievement of an outcome linked to our strategic objectives.</p> <p>We also ensure our reward outcomes are aligned to performance by providing a significant part of Executive KMP "at risk" remuneration on both financial and non-financial measures.</p> <p>We align short term and long term performance measures to our strategy and vision. This includes a focus on the Group being a safe place to work, ensuring our reputation for quality products is maintained, achieving key strategic priorities, and achieving leading Total Shareholder Returns.</p>
Promote Internal Fairness and Equity	Provide fair, consistent, and internally equitable reward to appropriately compensate employees for their contributions and performance outcomes	<p>The Group's DNA is at the centre of how we work together to deliver on our goals.</p> <p>Internal equity is achieved partly through external benchmarking and internally moderating performance assessments across the business.</p>
Always Consider the Group's Capacity to Pay	Manage the balance between reward funding and Company performance / financial outcomes	The Board maintains ultimate discretion under the Group's incentive plans to make awards or not and all awards are subject to consideration of the Company's ability to pay.
Build Trust by Promoting Transparency	Ensure a level of transparency and clarity in reward design and governance processes	We attempt to report in a transparent manner on the link between reward and performance under our incentive schemes and outline the governance process to give confidence to our shareholders.

### 5. REMUNERATION STRUCTURE

The Total Remuneration for Executive KMP is made up of the following 3 components:

Component	What it is	How does it link to strategy and performance?
Total Fixed Remuneration (TFR)	TFR consists of base salary and statutory superannuation contributions.	Provides competitive ongoing remuneration in recognition of accountabilities for their role.
Short Term Incentive (STI)	The STI Plan (STIP) is an annual cash bonus that involves linking specific financial and non-financial targets with the opportunity to earn incentives based on a percentage of TFR. From 1 July 2024, half of the STIP earned will be subject to deferral into equity over a 2-year period.	<p>Ensures TFR is competitive.</p> <p>Rewards delivery of strategic KPIs through the Corporate Scorecard</p> <p>Enables individual performance to be rewarded based on personal KPIs specific to the role.</p>

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# Remuneration Report

For the year ended 30 June 2023

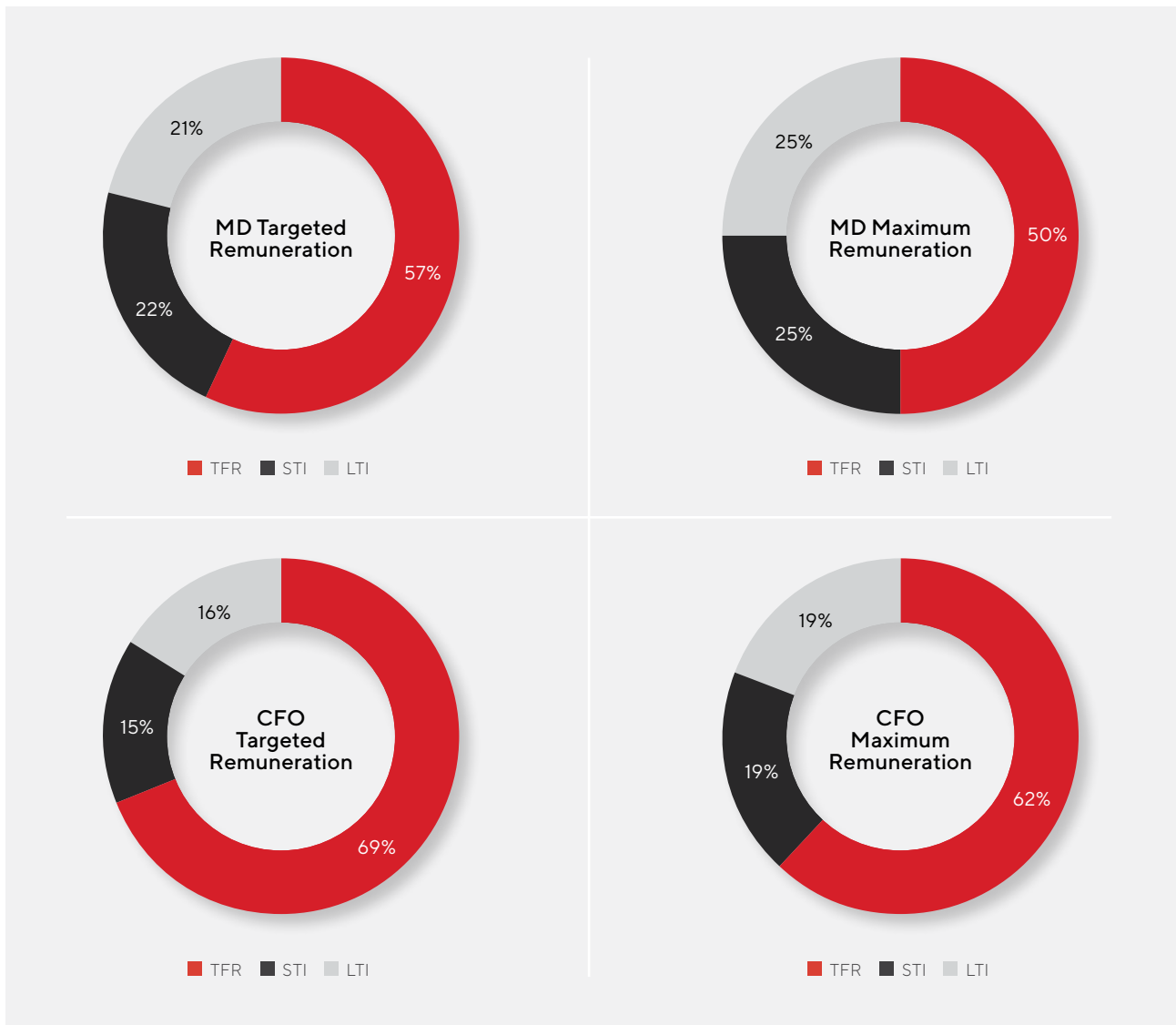
## 5. REMUNERATION STRUCTURE (continued)

Component	What it is	How does it link to strategy and performance?
Long Term Incentive (LTI)	The LTI Plan (LTIP) is designed to link long-term executive performance with ongoing creation of shareholder value, through performance rights which convert to shares, subject to the satisfaction of long term performance conditions.	Rewards delivery of strategic objectives and longer term growth and sustained shareholder value. Provides greater alignment between shareholder and participant outcomes.

## 6. REMUNERATION MIX

Remuneration mix for the Executive KMP refers to the proportion of Total Remuneration that is made up of each component of remuneration as outlined in contracts of employment and not actual remuneration received during the year.

Figure 1 Targeted and Maximum Remuneration Mix



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## 7. LINK BETWEEN THE GROUP PERFORMANCE, REMUNERATION OUTCOMES AND SHAREHOLDER VALUE

The Board's objective when determining remuneration for the Executive KMP is that remuneration outcomes should be linked to the performance of the Group. Given the longer term component of remuneration, reporting on performance for FY2023 together with performance over prior years provides shareholders with important context.

Table 1 The Group's Historical Performance below summarises and compares the Group's performance in recent financial years ending FY2023.

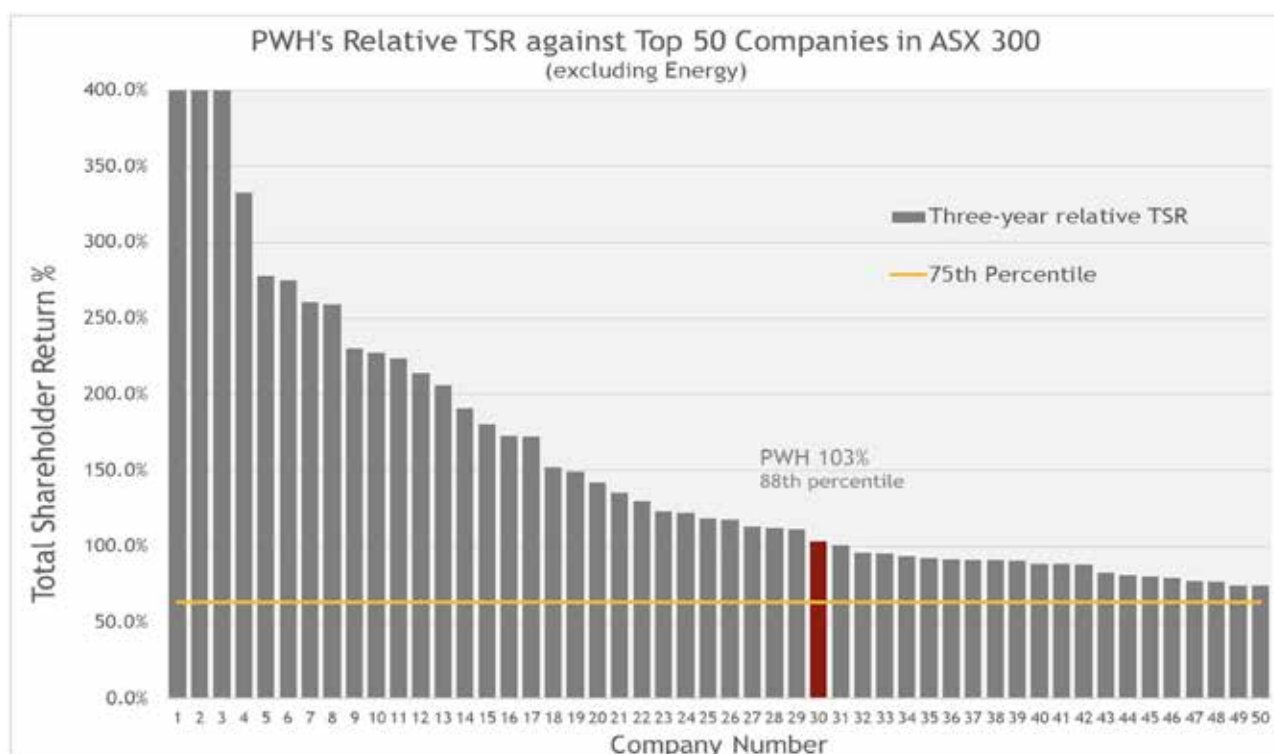
Table 1 The Group's Historical Performance

Key indicators	Units	Note	2023	2022	2021	2020	2019	2018
EBITDA	\$'000		\$39,051	\$35,747	\$28,963	\$23,430	\$21,763	\$16,336
Net profit after tax	\$'000		\$21,752	\$20,843	\$16,797	\$13,049	\$14,206	\$11,001
Ordinary dividend per share	cents		12.50	12.00	8.80	5.90	8.50	7.30
Special dividend per share	cents		-	-	-	-	3.00	-
Change in share price year-on-year	\$		\$2.35	(\$0.77)	\$2.60	\$0.37	\$1.41	\$0.36
Earnings per share	cents	B5	21.67	20.79	16.77	13.04	14.21	11.00
Total Shareholder Return Ranking <sup>5</sup>	percentile		88 <sup>th</sup> percentile	86 <sup>th</sup> percentile	98 <sup>th</sup> percentile	90 <sup>th</sup> percentile	70 <sup>th</sup> percentile	n/a

<sup>5</sup> Compares the Company's TSR to the S&P/ASX 300 excluding companies operating in the Energy sector (oil, gas and coal) and those that have de-listed over a 3 year performance period ending on 30 June for the relevant financial year

The Company's Total Shareholder Return (3 years to 30 June 2023) shown in Figure 2, compares PWR to the ASX 300, excluding Energy sector (oil, gas and coal) over the 3 year performance period, ranking PWR at the 88th percentile.

Figure 2 The Company's Total Shareholder Return (3 years to 30 June 2023)



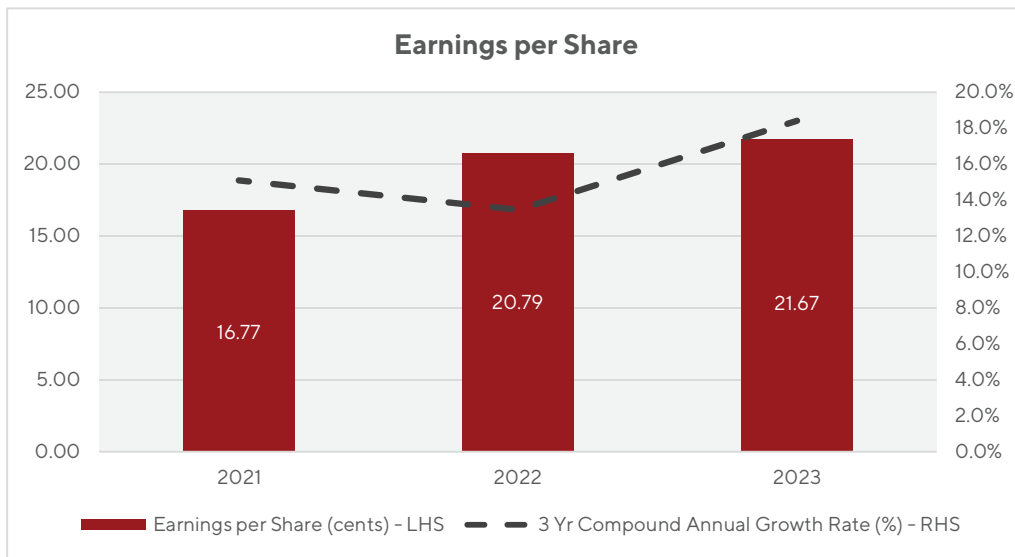
# Remuneration Report

For the year ended 30 June 2023

## 7. LINK BETWEEN THE GROUP PERFORMANCE, REMUNERATION OUTCOMES AND SHAREHOLDER VALUE (continued)

Figure 3 The Group's EPS growth to 30 June 2023, shows a year on year increase in the Group's Earnings per Share which equates to a 3 year growth rate of 66.2% and a 3 year compound annual growth rate of 18.4%.

Figure 3 The Group's 3-year growth in EPS to 30 Jun 2023



## 8. EXECUTIVE KMP SHORT TERM INCENTIVE REMUNERATION OUTCOMES

### 8.1. STIP Gate

The STIP operates with a NPAT gate to activate the plan. The gate was exceeded for FY2023, opening the STIP up to 100% of maximum scores. An increasing amount of STIP is available depending on the amount by which the STIP gate is exceeded.

### 8.2. Corporate Scorecard

At the beginning of the reporting period, the Board established Company KPIs which together formed the Company Scorecard and which are largely non-financial KPIs. Subject to the STIP gate being met or exceeded the Company Scorecard accounts for up to 60% of the maximum potential cash bonus payable to the Executive KMP. Corporate KPIs on the Company Scorecard align interest and performance at a Group level and to be achieved require strategic thinking, collaboration, and business wide leadership which ultimately improves both short and long term shareholder value.

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### 8. EXECUTIVE KMP SHORT TERM INCENTIVE REMUNERATION OUTCOMES (continued)

Outcomes of the FY2023 Corporate Scorecard are outlined below:

Figure 4 Company Scorecard Outcomes FY2023

KPI	Profitable Growth	Increased Profitability	Efficiency	Attract and Retain	Employee Engagement	Safe Workforce
Weighting	10%	11% target 15% stretch	22.5% target 25% stretch	15% target 20% stretch	7.5% target 10% stretch	15% target 20% stretch
Description	Net Profit After Tax	Reduction in 12-month average cost of re-makes and re-work	Delivery in Full and On Time (DIFOT) and ERP job costing	Voluntary Employee Turnover	Employee Engagement Survey participation rate	Lost Time Injury Frequency Rate (LTIFR) and Executive Safety Walk Arouns
Measure	>5% above budget	50% target 80% stretch	80% target 90% stretch  Full job costing operational	Australia ≤30% target ≤20% stretch  North America ≤25% target ≤20% stretch	65% target 70% stretch	LTIFR ≤2.5  6 safety walk arounds per person
Result	<5% above budget	Australia not achieved  North America stretch achieved	Australia DIFOT target not achieved  North America DIFOT stretch target achieved  ERP job costing in development	Australia 28%  North America >25%	77%	LTIFR >2.5  Safety walks taking place but 100% target not met
Status	Not achieved	Partially achieved	Partially achieved	Partially achieved	Stretch achieved	Partially achieved

### 8.3. Personal Scorecards

Up to 40% of the STI for the Executive KMP is payable on meeting personal KPIs aligned to achieving key business outcomes identified in the Group's strategic plan. Outcomes for personal KPIs for the Executive KMP are set out below:

Table 2 Executive Personal KPI Outcomes

Executive KMP	Personal KPI	Weighting	Percentage of KPI outcomes achieved
Kees Weel (Managing Director)	- Targets related to succession planning, capacity expansion and demonstration of the Group DNA	40%	75.0%
Martin Mclver (Chief Financial Officer)	- Targets related to establishment of sustainability reporting, financial reporting, ERP development and demonstration of the Group DNA	40%	60.0%

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## 8. EXECUTIVE SHORT TERM INCENTIVE REMUNERATION OUTCOMES (continued)

### 8.4. FY2023 STIP Awards

Table 3 Executive FY2023 STIP Awards

Executive KMP	Maximum Potential STIP (% TFR)	Actual Bonus included in FY2023 remuneration (\$) <sup>1</sup>	Actual Bonus Earned in FY2023 (as % TFR) <sup>2</sup>
Kees Weel (Managing Director)	50%	\$142,541	21.9%
Martin Mclver (Chief Financial Officer)	30%	\$42,929	11.3%

- Cash bonuses earned in FY2023 are paid in September 2023
- KPIs that were not achieved attract no cash payment

## 9. LTIP PERFORMANCE OUTCOMES AND FY2023 AWARDS

The following table sets out LTIP performance outcomes for the 3 year period ended 30 June 2022. Performance Rights vested in September 2022, were exercised in October 2022 and Company shares issued to participants.

Table 4 LITIP Performance Outcomes for the 3 year period ended 30 June 2022

Performance measure	Outcome	% of LTI attaching to performance measure payable
<b>EPS growth</b>		
From 1 July 2019 to 30 June 2022	46.3%	100%
<b>Relative Total Shareholder Return</b>		
Relative to S&P/ASX 300 excluding companies operating in the Energy sector (oil, gas and coal) and those that have de-listed since 1 July 2019 over a 3 year performance period ending on 30 June 2022	86 <sup>th</sup> percentile	100%

The following table sets out LTIP performance outcomes for the 3 year period ended 30 June 2023. Performance Rights vest in September 2023 and following exercise, Company shares will be issued to participants, subject to participants remaining employed at the date of vesting.

Table 5 LITIP Performance Outcomes for the 3 year period ended 30 June 2023

Performance measure	Outcome	% of LTI payable
<b>EPS growth</b>		
From 1 July 2020 to 30 June 2023	66.2%	100%
<b>Relative Total Shareholder Return</b>		
Relative to S&P/ASX 300 excluding companies operating in the Energy sector (oil, gas and coal) and those that have de-listed since 1 July 2020 over a 3 year performance period ending on 30 June 2023	88 <sup>th</sup> percentile	100%

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## 9. LTIP PERFORMANCE OUTCOMES AND FY2023 AWARDS (continued)

The following table sets out details of performance rights held by and granted to Executive KMP.

Table 6 Performance Rights held by and granted to Executive KMP for the period ended 30 June 2023

Name	Balance at 1 July 2022	Granted during the year	Vested during the year	Forfeited during the year	Balance 30 June 2023	\$ value of rights at grant date
Kees Weel	-	50,077	-	-	50,077	489,252
Martin Mclver	15,690	17,485	-	-	33,175	307,802

The table below sets out the percentage performance achieved and percentage vested against the LTIP for performance rights currently on issue to Executive KMP.

Table 7 Performance and vesting of Performance Rights held by and granted to Executive KMP per year

Plan Year	Grant date	Vesting date <sup>1</sup>	Value of rights at grant date <sup>2</sup>	EPS target achieved	TSR target achieved	% vested
FY2021 LTIP	07/06/21	01/09/23	\$142,549	100%	100%	Vest on 01/09/23
FY2022 LTIP	01/10/21	01/09/24	\$287,025	To be determined		
FY2023 LTIP	08/11/22	01/09/25	\$660,081	To be determined		

1. Subject to Board approval of performance hurdles and service conditions being met

2. Matthew Bryson was included as an Executive KMP for the FY2021 and FY2022 Plan Years

## 10. SUMMARY OF REMUNERATION COMPONENTS AND HOW THEY OPERATE

### 10.1. Total Fixed Remuneration

Total Fixed Remuneration is set with reference to the median of the Group's peers and is a function of size and complexity of the role, individual responsibilities, experience, skills and market remuneration levels. This consists of cash salary, salary sacrifice items, employer superannuation, annual leave provisions and any fringe benefits tax charges related to employee benefits. The opportunity to salary sacrifice benefits on a tax-compliant basis is available.

The Board determines an appropriate level of fixed remuneration for the Executive KMP following recommendations from the NRC. The NRC has the delegated authority from the Board to engage independent remuneration consultants as it sees fit.

Fixed remuneration is reviewed annually following performance reviews at the end of the financial year and considers the Executive KMP's role and accountabilities, relevant market benchmarks and attraction, retention and motivation of Executive KMP in the context of the overall market.

With respect to the annual salary reviews conducted at the end of FY2023 for salaries moving into FY2024, the Board referred to the July 2022 Godfrey Remuneration Group benchmark report on the Executive KMP Total Variable Remuneration and took on board GRG's advice when determining remuneration for the Executive KMP for FY2024. The outcome of that exercise was:

- Managing Director - In recognition of Mr Weel's established tenure in the role of MD, performing at a high level and leading the company through significant growth (in revenue, profit and share price), and in consideration of his remuneration relative to market peers, his Total Fixed Remuneration (TFR) was increased effective 1 July 2023 to \$752,200 per annum, representing a 15% increase on the prior year. His Short Term Incentive Program (STIP) opportunity has increased to 60% of TFR, with up to half payable in cash and the remaining half deferred over a two year period under the terms of the STIP. His Long Term Incentive Program (LTIP) opportunity has increased to 90% of TFR, subject to performance over a 3-year period and is payable in shares, cash or a combination of shares and cash.
- Chief Financial Officer - Based on a review of market peers, Mr Mclver's TFR has been set at \$405,500 per annum from 1 July 2023, a 6% increase on the prior year. His STIP opportunity has increased to 50% of TFR, with up to half payable in cash and the remaining half deferred over a two year period under the terms of the short term incentive plan. His LTIP opportunity has increased to 50% of TFR, subject to performance over a 3-year period and is payable in shares, cash or a combination of shares and cash.

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













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## 10. SUMMARY OF REMUNERATION COMPONENTS AND HOW THEY OPERATE (continued)

The deferred portion of the STIP will have a service condition where the Executive KMP must remain continually employed by the Company or another Group entity until the date of vesting. 50% of the deferred portion of the STI will vest on 1 September, 14 months after the end of the STI financial year, and the remaining 50% deferred of the STI will vest on 1 September, 26 months after the end of the STI financial year. The deferred portion of the STI can be paid in shares, cash or a combination of shares and cash.

### 10.2. FY2023 Short Term Incentives

The Executive KMP are eligible to participate in the Group's short-term incentive plan.

Executive KMP Participants	Managing Director and Chief Financial Officer																		
How is it paid	Annual cash bonus subject to achievement of corporate and personal KPIs																		
STIP Gate	The STIP gate is a minimum profit gateway based on the Group's budgeted profit target which must be met for the STIP to be activated for Executive KMP. The amount by which the gate is exceeded then determines the maximum that can be attributed to each KPI on the Company Scorecard.																		
Corporate Scorecard (60% weighting)	The Board establishes company KPIs that form the Corporate Scorecard on an annual basis. These are determined by assessing key drivers that are required to deliver on our strategic objectives and require the Executive KMP to work as a team to achieve.																		
Personal KPIs (40% weighting)	At the beginning of the performance period, the Board establishes personal KPIs for the Managing Director and the Managing Director recommends personal KPIs for the CFO for Board approval. Personal KPIs represent 40% of the maximum potential cash bonus payable to the Executive KMP and for payment to be made against these KPIs, the STIP gate must have been met. If the STIP gate is not met, irrespective of whether the KPIs have been achieved, they attract no cash payment.																		
Target	Managing Director – 37.5% TFR CFO – 22.5% TFR																		
Maximum	Managing Director – 50% TFR CFO – 30% TFR																		
Potential Outcome of STIP	<table border="1"> <tr> <td rowspan="3">  STIP Gate                 </td> <td style="background-color: red; color: white; text-align: center;">Not met</td> <td colspan="3" style="text-align: center;"><b>STIP not activated for Executive KMP</b></td> <td style="text-align: center;">No STI Award</td> </tr> <tr> <td style="background-color: green; color: white; text-align: center;">Met</td> <td style="text-align: center;">                     Company Scorecard Weighting Maximum 45%  </td> <td style="text-align: center;">                     Personal KPIs and PWR DNA - Weighting Maximum 40%  </td> <td style="text-align: center;">=</td> <td style="text-align: center;">                     STI Award Corporate up to 75% of maximum Personal up to 100% of maximum                 </td> </tr> <tr> <td style="background-color: blue; color: white; text-align: center;">Exceeded</td> <td style="text-align: center;">                     Company Scorecard Weighting between 45% and 60%  </td> <td style="text-align: center;">                     Personal KPIs and PWR DNA - Weighting Maximum 40%  </td> <td style="text-align: center;">=</td> <td style="text-align: center;">                     STI Award Corporate up to 100% of maximum Personal up to 100% of maximum                 </td> </tr> </table>			 STIP Gate	Not met	<b>STIP not activated for Executive KMP</b>			No STI Award	Met	Company Scorecard Weighting Maximum 45% 	Personal KPIs and PWR DNA - Weighting Maximum 40% 	=	STI Award Corporate up to 75% of maximum Personal up to 100% of maximum	Exceeded	Company Scorecard Weighting between 45% and 60% 	Personal KPIs and PWR DNA - Weighting Maximum 40% 	=	STI Award Corporate up to 100% of maximum Personal up to 100% of maximum
 STIP Gate	Not met	<b>STIP not activated for Executive KMP</b>			No STI Award														
	Met	Company Scorecard Weighting Maximum 45% 	Personal KPIs and PWR DNA - Weighting Maximum 40% 		=	STI Award Corporate up to 75% of maximum Personal up to 100% of maximum													
	Exceeded	Company Scorecard Weighting between 45% and 60% 	Personal KPIs and PWR DNA - Weighting Maximum 40% 	=	STI Award Corporate up to 100% of maximum Personal up to 100% of maximum														

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## 10. SUMMARY OF REMUNERATION COMPONENTS AND HOW THEY OPERATE (continued)

### 10.3. Long Term Incentives

The Executive KMP are eligible to participate in the Group's long term incentive plan.

The LTIP is an equity-based incentive designed to provide participants with the incentive to deliver growth in shareholder value.

Executive KMP participants	Managing Director and Chief Financial Officer									
How is it paid?	Performance Rights. Executive KMP are invited by the Board to apply for performance rights (Rights) on an annual basis under the LTIP as part of their Total Remuneration.									
How many Rights are granted?	<p>The number of Rights granted to each Executive KMP is calculated by dividing the % of TFR eligibility by the Company volume weighted average share price for the 30 days of the June prior to the commencement of the performance period.</p> <p>Managing Director – 50% of TFR (Managing Director participation was approved at the 2022 Annual General Meeting).</p> <p>CFO – 30% of TFR</p> <p>From the 2024 financial year:</p> <p>Managing Director – 90% of TFR (Managing Director FY2024 participation to be approved at the 2023 Annual General Meeting).</p> <p>CFO – 50% of TFR</p>									
Performance period	<p>3 years.</p> <p>For Rights issued prior to 4 November 2022, the Rights convert to ordinary shares in the Company on a 1 for 1 basis at the end of the 3 year performance period depending upon the extent to which performance hurdles are achieved and service conditions met.</p> <p>Amendments to the Performance Rights Plan were approved at the Annual General Meeting held on 4 November 2022. For Rights issued on and from 4 November 2022, at the end of the 3 year performance period, the Rights convert into ordinary shares in the Company on a 1 for 1 basis are paid in cash calculated by multiplying the number of rights by the share price at the time of vesting, or a combination of ordinary shares and cash, at the Board's discretion.</p>									
Performance hurdles	<p>The performance hurdles for Rights granted prior to FY2021 are:</p> <ul style="list-style-type: none"> <li>50% of the rights will vest upon the achievement of Total Shareholder Return (TSR) ranking criteria relative to the TSR of constituents of the S&amp;P/ASX300, excluding Energy sector (oil, gas and coal). TSR is calculated by an independent third party, comparing the TSR percentile rank that the Company holds relative to the benchmark group for the relevant 3-year performance period:</li> </ul> <table border="1"> <thead> <tr> <th>TSR Ranking (TSR)</th> <th>Vesting outcome</th> </tr> </thead> <tbody> <tr> <td>TSR is 50% or less</td> <td>Nil vesting</td> </tr> <tr> <td>TSR is more than 50% but less than 75%</td> <td>Pro rata vesting</td> </tr> <tr> <td>TSR is 75% or more</td> <td>100% vesting</td> </tr> </tbody> </table>		TSR Ranking (TSR)	Vesting outcome	TSR is 50% or less	Nil vesting	TSR is more than 50% but less than 75%	Pro rata vesting	TSR is 75% or more	100% vesting
TSR Ranking (TSR)	Vesting outcome									
TSR is 50% or less	Nil vesting									
TSR is more than 50% but less than 75%	Pro rata vesting									
TSR is 75% or more	100% vesting									

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# Remuneration Report

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## 10. SUMMARY OF REMUNERATION COMPONENTS AND HOW THEY OPERATE (continued)

	<ul style="list-style-type: none"> <li>50% of the rights will vest upon achievement of growth in EPS. Vesting is determined by the growth in EPS from the financial year immediately prior to the start of the Performance Period (base year) to the end of the third year of the Performance Period, measured against specific EPS targets outlined below:</li> </ul>								
	<table border="1"> <thead> <tr> <th>Earnings Per Share (EPS)</th> <th>Vesting outcome</th> </tr> </thead> <tbody> <tr> <td>EPS growth rate of &lt;4%</td> <td>Nil vesting</td> </tr> <tr> <td>EPS growth rate of ≥4% to ≤12%</td> <td>Pro rata vesting</td> </tr> <tr> <td>EPS growth rate of &gt;12%</td> <td>100% vesting</td> </tr> </tbody> </table>	Earnings Per Share (EPS)	Vesting outcome	EPS growth rate of <4%	Nil vesting	EPS growth rate of ≥4% to ≤12%	Pro rata vesting	EPS growth rate of >12%	100% vesting
Earnings Per Share (EPS)	Vesting outcome								
EPS growth rate of <4%	Nil vesting								
EPS growth rate of ≥4% to ≤12%	Pro rata vesting								
EPS growth rate of >12%	100% vesting								
	<p>While the TSR hurdle remains the same, the EPS hurdle for the Rights granted from FY2021 onwards is different to that attached to Rights granted prior to that. For Rights granted from FY2021 onwards:</p> <ul style="list-style-type: none"> <li>50% of the rights will vest based on compound growth in annual EPS relative to a target set by the Board. Vesting is determined by the compound annual growth rate in EPS over the 3-year Performance Period measured against specific EPS targets:</li> </ul>								
	<table border="1"> <thead> <tr> <th>Earnings Per Share (EPS)</th> <th>Vesting outcome</th> </tr> </thead> <tbody> <tr> <td>Compound annual growth rate of EPS &lt;4%</td> <td>Nil vesting</td> </tr> <tr> <td>Compound annual growth rate of EPS ≥4% to ≤10%</td> <td>Pro rata vesting</td> </tr> <tr> <td>Compound annual growth rate of EPS &gt;10%</td> <td>100% vesting</td> </tr> </tbody> </table>	Earnings Per Share (EPS)	Vesting outcome	Compound annual growth rate of EPS <4%	Nil vesting	Compound annual growth rate of EPS ≥4% to ≤10%	Pro rata vesting	Compound annual growth rate of EPS >10%	100% vesting
Earnings Per Share (EPS)	Vesting outcome								
Compound annual growth rate of EPS <4%	Nil vesting								
Compound annual growth rate of EPS ≥4% to ≤10%	Pro rata vesting								
Compound annual growth rate of EPS >10%	100% vesting								
Service Condition	Participants must remain continually employed with the Company until the date of vesting.								
Vesting	Rights that do not vest at the end of the 3-year period lapse unless the Board in its discretion determines otherwise. Upon cessation of employment prior to the vesting date, Rights will be forfeited and lapse unless the Board in its discretion determines otherwise. Rights do not entitle holders to dividends that are declared during the vesting period.								
Why relative TSR and Compound EPS?	The Board believes that these hurdles represent an appropriate balance between internal performance and external benchmarking. EPS is a relevant indicator of increase in shareholder value and the EPS hurdles provide a line of sight to encourage performance. Relative TSR is aligned with the Group's growth strategy.								
Restrictions	Participants are prohibited from entering transactions or arrangements which operate to transfer or limit the economic risk of any Rights held under the LTIP while they are subject to performance hurdles or otherwise unvested.								

## 11. CONTRACT DURATION AND TERMINATION REQUIREMENTS

The Company has contracts of employment with no fixed tenure requirements with the Executive KMP. The notice period for each is outlined in the table below. Termination with notice may be initiated by either party. The contracts contain customary clauses dealing with immediate termination for gross misconduct, confidentiality, and post-employment restraint of trade provisions.

Table 8 Executive KMP Notice Periods

Name	Position	Notice Period
Kees Weel	Managing Director	6 months
Martin Mclver	Chief Financial Officer	3 months

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## 12. REMUNERATION OF NON-EXECUTIVE DIRECTORS

### 12.1. NED Remuneration Policy

Non-Executive Directors receive remuneration for undertaking their role. They do not participate in the Group's incentive plans nor receive any variable remuneration. Non-Executive Directors are not entitled to retirement payments.

The objective of the Non-Executive Director remuneration policy is to:

- provide a clear fee arrangement that avoids potential conflicts of interest associated with performance incentives,
- remunerate Directors at market rates for their commitment and responsibilities, and
- obtain independent external remuneration advice when required.

The Main Board Package (MBP) approved by Shareholders in 2022 is \$1,000,000 per annum (inclusive of superannuation contributions). The Board determines the distribution of Non-Executive Director fees within the approved MBP.

### 12.2. NED Remuneration

The following table sets out the Main Board Package for the Chairman and Non-Executive Directors throughout the reporting period.

Table 9 Non-Executive Director Main Board Package

Role	MBP during Reporting Period \$
Chairman	195,000
Non-Executive Director and Chairman Audit, Risk and Sustainability Committee	130,000 <sup>1</sup>
Non-Executive Director	110,000

1. Includes \$20,000 per annum for taking on role of Chairman of Audit, Risk and Sustainability Committee during FY2023

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## Remuneration Report

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### 13. KEY MANAGEMENT PERSONNEL | STATUTORY REMUNERATION TABLE

Details of the nature and amount of each major element of remuneration of each Director and Executive of the Group for the Reporting Period are:

Table 10 KMP Statutory Remuneration Table

Name and Role	Year	Short-term benefits			Total	Post Employment Benefits		Termination benefits	Long-term benefits	Share-based payments	Total
		Cash salary & fees	Cash Bonus	Non-cash benefits		Super benefits	Performance rights				
<b>Non-executive Directors</b>											
<b>Current</b>											
Teresa Handicott	2023	176,471	-	-	176,471	18,529	-	-	-	-	195,000
Chairman, Non-Executive Director	2022	155,251	-	-	155,251	15,525	-	-	-	-	170,776
Jeff Forbes	2023	117,648	-	-	117,648	12,352	-	-	-	-	130,000
Non-Executive Director	2022	105,023	-	-	105,023	10,502	-	-	-	-	115,525
Roland Dane	2023	110,000	-	-	110,000	-	-	-	-	-	110,000
Non-Executive Director	2022	95,000	-	-	95,000	-	-	-	-	-	95,000
Kym Osley <sup>(i)</sup>	2023	45,833	-	-	45,833	-	-	-	-	-	45,833
Non-Executive Director	2022	-	-	-	-	-	-	-	-	-	-
<b>Total - Non-Executive</b>	2023	449,952	-	-	449,952	30,881	-	-	-	-	480,833
<b>Directors' Remuneration</b>	2022	355,274	-	-	355,274	26,027	-	-	-	-	381,301

(i) Appointed 1 February 2023

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### 13. KEY MANAGEMENT PERSONNEL | STATUTORY REMUNERATION TABLE (continued)

Name and Role	Year	Short-term benefits			Employment Benefits		Long-term benefits			Share-based payments	Performance Rights <sup>(ii)</sup>	Total	Proportion of remuneration performance related %
		Cash salary & fees	Cash Bonus	Non-cash benefits <sup>(i)</sup>	Total	Super benefits	Termination benefits	Long service leave	Long-term benefits				
<b>Executive Directors and Executives</b>													
<b>Current</b>													
Kees Weel	2023	625,694	142,541	52,027	820,262	26,250	-	25,283	-	111,367	983,162	25.8%	
Managing Director	2022	521,458	207,744	39,080	768,282	25,000	-	12,837	-	-	806,119	25.8%	
Matthew Bryson <sup>(i)</sup>	2023	-	-	-	-	-	-	-	-	-	-	-	
Chief Technical and Commercial Officer	2022	387,692	78,147	(19,300)	446,539	25,000	-	8,237	-	119,455	599,231	33.0%	
Martin McIver	2023	354,192	42,929	3,348	400,469	25,292	-	-	-	85,785	511,546	25.2%	
Chief Financial Officer	2022	327,857	79,643	18,910	426,410	23,568	-	-	-	34,950	484,928	23.6%	
<b>Total - Executive Directors' and Executives' Remuneration</b>	2023	979,886	185,470	55,375	1,220,731	51,542	-	25,283	-	197,152	1,494,708	25.6%	
	2022	1,237,007	365,534	38,690	1,641,231	73,568	-	21,074	-	154,405	1,890,278	27.5%	
<b>Total - KMP Remuneration</b>	2023	1,429,838	185,470	55,375	1,670,683	82,423	-	25,283	-	197,152	1,975,541	19.4%	
	2022	1,592,281	365,534	38,690	1,996,505	99,595	-	21,074	-	154,405	2,271,579	22.9%	

(i) On 1 July 2021, Matthew Bryson changed role to Chief Technical and Commercial Officer and due to his change in responsibilities is no longer classified as a Key Management Personnel from 1 July 2022 for the purpose of the Remuneration Report and associated disclosures

(ii) Annual leave and FBT movement

(iii) The fair value of the rights is calculated at the date of grant and allocated to each reporting period evenly over the period from grant date to vesting date.



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## 14. SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The movement during the year in the number of ordinary shares in PWR Holdings Limited held, directly, indirectly or beneficially, by each member of the Key Management Personnel, including their related parties, is as follows:

Table 11 Shareholdings of KMP

Name	Shareholdings of KMP				Closing Balance 30 June 2023
	Opening Balance 1 July 2022	Shares acquired during the year	Shares disposed of during the year	Other	
<b>Non-Executive Directors</b>					
Teresa Handicott	40,500	1,000	-	-	41,500
Jeff Forbes	20,000	-	-	-	20,000
Roland Dane	63,729	10,039	-	-	73,768
Kym Osley	-	-	-	-	-
<b>Executives</b>					
Kees Weel <sup>(i)</sup>	20,307,788	-	(1,000,000)	-	19,307,788
Martin Mclver	1,200	-	-	-	1,200

(i) 61,385 shares held by Lazy Weel Super Fund. Kees Weel is a beneficiary of the Super Fund. 19,246,403 shares held by entities controlled by Kees Weel (10,000,000 shares held by Wagon Weel Co. Pty Ltd as trustee for the Wagon Weel Trust. At 30 June 2023 Kees Weel is a director of the trustee and beneficiary of the Wagon Weel Trust; 9,246,403 shares held by KPW Property Holdings Pty Ltd as trustee for the KPW Holdings Trust. At 30 June 2023 Kees Weel is a director of the trustee and beneficiary of the trust).

## 15. VOTING AND COMMENTS MADE AT THE COMPANY'S FY2022 ANNUAL GENERAL MEETING

The Company received 99.85% 'for' votes on its remuneration report for FY2022. The Company did not receive any specific feedback or comments at the FY2022 AGM on its remuneration report.

## 16. EQUITY INSTRUMENTS

### 16.1. Performance rights over equity instruments

Details of performance rights over ordinary shares in the Company that were granted as remuneration to Executive KMP during the reporting period are included in Table 13 Executive KMP Performance Rights Over Equity Instruments on page 88.

There were no alterations to the terms and conditions of performance rights granted as remuneration to Executive KMP since their grant date.

## Directors' Report

# Remuneration Report

For the year ended 30 June 2023

### 16. EQUITY INSTRUMENTS (continued)

84,294 performance rights vested during the reporting period. Total Performance Rights on issue at 30 June 2023 are as follows:

Table 12 Rights Over Equity Instruments Granted as Remuneration

Executive KMP	Description of Rights	Number of Rights granted	Fair Value per Right at Grant Date		Grant Date	Vesting Date	Expiry Date
			TSR Component \$	EPS Component \$			
Kees Weel Managing Director	FY2023 LTIP	50,077	9.35	10.19	08/10/22	01/09/25	01/03/26
Martin Mclver Chief Financial Officer	FY2022 LTIP FY2023 LTIP	15,690 17,485	8.15 9.35	9.31 10.19	01/10/21 08/10/22	01/09/24 01/09/25	01/03/25 01/03/26
<b>Total on Issue to Executive KMP</b>		<b>83,252</b>					
Total on Issue to Non KMP		287,090					
<b>Total on issue at 30 June 2023</b>		<b>370,342</b>					
Total Vested during the reporting period		84,294					
Total Forfeited due to resignation		8,628					

The movement during the reporting period, by number of rights over ordinary shares in PWR Holdings Ltd held, directly, indirectly or beneficially by each member of the Executive KMP, including their related parties, is as follows:

Table 13 Executive KMP Performance Rights Over Equity Instruments

Rights	Held 1 July 2022	Granted as compensation	Exercised	Lapsed	Forfeited	Held 30 June 2023	Vested during year	Vested and exercisable at 30 June 2023
Kees Weel	-	50,077	-	-	-	50,077	-	-
Martin Mclver	15,690	17,485	-	-	-	33,175	-	-

The forfeited Rights represent those Rights that did not vest due to failure to meet service conditions.

During the reporting period, the following shares were issued on the exercise of Rights previously granted as compensation:

Table 14 Rights That Vested to Executive KMP During the Reporting Period

Executive KMP	Number of shares	Amount paid per share \$
Kees Weel	-	-
Martin Mclver	-	-

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# Remuneration Report

For the year ended 30 June 2023

## 16. EQUITY INSTRUMENTS (continued)

The value of Rights over ordinary shares in the Company granted and exercised by each Executive during the reporting period is detailed below.

Table 15 Value of Rights That Vested to Executive during the Reporting Period

Executive KMP	Granted in year \$( <sup>(a)</sup> )	Value of rights exercised in year \$( <sup>(b)</sup> )
Kees Weel	489,252	-
Martin McIver	170,828	-

- (a) The total value of rights granted in the year is the fair value of the rights calculated at grant date. This amount is allocated to remuneration over the vesting period.
- (b) The value of rights exercised during the year is the market price based on the previous 5 days VWAP at vesting date after deducting the price paid to exercise the right.

### 16.2. Key management personnel transactions

KMP, or their related parties, may hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of those entities.

These entities may transact with the Group. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

From time to time, directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are not material.

This report is made with a resolution of the directors:



-----  
**Teresa Handicott**  
Chairman  
Brisbane  
17 August 2023



-----  
**Kees Weel**  
Managing Director  
Brisbane  
17 August 2023

## Financial Statements

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Revenue	B2	118,326	101,072
Other income	B2	1,882	1,590
Raw materials and consumables expenses	B3	(23,819)	(20,851)
Employee expenses	B3	(47,124)	(38,897)
Occupancy expenses		(1,351)	(750)
Other expenses		(8,863)	(6,417)
<b>Profit before depreciation, net finance costs and income tax</b>		<b>39,051</b>	<b>35,747</b>
Depreciation and amortisation	C5	(8,475)	(7,225)
<b>Total depreciation and amortisation expense</b>		<b>(8,475)</b>	<b>(7,225)</b>
Finance income		198	172
Finance costs		(531)	(202)
<b>Net finance (costs)/income</b>	B4	<b>(333)</b>	<b>(30)</b>
<b>Profit before income tax</b>	B1	<b>30,243</b>	<b>28,492</b>
Income tax expense	E1	(8,491)	(7,649)
<b>Profit for the year attributable to equity holders of the parent</b>		<b>21,752</b>	<b>20,843</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss:</b>			
Exchange differences on translating foreign operations		1,638	624
<b>Total comprehensive income for the year</b>		<b>23,390</b>	<b>21,467</b>
<b>Basic and diluted earnings per share</b>	B5	<b>21.67 cents</b>	20.79 cents

The accompanying notes are an integral part of these financial statements.

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# Consolidated Statement of Financial Position

At 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1	17,626	21,499
Trade and other receivables	C2	16,006	13,813
Inventories	C3	17,789	12,746
Other assets	C4	2,050	2,847
<b>Total current assets</b>		<b>53,471</b>	50,905
<b>Non-current assets</b>			
Property, plant and equipment	C5	53,766	32,594
Intangible assets	C6	15,919	15,027
<b>Total non-current assets</b>		<b>69,685</b>	47,621
<b>Total assets</b>		<b>123,156</b>	98,526
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	C7	7,667	7,532
Lease liabilities	F1	2,565	1,903
Deferred Income	F2	476	469
Contract liabilities	C8	450	907
Employee benefits	D1	4,041	3,324
Current tax liabilities	E2	657	218
Provisions		297	263
<b>Total current liabilities</b>		<b>16,153</b>	14,616
<b>Non-current liabilities</b>			
Lease liabilities	F1	15,722	4,839
Deferred Income	F2	742	1,219
Contract liabilities	C8	-	440
Employee benefits	D1	502	348
Deferred tax liabilities	E2	1,567	667
<b>Total non-current liabilities</b>		<b>18,533</b>	7,513
<b>Total liabilities</b>		<b>34,686</b>	22,129
<b>Net assets</b>		<b>88,470</b>	76,397
<b>Equity</b>			
Issued capital	F3	26,807	26,484
Reserves		3,001	864
Retained earnings		58,662	49,049
<b>Total equity</b>		<b>88,470</b>	76,397

The accompanying notes are an integral part of these financial statements.

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# Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Issued Capital \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2022		26,484	9	855	49,049	76,397
<b>Total comprehensive income for the year</b>						
Profit for the year		-	-	-	21,752	21,752
Other comprehensive income		-	1,638	-	-	1,638
Total comprehensive income		-	1,638	-	21,752	23,390
<b>Transactions with owners, recorded directly in equity</b>						
Employee share-based payments	D3	323	-	499	-	822
Dividends paid	F4	-	-	-	(12,139)	(12,139)
Total transactions with owners		323	-	499	(12,139)	(11,317)
<b>Balance at 30 June 2023</b>		<b>26,807</b>	<b>1,647</b>	<b>1,354</b>	<b>58,662</b>	<b>88,470</b>
<b>Balance at 30 June 2022</b>						
Balance at 1 July 2021		26,223	(615)	627	37,727	63,962
<b>Total comprehensive income for the year</b>						
Profit for the year		-	-	-	20,843	20,843
Other comprehensive income		-	624	-	-	624
Total comprehensive income		-	624	-	20,843	21,467
<b>Transactions with owners, recorded directly in equity</b>						
Employee share-based payments	D3	261	-	228	-	489
Dividends paid	F4	-	-	-	(9,521)	(9,521)
Total transactions with owners		261	-	228	(9,521)	(9,032)
<b>Balance at 30 June 2022</b>		<b>26,484</b>	<b>9</b>	<b>855</b>	<b>49,049</b>	<b>76,397</b>

The accompanying notes are an integral part of these financial statements.

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# Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		121,827	95,534
Government grants received		48	70
Cash paid to suppliers and employees		(88,476)	(72,082)
Cash generated from operating activities		33,399	23,522
Interest paid		(6)	(9)
Income tax paid		(5,694)	(6,472)
<b>Net cash from operating activities</b>	C1	27,699	17,041
<b>Cash flows from investing activities</b>			
Government grant income received		-	1,083
Interest received		147	20
Proceeds from sale of property, plant and equipment		17	70
Payment for acquisition of business	B6	(2,024)	-
Payments for property, plant and equipment	C5	(15,046)	(5,023)
<b>Net cash used in investing activities</b>		(16,906)	(3,850)
<b>Cash flows from financing activities</b>			
Dividends paid		(12,139)	(9,521)
Proceeds from borrowings/(repayment of borrowings)	F1	-	-
Payment of lease liabilities	F1	(2,498)	(2,016)
<b>Net cash used in financing activities</b>		(14,637)	(11,537)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(3,844)	1,654
Cash and cash equivalents at 1 July		21,499	19,857
Effect of exchange rate fluctuations on cash held		(29)	(12)
<b>Cash and cash equivalents at 30 June</b>	C1	17,626	21,499

The accompanying notes are an integral part of these financial statements.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION A ABOUT THIS REPORT

### A1 Reporting entity

PWR Holdings Limited (the Company) is a Company domiciled in Australia.

The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group Entities).

The Group is involved in the design, engineering, testing, production, validation and sale of customised cooling products and solutions to the motorsports, automotive original equipment manufacturing (OEM), aerospace and defence, and automotive aftermarket sectors for domestic and international markets.

The Company's registered office and principal place of business is 103 Lahrs Road, Ormeau, Queensland 4208. The Group is a for-profit entity for the purposes of preparing these financial statements.

### A2 Basis of preparation

#### (a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

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

The financial statements were approved by the Board of Directors on 17 August 2023.

#### (b) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

#### (c) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the Note C6 (Intangible assets).

### A3 Significant accounting policies

The accounting policies set out in Section I (Significant Accounting Policies) to the consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION B BUSINESS PERFORMANCE

### B1 Operating segments

The Group has 2 strategic divisions, which are its operating segments. These divisions offer similar products and services, but are managed separately because they require different technology, apply contrasting marketing strategies and cater to different markets.

The following summary describes the operations of each reportable segment.

Operating segments	Operations
PWR Performance Products	Designing and manufacturing high end motorsports, OEM, aerospace and defence, and automotive aftermarket products for non-USA markets.
PWR C&R	Designing and manufacturing high end motorsports, OEM, aerospace and defence and automotive aftermarket products primarily for the USA market. The PWR C&R segment is also referred to as PWR North America and C&R.

The Group determines its operating segments based on information presented to the Managing Director being the chief operating decision maker, with operating segments based on the Group's operating divisions.

Intersegment pricing is determined based on cost plus a margin.

	PWR Performance Products		PWR C&R		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue from sale of manufactured products	85,362	73,076	30,588	26,604	115,950	99,680
Revenue from services	73	67	2,303	1,325	2,376	1,392
External revenues	85,435	73,143	32,891	27,929	118,326	101,072
Inter-segment revenues	7,896	3,916	4,122	3,621	12,018	7,537
Segment revenue	93,331	77,059	37,013	31,550	130,344	108,609
Segment EBITDA <sup>1</sup>	33,611	28,538	5,350	7,384	38,961	35,922
Depreciation and amortisation	(6,604)	(5,776)	(1,871)	(1,449)	(8,475)	(7,225)
Segment profit/(loss) before interest and tax	27,007	22,762	3,479	5,935	30,486	28,697
Capital expenditure	9,420	3,003	5,626	2,020	15,046	5,023

<sup>1</sup> Segment EBITDA is the segment's profit from operations before interest, taxation, depreciation and amortisation.

	2023 \$'000	2022 \$'000
<b>Reconciliation of reportable segment profit or loss</b>		
<b>Revenues</b>		
Total revenue for reportable segments	130,344	108,609
Elimination of inter-segment revenue	(12,018)	(7,537)
Consolidated revenue	118,326	101,072
<b>Profit before tax</b>		
Profit before tax for reportable segments	30,486	28,697
Elimination of inter-segment loss/(profit)	90	(175)
Net finance (costs)/income	(333)	(30)
Consolidated profit before tax	30,243	28,492

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## SECTION B BUSINESS PERFORMANCE (continued)

### Major Customers

3 customers in the PWR Performance Products segment comprise 14 % of Group's revenue for the year ended 30 June 2023 (2022: 3 customers comprised 15%).

### Geographic information

The Group operates manufacturing facilities and sales offices in Australia, the UK and the USA, and sells its products to customers in various countries throughout the world.

Below is an analysis of the Group's revenue based on the location of the Group's customers and location of the Group's non-current assets.

	2023		2022	
	Revenue \$'000	Non-current assets <sup>(i)</sup> \$'000	Revenue \$'000	Non-current assets <sup>(i)</sup> \$'000
Australia	11,065	36,453	11,438	35,174
USA	31,248	18,423	26,067	11,295
UK	36,351	14,809	32,513	1,152
Italy	15,711	-	11,867	-
Germany	7,799	-	5,901	-
Other Countries	16,152	-	13,286	-
	118,326	69,685	101,072	47,621

(i) Excluding deferred tax assets.

### B2 Revenue and other income

	2023 \$'000	2022 \$'000
<b>Revenue from contracts with customers</b>		
Sales of goods	115,952	99,680
Rendering of services	2,374	1,392
	118,326	101,072
<b>Other income</b>		
R&D tax incentive	1,864	1,540
Profit / (Loss) on sale of assets	(30)	(20)
Government grants – COVID-19 assistance	14	38
Paycheck Protection Program	-	32
Government grants – incentive assistance	34	-
	1,882	1,590

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION B BUSINESS PERFORMANCE (continued)

Customer Revenue by Market Sector	2023			2022		
	Advanced Cooling <sup>1</sup> \$'000	Emerging Technologies <sup>2</sup> \$'000	Total \$'000	Advanced Cooling <sup>1</sup> \$'000	Emerging Technologies <sup>2</sup> \$'000	Total \$'000
Motorsports	55,026	7,230	62,256	47,476	7,809	55,285
Automotive OEM	21,935	3,704	25,639	18,007	3,462	21,469
Automotive Aftermarket	17,796	3	17,799	15,485	360	15,845
Aerospace and Defence	-	10,533	10,533	-	7,130	7,130
Other	1,431	668	2,099	671	672	1,343
	<b>96,188</b>	<b>22,138</b>	<b>118,326</b>	<b>81,639</b>	<b>19,433</b>	<b>101,072</b>

1 Advanced Cooling includes revenue from products and services excluding revenue from Emerging Technologies.

2 Emerging Technologies includes revenue from Aerospace and Defence across all technologies, and revenue from other market sectors generated by cold plate, micro matrix and additive manufacturing.

The Group recognised \$896,055 (2022: \$905,000) in customer revenue from satisfying performance obligations for contract liabilities (refer Note C8).

### B3 Expenses and Income

#### Changes in inventories of finished goods and work in progress

The expenses are adjusted for changes in the inventories of finished goods and work in progress as outlined below:

	2023			2022		
	Gross Expense \$'000	Finished goods and work in progress movement \$'000	Net expense \$'000	Gross Expense \$'000	Finished goods and work in progress movement \$'000	Net expense \$'000
Raw materials and consumables expenses	(24,413)	594	(23,819)	(21,247)	396	(20,851)
Employee expenses	(48,082)	958	(47,124)	(39,446)	549	(38,897)
	<b>(72,495)</b>	<b>1,552</b>	<b>(70,943)</b>	<b>(60,693)</b>	<b>945</b>	<b>(59,748)</b>

#### Research and Development

The Group recognised \$10,058,487 (2022: \$9,777,059) as an expense in relation to its research and development activities. This is included in employee expenses, raw materials, consumables and other expenses in the income statement.

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### SECTION B BUSINESS PERFORMANCE (continued)

#### B4 Finance income and finance costs

	2023 \$'000	2022 \$'000
Interest income	147	20
Gain on derivatives	51	152
<b>Finance income</b>	<b>198</b>	<b>172</b>
Interest expense	(531)	(202)
<b>Finance costs</b>	<b>(531)</b>	<b>(202)</b>
<b>Net finance income/(costs)</b>	<b>(333)</b>	<b>(30)</b>

#### B5 Earnings per share

	2023 \$'000	2022 \$'000
Profit attributable to equity holders	21,752	20,843

<b>Weighted average number of ordinary shares (basic)</b>	<b>2023</b>	<b>2022</b>
Issued ordinary shares at 1 July	100,296,046	100,179,774
Effect of shares issued during the year	61,893	76,771
Weighted average number of ordinary shares at 30 June (basic)	100,357,939	100,256,545
Basic and diluted earnings per share	21.67 cents	20.79 cents

The impact of the performance rights issued by the Group during the year and in prior years was not material to the calculation of the Group's diluted earnings per share.

#### B6 Business combinations

##### Docking Engineering

On 19 August 2022, the Group acquired the business and assets of Docking Engineering (Docking) located in the United Kingdom for a cash payment of \$0.856 million (£0.496 million). Docking is a leading supplier of racing radiators, oil coolers, charge air coolers and motorsport fabrication services. The acquisition provides a platform for the Group to build and grow a manufacturing facility based in the United Kingdom to service European customers and to alleviate demand pressure on Australian based fabrication.

Since the acquisition, Docking has contributed revenue of \$1.242 million and profit after tax of \$0.160 million. If the acquisition had occurred on 1 July 2022, management estimates that Docking Engineering would have contributed revenue of \$1.434 million and profit after tax of \$0.184 million.

##### Bespoke Motorsport Radiators Limited

On 30 January 2023, the Group acquired the business and assets of Bespoke Motorsport Radiators Limited (BMR). BMR is one of the leading core manufacturers and suppliers of high-performance motorsport radiators, intercoolers, and oil coolers in the United Kingdom. The \$1.168 million (£0.675 million) acquisition price was funded out of existing cash.

Since the acquisition, BMR has contributed revenue of \$0.428 million and profit after tax of \$0.015 million. If the acquisition had occurred on 1 July 2022, management estimates that BMR would have contributed revenue of \$1.051 million and profit after tax of \$0.275 million.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION B BUSINESS PERFORMANCE (continued)

### Acquisition related costs

The Group incurred acquisition related costs of \$0.076 million relating to external legal fees and due diligence costs. These costs have been included in other expenses in the consolidated statement of profit and loss and other comprehensive income.

### Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition:

	Docking \$'000	BMR \$'000	Total \$'000
Plant & Equipment	83	752	835
Inventories	184	301	485
Employee benefits	(7)	-	(7)
Total identifiable net assets acquired	260	1,053	1,313

### Fair values measured on a provisional basis

The following fair values have been determined:

- Plant and equipment;
- Inventories; and
- Customer contracts.

### Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Docking \$'000	BMR \$'000	Total \$'000
Total consideration transferred	856	1,168	2,024
Fair value of identifiable net assets	(260)	(1,053)	(1,313)
Customer contracts <sup>1</sup>	(19)	-	(19)
Goodwill	577	115	692

1. Customer contracts have been fully amortised during the year

The goodwill is attributable mainly to the skills and technical talent of the Docking and BMR workforce, and the synergies expected to be achieved from integrating the businesses into the Group's existing business.

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### SECTION C OPERATING ASSETS AND LIABILITIES

#### C1 Cash and cash equivalents

	2023 \$'000	2022 \$'000
Bank balances	12,626	16,499
Term Deposit	5,000	5,000
Cash and cash equivalents in the statement of cash flows	17,626	21,499

#### Reconciliation of cash flows from operating activities

##### Cash flows from operating activities

Profit for the year	21,752	20,843
Adjustments for:		
Depreciation and amortisation	8,475	7,225
Research & development tax credit	(1,898)	(1,540)
Unrealised (gain)/loss on derivatives	432	(225)
Share based remuneration	822	489
(Profit)/Loss on sale of property, plant and equipment	30	20
Changes in:		
Trade and other receivables	(2,193)	(4,472)
Inventories	(5,043)	(6,257)
Trade and other payables	135	2,199
Other assets	797	(1,201)
Employee benefits	871	740
Other	282	(2,563)
Tax balances (excluding research & development tax credit)	3,237	1,783
Net cash from operating activities	27,699	17,041

#### C2 Trade and other receivables

Trade receivables	16,006	13,813
Trade receivables due from related parties (refer Note H2)	-	-
	16,006	13,813

Provisioning for trade receivables has been assessed considering known factors consistent with prior reporting periods, resulting in a bad debt provision of \$Nil (2022: \$133,370).

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For the year ended 30 June 2023

## SECTION C OPERATING ASSETS AND LIABILITIES (continued)

### C3 Inventories

	2023 \$'000	2022 \$'000
Raw materials	8,845	6,039
Work in progress	1,767	1,050
Finished goods	8,327	6,533
Consumables	59	137
Allowance for inventory obsolescence	(1,209)	(1,013)
	<b>17,789</b>	<b>12,746</b>

The cost of inventories sold and recognised as an expense during the year end 30 June 2023 was \$23,819,048 (2022: \$20,850,798).

### C4 Other assets

Prepayments	1,298	2,125
Other assets	752	722
	<b>2,050</b>	<b>2,847</b>

### C5 Property, plant and equipment

Plant and equipment – at cost	55,969	46,377
Accumulated depreciation	(26,852)	(20,766)
	<b>29,117</b>	<b>25,611</b>
Motor vehicles – at cost	443	385
Accumulated depreciation	(324)	(340)
	<b>119</b>	<b>45</b>
Land and buildings – at cost	25,162	11,689
Accumulated amortisation	(8,100)	(5,564)
	<b>17,062</b>	<b>6,125</b>
Under construction	7,468	813
	<b>53,766</b>	<b>32,594</b>

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### SECTION C OPERATING ASSETS AND LIABILITIES (continued)

#### Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Under construction \$'000	Total \$'000
<b>2023</b>					
<b>Cost</b>					
Opening balance	11,689	46,377	385	813	59,264
Additions	12,643	787	-	14,259	27,689
Additions from business combinations	-	835	-	-	835
Transfers	-	7,537	95	(7,632)	-
Disposals	-	(95)	(47)	-	(142)
Effect of movements in exchange rates	830	528	10	28	1,396
Closing balance	25,162	55,969	443	7,468	89,042
<b>Accumulated depreciation</b>					
Opening balance	5,564	20,766	340	-	26,670
Disposals	-	(57)	(46)	-	(103)
Depreciation	2,536	5,915	24	-	8,475
Effect of movements in exchange rates	-	228	6	-	234
Closing balance	8,100	26,852	324	-	35,276
Net carrying amount	17,062	29,117	119	7,468	53,766
<b>2022</b>					
<b>Cost</b>					
Opening balance	11,590	42,188	377	474	54,629
Additions	-	82	-	4,941	5,023
Transfers	-	4,634	-	(4,634)	-
Disposals	-	(1,383)	-	-	(1,383)
Effect of movements in exchange rates	99	856	8	32	995
Closing balance	11,689	46,377	385	813	59,264
<b>Accumulated depreciation</b>					
Opening balance	3,674	16,362	313	-	20,349
Disposals	-	(1,287)	-	-	(1,287)
Depreciation	1,890	5,317	18	-	7,225
Effect of movements in exchange rates	-	374	9	-	383
Closing balance	5,564	20,766	340	-	26,670
Net carrying amount	6,125	25,611	45	813	32,594

The land and buildings balances comprise right-of-use assets with carrying value of \$17,062,298 (2022: \$6,124,583).

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## SECTION C OPERATING ASSETS AND LIABILITIES (continued)

### Right-of-use assets

The Group leases its office and factory facilities where leases typically run for between 5 years and 20 years. The property leases include extension options exercisable by the Group between 3 and 6 months before the expiry of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility and certainty. Extension options held are exercisable only by the Group and not by the lessors.

The Group assesses at the lease commencement dates whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Right-of-use assets relate to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment and included in land and buildings.

<b>2023</b>	<b>Land and Buildings \$'000</b>
<b>Right of Use Lease Assets:</b>	
Balance at beginning of year	6,125
Additions to right-of-use assets	12,643
Amortisation charge for the year	(2,536)
Effect of movements in exchange rates	830
Balance at end of year	17,062

<b>2022</b>	<b>Land and Buildings \$'000</b>
<b>Right of Use Lease Assets:</b>	
Balance at beginning of year	7,916
Additions to right-of-use assets	-
Amortisation charge for the year	(1,890)
Effect of movements in exchange rates	99
Balance at end of year	6,125

<b>Amounts recognised in Profit or Loss</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Deemed interest charge for the year	525	193
Amortisation charge for the year	2,536	1,890
Expenses relating to short term leases	6	12
	<b>3,067</b>	<b>2,095</b>

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### SECTION C OPERATING ASSETS AND LIABILITIES (continued)

#### C6 Intangible assets

	Goodwill \$'000	Trademarks \$'000	Total \$'000
<b>2023</b>			
Cost	4,934	10,985	15,919
Accumulated amortisation	-	-	-
	<b>4,934</b>	<b>10,985</b>	<b>15,919</b>
<b>2022</b>			
Cost	4,042	10,985	15,027
Accumulated amortisation	-	-	-
	<b>4,042</b>	<b>10,985</b>	<b>15,027</b>
<b>Reconciliations</b>			
<b>2023</b>			
Carrying amount at beginning of year	4,042	10,985	15,027
Additions resulting from business combinations	764	-	764
Effect of movements in exchange rates	128	-	128
Balance at the end of the year	<b>4,934</b>	<b>10,985</b>	<b>15,919</b>
<b>2022</b>			
Carrying amount at beginning of year	3,930	10,985	14,915
Effect of movements in exchange rates	112	-	112
Balance at the end of the year	<b>4,042</b>	<b>10,985</b>	<b>15,027</b>

#### Impairment

For impairment testing, goodwill and trademarks are allocated to the Group's cash generating units (CGUs) as follows:

	PWR Performance Products		PWR C&R	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Goodwill	2,768	2,111	2,166	1,931
Trademarks	8,432	8,432	2,553	2,553
	<b>11,200</b>	<b>10,543</b>	<b>4,719</b>	<b>4,484</b>

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## SECTION C OPERATING ASSETS AND LIABILITIES (continued)

For impairment testing, the recoverable amount of each CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of each CGU. The carrying amount of each CGU was determined to be less than its recoverable amount and accordingly, no impairment loss was recognised.

Value in use is calculated based on the present value of the cash flow projections over a 5-year period and include a terminal value at the end of year 5. The cash flow projections over the 5-year period are based on the Group's budget for 2024 and growth over the forecast periods based on the Group's business plans and management's assessment of the impacts of underlying economic conditions, past performance and other factors on each CGU's financial performance.

The cashflow projections for each CGU include management's estimates of the expected growth in aerospace and defence, automotive aftermarket, motorsports and automotive OEM.

The long-term growth rate used in calculating the terminal value is based on long term inflation estimates for the country and industry in which each CGU operates.

The cash flows are discounted to their present value using a post-tax discount rate based on a weighted average cost of capital adjusted for country and industry specific risks associated with each CGU.

Management have considered sensitivities to the recoverable amount. No reasonable possible change in the assumptions would result in an impairment of the assets in either CGU.

Key assumptions used in the estimation of value in use over the 5-year period including the terminal value were:

	2023 %	2022 %
<b>PWR Performance Products</b>		
Discount rate – pre tax	12.8%	12.2%
Terminal value growth rate	2.0%	2.0%
Revenue – compound annual growth rate	5.2%	5.0%
Average EBITDA margin	34.6%	32.2%
<b>PWR C&amp;R</b>		
Discount rate – pre tax	11.5%	10.4%
Terminal value growth rate	2.0%	2.0%
Revenue – compound annual growth rate	9.2%	10.0%
Average EBITDA margin	16.6%	18.4%

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### SECTION C OPERATING ASSETS AND LIABILITIES (continued)

#### C7 Trade and other payables

Trade and other payables are carried at amortised cost.

	2023 \$'000	2022 \$'000
Trade payables	4,301	2,885
Other payables	3,366	4,647
	7,667	7,532

#### C8 Contract liabilities

The contract liabilities primarily relate to the advance consideration received from customers for performance obligations, for which revenue is recognised over time.

The amount of revenue recognised from performance obligations satisfied in 2023 was \$896,055 (2022: \$905,000).

	2023 \$'000	2022 \$'000
Less than 1 year	450	907
Between 1 and 2 years	-	440
Between 2 and 5 years	-	-
Balance at end of year	450	1,347

### SECTION D EMPLOYEE BENEFITS

#### D1 Employee benefits

	2023 \$'000	2022 \$'000
<b>Current</b>		
Annual leave liability	2,983	2,478
Long service leave liability	1,058	846
	4,041	3,324
<b>Non-current</b>		
Long service leave liability	502	348

During the year ended 30 June 2023, the Group contributed \$2,518,243 (2022: \$2,029,863) to defined contribution plans. These contributions are included in employee expenses in the statement of profit or loss and other comprehensive income.

#### D2 Key management personnel compensation

Key management personnel compensation comprised the following:

	2023 \$'000	2022 \$'000
Short-term employee benefits	1,671	1,996
Termination benefits	-	-
Post-employment benefits	82	100
Share based payments	197	154
Other long-term benefits	25	21
	1,975	2,271

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION D EMPLOYEE BENEFITS (continued)

### D3 Share based payments

During the year the Board granted performance rights to employees under the terms of the Performance Rights Plan (the Plan) first approved at the Company's Annual General Meeting on 21 October 2016 and revisions approved at the Company's Annual General Meeting on 4 November 2022.

Under the Plan, the Board may issue employees conditional performance rights for no consideration. Subject to the achievement of vesting conditions, the performance rights entitle the employee to receive ordinary shares in the Company at no cost.

Vesting of the performance rights approved during the year is subject to meeting a 3-year service condition and achievement of performance hurdles (based on an EPS growth target and total shareholder return (TSR) ranking). The performance period for the rights issued during FY2023 is from 1 July 2022 to 30 June 2025.

Performance rights issued to key management personnel (KMP) and non-key management personnel (Non KMP) during the year are 50% subject to the EPS performance hurdle and 50% subject to the TSR performance hurdle. At 30 June 2023, all of these performance rights remain on issue.

The EPS performance hurdle for the performance rights is based on the compound annual growth rate in EPS.

In accordance with the Group's accounting policy, the grant date fair values of the rights issued will be recognised as an expense over the vesting period. An expense of \$822,527 (2022: \$488,566) was recognised during the year and included in "employee expenses" in the statement of profit or loss and other comprehensive income.

### Measurement of fair values

The fair value of the TSR component of the performance rights has been measured using a Monte Carlo simulation. The fair value of the EPS component of the performance rights has been measured using the Black Scholes formula. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payments were as follows:

	2023		2022	
	TSR component	EPS component	TSR component	EPS component
Fair value at grant date	\$9.35	\$10.19	\$8.15	\$9.31
Share price at grant date	\$10.63	\$10.63	\$8.49	\$8.49
Exercise price	Nil	Nil	Nil	Nil
Expected volatility	40%	N/A	40%	N/A
Risk free rate	3.50%	N/A	0.98%	N/A
Expected life	2.82 Years	2.82 Years	2.84 Years	2.84 Years
Expected dividends	1.51%	1.51%	1.32%	1.32%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price prior to the grant date.

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For the year ended 30 June 2023

### SECTION D EMPLOYEE BENEFITS (continued)

#### Reconciliation of the number of outstanding performance rights

	2023			2022		
	KMP	Non KMP	Total	KMP	Non KMP	Total
Opening outstanding balance	83,720	189,618	273,338	82,259	225,493	307,752
Reclassified during the year <sup>1</sup>	(68,030)	68,030	-	-	-	-
Granted during the year	67,562	122,364	189,926	32,878	48,980	81,858
Exercised during the year	-	(84,294)	(84,294)	(31,417)	(84,855)	(116,272)
Forfeited during the year	-	(8,628)	(8,628)	-	-	-
Closing outstanding balance	83,252	287,090	370,342	83,720	189,618	273,338
Vested and exercisable at 30 June	-	-	-	-	-	-

1. On 1 July 2021, Matthew Bryson changed role to Chief Commercial and Technical Officer and due to his change in responsibilities is no longer classified as a Key Management Personnel from 1 July 2022 for the purpose of the Remuneration Report and associated disclosures

#### Reconciliation of share based payment reserve

	2023 \$'000	2022 \$'000
Opening balance	855	627
Employee expenses	822	489
Shares issued during the year	(323)	(261)
Closing balance	1,354	855

### SECTION E TAXATION

#### E1 Income tax expense

	2023 \$'000	2022 \$'000
<b>Current tax expense</b>		
Current period	7,244	6,398
Under/(over) provision in prior period	426	(23)
	7,670	6,375
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	1,041	1,274
Over provision in prior period	(220)	-
Total income tax expense	8,491	7,649
Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit for the period	21,752	20,843
Total income tax expense	8,491	7,649
Profit excluding income tax	30,243	28,492
Income tax using the Company's domestic tax rate of 30%	9,073	8,548
Tax effect of R&D benefit	(563)	(462)
Effect of tax rates in foreign jurisdictions	(487)	(511)
Other	468	74
	8,491	7,649

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION E TAXATION (continued)

### E2 Tax assets and liabilities

#### Current tax assets and liabilities

The current tax liability of \$657,177 (2022: \$218,140) represents the amount of income tax payable in respect of current and prior periods to the relevant tax authority.

	Net balance at 1 July \$'000	Recognised in profit or loss \$'000	Recognised through Equity \$'000	Net \$'000	Deferred tax assets \$'000	Deferred tax liabilities \$'000
<b>2023</b>						
Property, plant and equipment	(2,499)	(1,291)	-	(3,790)	-	(3,790)
Intangible assets	(766)	-	-	(766)	-	(766)
Employee benefits	1,272	490	-	1,762	1,762	-
Accruals	48	183	-	231	231	-
Inventories	581	(26)	-	555	656	(101)
Unrealised foreign exchange	(220)	(29)	(79)	(328)	-	(328)
Tax losses	392	233	-	625	625	-
Other items	525	(381)	-	144	778	(634)
Net tax assets/(liabilities)	(667)	(821)	(79)	(1,567)	4,052	(5,619)
<b>2022</b>						
Property, plant and equipment	(2,136)	(363)	-	(2,499)	-	(2,499)
Intangible assets	(766)	-	-	(766)	-	(766)
Employee benefits	997	275	-	1,272	1,272	-
Accruals	52	(4)	-	48	48	-
Inventories	372	209	-	581	680	(99)
Unrealised foreign exchange	(42)	(15)	(163)	(220)	-	(220)
Tax losses	1,364	(972)	-	392	392	-
Other items	929	(404)	-	525	1,058	(533)
Net tax assets/(liabilities)	770	(1,274)	(163)	(667)	3,450	(4,117)

The Group's tax losses recognised as a deferred tax asset arise from its US operations. Management considers that based on the Group's plans for this business, it is probable that future taxable profits will be generated against which the tax losses can be recovered.

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### SECTION F CAPITAL STRUCTURE AND BORROWINGS

#### F1 Lease liabilities

	2023 \$'000	2022 \$'000
<b>Current</b>		
Lease liability	2,565	1,903
	2,565	1,903
<b>Non-current</b>		
Lease liability	15,722	4,839
	15,722	4,839
Total lease liability	18,287	6,742

#### Reconciliation of movements in liabilities to cash flows arising from financing activities

	2022 Opening Carrying Value \$'000	Cash flows \$'000	Non-cash changes			2023 Closing Carrying Value \$'000
			Foreign exchange movements \$'000	Deemed Interest movements \$'000	Right-of-use movements \$'000	
Lease liabilities	6,742	(2,498)	875	525	12,643	18,287
Total liabilities from financing facilities	6,742	(2,498)	875	525	12,643	18,287

	2021 Opening Carrying Value \$'000	Cash flows \$'000	Non-cash changes			2022 Closing Carrying Value \$'000
			Foreign exchange movements \$'000	Deemed Interest movements \$'000	Right-of-use movements \$'000	
Lease liabilities	8,456	(2,016)	109	193	-	6,742
Total liabilities from financing facilities	8,456	(2,016)	109	193	-	6,742

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION F CAPITAL STRUCTURE AND BORROWINGS (continued)

### Finance facilities

The terms and conditions of the Group's finance facilities were as follows:

Facility	Currency	Nominal interest rate	Maturity	2023		2022	
				Facility limit \$'000	Carrying amount \$'000	Facility limit \$'000	Carrying amount \$'000
Corporate credit card	AUD	Variable	2026	100	-	100	-
Corporate credit card	USD	Variable	-	100	-	100	-
Bank guarantee facility	AUD	1.54%pa	2026	200	-	-	-
Finance lease	AUD	Variable	2026	7,500	-	7,500	-
Multi-currency facility	AUD	Variable	2026	10,000	-	10,000	-

Finance facilities are secured by charges over the Group's assets. Under the terms of the agreements, the Company and several of its wholly owned subsidiaries jointly and severally guarantee and indemnify the lender in relation to the borrower's obligations.

### F2 Deferred income

	Note	2023 \$'000	2022 \$'000
Less than 1 year		476	469
Between 1 and 5 years		742	1,219
Balance at end of year	15	1,218	1,688

### Government grants

Government grants received by the Group for the purchase of equipment have been recognised as deferred income, with the deferred income amortised over the useful life of the equipment in relation to which the grant was provided.

### F3 Capital and reserves

Issued capital	2023		2022	
	No. of shares	\$'000	No. of shares	\$'000
<b>Ordinary shares</b>				
Balance at beginning of year	100,296,046	26,484	100,179,774	26,223
Issue of shares on vesting of FY19 performance rights	-	-	116,272	261
Issue of shares on vesting of FY20 performance rights	84,294	323	-	-
Balance at end of year	100,380,340	26,807	100,296,046	26,484

### Capital management

The Board aims to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the capital base as well as the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

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## SECTION F CAPITAL STRUCTURE AND BORROWINGS (continued)

### F4 Dividends

Dividends recognised by the Company are:

	Cents per share \$	Total amount \$'000	Franked/ unfranked	Date of payment
<b>2023</b>				
Interim 2023 ordinary	3.60	3,614	Franked	24 March 2023
Final 2022 ordinary	8.50	8,525	Franked	23 September 2022
Total amount		12,139		
<b>2022</b>				
Interim 2022 ordinary	3.50	3,510	Franked	25 March 2022
Final 2021 ordinary	6.00	6,011	Franked	24 September 2021
Total amount		9,521		

Franked dividends declared or paid during the year were fully franked at the tax rate of 30 percent.

### Dividend franking accounts

The 30 percent franking credits by Group entity:

	2023 \$'000	2022 \$'000
PWR Holdings Limited	912	1,155
PWR IP Pty Ltd	1,297	845
P.W.R Performance Products Pty Ltd	3,157	3,132
Total franking credits available at 30 June	5,366	5,132

The ability to utilise the franking credits is dependent upon the ability to declare dividends.

### Recognition and measurement

Dividends are recognised as a liability in the period in which they are declared.

The following dividend was declared by the Directors since the end of the financial year:

	Cents per share	Total amount \$'000	Date of payment
Final 2023 ordinary dividend	8.90	8,934	22 September 2023
Total amount		8,934	

The financial effect of these dividends has not been brought to account in the consolidated financial statements for the year end 30 June 2023 and will be recognised in subsequent financial reports.

### F5 Commitments

At 30 June 2023, the Group had agreed to purchase plant and equipment for \$4.4 million (2022: \$5.0 million) within 12 months.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION G GROUP STRUCTURE

### G1 Parent entity information

As at and throughout the financial year ended 30 June 2023, the parent and ultimate parent entity of the Group was PWR Holdings Limited.

<b>Statement of profit or loss and other comprehensive income</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Profit after income tax	10,011	9,252
<b>Total comprehensive income</b>	<b>10,011</b>	<b>9,252</b>
<b>Statement of financial position</b>		
Total current assets	142	11
Total non-current assets	30,781	32,330
<b>Total assets</b>	<b>30,923</b>	<b>32,341</b>
Total current liabilities	76	189
Total non-current liabilities	-	-
<b>Total liabilities</b>	<b>76</b>	<b>189</b>
<b>Net assets</b>	<b>30,847</b>	<b>32,152</b>
<b>Equity</b>		
Issued capital	26,807	26,484
Reserves	1,354	854
Retained earnings	2,686	4,814
<b>Total equity</b>	<b>30,847</b>	<b>32,152</b>

### Contingent liabilities

The parent entity is party to a cross guarantee and indemnity in relation to the Group's borrowing arrangements, refer Note F1. The parent had no other contingent liabilities at 30 June 2023 or 30 June 2022.

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in the notes.

### G2 Controlled entities

The following entities are subsidiaries of the parent entity, the results of which are included in the consolidated financial statements of the Group.

	Country of incorporation	Ownership interest	
		2023 %	2022 %
PWR Performance Products Pty Ltd	Australia	100	100
PWR IP Pty Ltd	Australia	100	100
PWR Europe Limited	UK	100	100
C&R Racing Inc	USA	100	100
PWR EU B.V.	Netherlands	100	100

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### SECTION G GROUP STRUCTURE (continued)

#### G3 Deed of Cross Guarantee

Pursuant to ASIC Corporations (wholly owned companies) Instrument 2016/785, the wholly owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor, payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after 6 months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

PWR Performance Products Pty Ltd  
PWR IP Pty Ltd

Both subsidiaries became a party to the Deed on 18 May 2017.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, is set out below.

<b>Statement of profit or loss and other comprehensive income</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Revenue	80,874	70,637
Other income	1,878	1,564
Raw materials and consumables expenses	(12,589)	(11,743)
Employee expenses	(33,492)	(28,897)
Occupancy expenses	(614)	(523)
Other expenses	(5,969)	(3,916)
<b>Profit before depreciation, net finance costs and income tax</b>	<b>30,088</b>	<b>27,122</b>
Depreciation and amortisation	(5,805)	(5,628)
<b>Profit before net finance costs and income tax</b>	<b>24,283</b>	<b>21,494</b>
Finance income	1,785	1,593
Finance costs	(1,463)	(1,374)
<b>Net finance income/(costs)</b>	<b>322</b>	<b>219</b>
<b>Profit before income tax</b>	<b>24,605</b>	<b>21,713</b>
Income tax expense	(7,209)	(5,829)
<b>Profit for the year attributable to equity holders of the parent</b>	<b>17,396</b>	<b>15,884</b>
Total comprehensive income for the year	17,396	15,884
Retained earnings at beginning of year	36,119	29,848
Transfers to and from reserves	(315)	(92)
Dividends recognised during the year	(12,139)	(9,521)
<b>Retained earnings at end of year</b>	<b>41,061</b>	<b>36,119</b>

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## SECTION G GROUP STRUCTURE (continued)

<b>Statement of financial position</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	11,898	17,481
Trade and other receivables	9,682	2,404
Inventories	12,327	8,011
Other assets	869	2,443
<b>Total current assets</b>	<b>34,776</b>	<b>30,339</b>
<b>Non-current assets</b>		
Property, plant and equipment	24,629	23,422
Intangible assets	11,751	11,751
Related party loans	6,800	6,535
Investments in subsidiaries	7,142	7,142
Deferred tax assets	4,739	3,366
<b>Total non-current assets</b>	<b>55,061</b>	<b>52,216</b>
<b>Total assets</b>	<b>89,837</b>	<b>82,555</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	3,971	3,955
Lease liabilities	626	1,287
Employee benefits	3,612	2,914
Deferred income	441	435
Contract liabilities	450	907
Current tax liabilities	6	(348)
Provisions	169	145
<b>Total current liabilities</b>	<b>9,275</b>	<b>9,295</b>
<b>Non-current liabilities</b>		
Lease liabilities	2,961	2,905
Deferred income	623	1,069
Contract liabilities	-	440
Deferred tax liabilities	5,637	3,785
Employee benefits	502	348
<b>Total non-current liabilities</b>	<b>9,723</b>	<b>8,547</b>
<b>Total liabilities</b>	<b>18,998</b>	<b>17,842</b>
<b>Net assets</b>	<b>70,839</b>	<b>64,713</b>
<b>Equity</b>		
Issued capital	26,807	26,484
Reserves	2,971	2,110
Retained earnings	41,061	36,119
<b>Total equity</b>	<b>70,839</b>	<b>64,713</b>

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## SECTION H OTHER INFORMATION

### H1 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

The note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management activities are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management activities are reviewed to reflect changes in market conditions and the Group's operations. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Management assesses each new customer for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

	Note	Carrying amount	
		2023 \$'000	2022 \$'000
Cash and cash equivalents	C1	17,626	21,499
Trade and other receivables	C2	16,006	13,813
		<b>33,632</b>	35,312

#### Cash and cash equivalents

The Group held cash and cash equivalents of \$17,626,406 at 30 June 2023 (2022: \$21,498,660), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A to AA-, based on independent rating agency ratings.

#### Trade and other receivables

The Group's exposure to credit risk 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 country in which customers operate, as these factors may have an influence on credit risk.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION H OTHER INFORMATION (continued)

### Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period by geographic region was as follows:

	Carrying amount	
	2023 \$'000	2022 \$'000
Australia	1,648	1,312
UK	11,551	7,150
USA	2,807	5,351
	<b>16,006</b>	<b>13,813</b>

The ageing of the Group's trade and other receivables at the end of the reporting date was as follows:

Not past due	11,049	9,385
Past due 1-30 days	4,386	3,658
Past due 31-60 days	516	714
Past due > 61 days	55	189
	<b>16,006</b>	<b>13,946</b>
Provision for bad debt	-	(133)
	<b>16,006</b>	<b>13,813</b>

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and analysis of customer credit risk. No impairment losses were recognised in respect of trade and other receivables during the year (2022: \$133,370).

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In addition, the Group maintains the following lines of credit: (refer Note F1)

- A\$10,000,000 foreign currency advance facility (multicurrency);
- A\$7,500,000 asset finance facility;
- A\$200,000 bank guarantee facility;
- A\$100,000 corporate credit card facility; and
- USD\$100,000 corporate credit card facility.

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### SECTION H OTHER INFORMATION (continued)

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments.

	Note	Carrying amount \$'000	Total \$'000	Contractual cash flows	
				12 months \$'000	1-5 years \$'000
<b>2023</b>					
Trade and other payables	C7	7,667	(7,667)	(7,667)	-
Right of use liabilities	F1	18,287	(24,379)	(3,107)	(21,272)
		<b>25,954</b>	<b>(32,046)</b>	<b>(10,774)</b>	<b>(21,272)</b>
<b>2022</b>					
Trade and other payables	C7	7,532	(7,532)	(7,532)	-
Right of use liabilities	F1	6,742	(6,871)	(1,903)	(4,968)
		<b>14,274</b>	<b>(14,403)</b>	<b>(9,435)</b>	<b>(4,968)</b>

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Currency risk

The Group is exposed to currency risk on its financial assets and liabilities arising from sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, being the Australian dollar (AUD), Pound Sterling (GBP), US dollar (USD), and Euro (EUR). The currencies in which these transactions are denominated are primarily AUD, GBP, USD, and EUR.

Under the Group's financial risk management policies, the Group may use derivative financial instruments to manage its foreign currency risks. At 30 June 2023, the Group had entered into convertible forward contracts to manage its exposure to sales denominated in GBP. These contracts, which settle monthly until 21 December 2023, have a total notional amount of £6.6 million (2022: £3.1 million) and have been accounted for at fair value through the profit and loss. The fair value at year end was a liability of \$553,289 (2022: \$8,846 liability).

During the year ended 30 June 2023, the Group recognised \$482,692 in realised gains (2022: \$73,679 losses) and \$431,945 in unrealised losses on derivatives (2022: \$225,444 gains). This has been included in finance income or costs in the income statement.

#### Exposure to currency risk

A summary of quantitative data about the Group's exposure to currency risk on financial assets and liabilities at year end is as follows:

	Note	30 June 2023				30 June 2022			
		AUD \$'000	GBP £'000	USD \$'000	EUR €'000	AUD \$'000	GBP £'000	USD \$'000	EUR €'000
Trade receivables	C2	1,290	5,437	2,214	313	1,592	3,847	3,838	-
Trade payables	C7	(1,729)	(937)	(1,544)	(31)	(1,099)	(311)	(794)	-
Net statement of financial position exposure		<b>(439)</b>	<b>4,500</b>	<b>670</b>	<b>282</b>	<b>493</b>	<b>3,536</b>	<b>3,044</b>	<b>-</b>
Notional amount of foreign currency derivatives		-	<b>2,300</b>	-	-	-	<b>3,100</b>	-	-

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## SECTION H OTHER INFORMATION (continued)

### Sensitivity analysis

At 30 June, exchange rates used to translate the above were 0.5246 to the GBP, 0.6618 to the USD, and 0.6087 to the EUR (2022: 0.5676 to the GBP, 0.6886 to the USD and 0.6591 to the EUR). A strengthening (weakening) of the GBP, USD or EUR against the AUD at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and increased or (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis for 2022, using consistent foreign exchange rate variances, as indicated below.

	Profit or loss (net of tax)		Equity (net of tax)	
	Strengthening \$'000	Weakening \$'000	Strengthening \$'000	Weakening \$'000
<b>30 June 2023</b>				
GBP (10% movement)	(600)	546	(600)	546
USD (10% movement)	(71)	64	(71)	64
<b>30 June 2022</b>				
GBP (10% movement)	(436)	396	(436)	396
USD (10% movement)	(309)	281	(309)	281

The impact of the movement in EUR during the year and in prior years was not material.

### Interest rate risk

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

		Nominal amount	
		2023 \$'000	2022 \$'000
<b>Fixed rate instruments</b>			
Financial assets	C1	5,000	5,000
Financial liabilities	F1	-	-
		5,000	5,000
<b>Variable rate instruments</b>			
Financial assets	C1	12,626	16,499
Financial liabilities	F1	-	-
		12,626	16,499

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### SECTION H OTHER INFORMATION (continued)

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the beginning of reporting period would have increased or (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss (net of tax)		Equity (net of tax)	
	100bp increase \$'000	100bp decrease \$'000	100bp increase \$'000	100bp decrease \$'000
<b>30 June 2023</b>				
Variable rate instruments	123	(123)	123	(123)
Cash flow sensitivity (net)	123	(123)	123	(123)
<b>30 June 2022</b>				
Variable rate instruments	150	(150)	150	(150)
Cash flow sensitivity (net)	150	(150)	150	(150)

#### Fair values

The fair values of the Group's financial assets and liabilities approximate their carrying amounts recognised in the statement of financial position.

### H2 Related party information

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control, joint control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control, joint control or significant influence were as follows:

Entity	Transaction	Transaction values during the year		Balance outstanding Receivable/(Payable)	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Triple Eight Race Engineering Pty Ltd <sup>(i)</sup>	Sales of goods	100	81	-	-
Triple Eight Race Engineering Pty Ltd <sup>(i)</sup>	Purchases of goods	-	(20)	-	-

(i) Triple Eight Race Engineering Pty Ltd is an entity associated with Roland Dane, which purchases goods from and sells goods to the Group.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION H OTHER INFORMATION (continued)

### H3 Auditor Remuneration

	2023 \$	2022 \$
<b>Audit services</b>		
Auditors of the Group – KPMG		
<i>Audit and review of financial statements</i>	195,000	158,900
<i>Accountability GB</i>		
<i>Audit and review of financial statements – controlled entity</i>	-	19,828
<i>Magma Chartered Accountants UK</i>		
<i>Audit and review of financial statements – controlled entity</i>	26,115	
<b>Other services</b>		
Auditors of the Group – Accountability GB		
<i>Payroll services for controlled entity</i>	8,794	-

### H4 Subsequent events

The Board declared a fully franked final ordinary dividend of 8.90 cents per share. The financial effect of the 2023 declared final dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2023.

Other than the matter noted above, there has not arisen in the interval since the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### H5 New accounting standards

#### Changes in accounting policies – new standards and interpretations adopted

The accounting policies applied in these financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2022. A number of other new standards are effective from 1 July 2022 but they did not have a material effect on the Group's financial statements.

#### New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting and have not been early adopted by the Group.

The most significant of these to the Group are AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates, AASB 2021-5 Amendments to Australian Accounting Standard – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current.

The Group has not yet considered the estimated impact that these Amendments to Australian Accounting Standards will have on its consolidated financial statements.

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## SECTION I SIGNIFICANT ACCOUNTING POLICIES

1. Basis of consolidation
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3. Revenue
4. Employee benefits
5. Finance income and finance costs
6. Income tax
7. Inventories
8. Property, plant and equipment
9. Intangible assets and goodwill
10. Share capital
11. Provisions
12. Leases
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### 1 Basis of consolidation

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

### 2 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Groups' entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at transaction or balance date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

The consolidated assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the functional currency (AUD) at exchange rates at the dates of the transactions.

Foreign currency translation differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

### 3 Revenue

#### *Sale of goods*

For the sale of manufactured products, revenue is recognised at the point in time that the performance obligation is satisfied which is generally on shipment of the goods to the customer from the Group's warehouse.

#### *Rendering of services*

For services, including wind tunnel testing and freight, revenue is recognised over time as those services are provided.

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## SECTION I SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4 Employee benefits

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount due to past services provided by the employee and the obligation can be estimated reliably.

#### *Long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

#### *Share based payment transactions*

The grant-date fair value of share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

#### *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

#### *Defined contribution funds*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

### 5 Finance income and finance costs

Finance income comprises interest income on funds invested and changes in the fair value of derivative financial instruments at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and changes in the fair value of derivative financial instruments at fair value through profit or loss. Interest expense is recognised using the effective interest method.

Foreign currency gains and losses on monetary assets and liabilities are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

### 6 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustments to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and difference relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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### SECTION I SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax the Group considers the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such as changes to tax liabilities will impact tax expense in the period that such a determination is made.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

#### 7 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted-average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### 8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

##### *Subsequent costs*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

##### *Depreciation*

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line and/or diminishing value basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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## SECTION I SIGNIFICANT ACCOUNTING POLICIES (continued)

The estimated useful lives are as follows:

	2023	2022
Land and buildings	10-27 years	10-27 years
Plant and equipment	2-10 years	2-10 years
Motor vehicles	4-6 years	4-6 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### 9 Intangible assets and goodwill

#### *Goodwill*

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Goodwill is not amortised.

#### *Trademarks*

Separately acquired trademarks are measured initially at cost of acquisition. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Fair value is determined using the relief from royalty method.

The Group's trademarks are subsequently carried at cost less impairment losses and are not amortised as they are considered to have an indefinite useful life.

#### *Research and development*

Research expenditure is recognised as an expense as incurred. Concessional tax benefits and incentives receivable are recognised as other income based on an estimate of the eligible research and development expenditure incurred during the financial year. Costs incurred on development projects are recognised as intangible assets only when it is probable that a project will, after assessment of its commercial and technical feasibility, be completed and generate future economic benefits and can be measured reliably.

#### *Impairment of non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and trademarks with an indefinite life are tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 10 Share capital

#### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity, net of any related income tax benefit.

The Company does not have authorised capital or par value in respect of its issued shares. All shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to 1 vote per share at meetings of the Company.

## Financial Statements

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION I SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

### *Share based payments reserve*

The share-based payments reserve comprises the grant-date fair value of share-based payment awards granted to employees.

## 11 Provisions

### *Warranties*

A provision for warranties is recognised when the underlying products are sold, based on historical warranty data and a weighting of possible outcomes against their assumed possibilities.

Provision for warranties relates to products sold during the current and prior financial years. The provision is based on estimates made from historical warranty data. The Group expects to settle most of the liability over the next year.

## 12 Leases

### *Leased assets*

The Group, as a lessee, assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration.

The Group recognises right of use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. Right of use assets are presented as Property, Plant and Equipment. However, the Group has elected not to recognise right of use assets and liabilities for some leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognises a right of use asset and lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line basis from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Where applicable, the Group has applied some judgement to determine the lease term for some lease contracts which include renewal options or terminations. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

## 13 Financial instruments

### *Non-derivative financial instruments*

Trade and other receivables are initially recognised as fair value and subsequently measured at amortised cost less impairment. Trade receivables are due for settlement no more than 30-60 days from the date of recognition.

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# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## SECTION I SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at reporting date.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities' category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Interest-bearing loans and liabilities are recognised initially at fair value less attributable transaction costs. After initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

### *Derivative financial instruments*

The Group may use derivative financial instruments to manage its foreign currency exposures.

Derivatives are recognised initially at fair value. Any directly attributable transaction costs are recognised in profit or loss as they are incurred. After initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

## 14 Fair value measurements

The consolidated financial statements have been prepared on the historical cost basis except for any derivative financial instruments which are recognised at fair value.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value using the quoted price in an active market for that asset or liability. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. When an active market is not available, the Group uses observable market data as far as possible.

Further information about the methods and assumptions made in determining fair values for measurement and/or disclosure purposes is included in the following notes:

- Note I13 – financial instruments
- Note D3 – share based payments.

## 15 Government Grants

Government grants related to assets are initially recognised as deferred income at fair value when received. They are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset to which the grant relates.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

## Financial Statements


# Directors' Declaration

For the year ended 30 June 2023

### DIRECTORS' DECLARATION

1. In the opinion of the directors of PWR Holdings Limited (the "Company"):
  - (a) the consolidated financial statements and notes that are set out on pages 90 to 127 and the Remuneration Report on pages 71 to 89 in the Directors' Report, are 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 2023 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the group entities identified in Note G3 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.
4. The directors draw attention to Note A2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors.



-----  
**Kees Weel**  
*Director*  
Brisbane  
17 August 2023

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# Independent Auditor's Report to the Members of PWR Holdings Limited

For the year ended 30 June 2023



## Independent Auditor's Report

To the shareholders of PWR Holdings Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of PWR Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 fulfilled our other ethical responsibilities in accordance with these requirements.

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# Independent Auditor’s Report to the Members of PWR Holdings Limited

For the year ended 30 June 2023



## 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.

This matter was 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 this matter.

### Valuation of goodwill and intangible assets (\$15.92m)

Refer to Note C6 to the Financial Report

#### The key audit matter

A key audit matter for us was the Group’s annual testing of goodwill and intangible assets for impairment given the size of the balance (being 13% of total assets).

The Group uses complex value-in-use models in performing their annual impairment testing. These models use forward looking assumptions based on the Group’s budgeting and business plans, and a range of other internal and external sources as inputs to the assumptions. Significant forward looking assumptions applied in their value in use modes include forecast revenue growth, EBIT margin and discount rates applied on net cash flows.

Complex modelling using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

#### How the matter was addressed in our audit

- Our procedures included:
- We considered the appropriateness of the value in use methods applied by the Group to perform the annual impairment testing of goodwill and intangible assets against the requirements of the accounting standards.
  - We, along with our valuation specialists, assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas.
  - We compared the forecast cash flows contained in the value in use models to Board approved budgets and the Group’s business plans.
  - We assessed the accuracy of previous Group budgets to inform our evaluation of forecasts incorporated in the models.
  - We considered the sensitivity of the models by varying key assumptions, such as forecast revenue growth, EBIT margin and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures.
  - We challenged the Group’s significant forecast cash flow and growth rate assumptions including PWR C&R’s ability to convert OEM and emerging technology opportunities. We compared forecast growth rates to published analyst reports, comparable companies, and considered differences for the Group’s operations. We used our knowledge of the Group, their past performance and our understanding of factors impacting the business and customers in which the CGUs operate in.

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# Independent Auditor's Report to the Members of PWR Holdings Limited

For the year ended 30 June 2023



	<ul style="list-style-type: none"> <li>Working with our valuation specialists, we independently developed a discount rate range, considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group, CGUs and the industry it operates in.</li> <li>We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul>
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## Other Information

Other Information is financial and non-financial information in PWR Holding Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report to the Members of PWR Holdings Limited

For the year ended 30 June 2023



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

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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 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

In our opinion, the Remuneration Report of PWR Holdings Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 71 to 89 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Erin Neville-Stanley  
Partner

Brisbane  
17 August 2023

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## Additional Information

### ASX Additional Information

Shareholder Information at 4 August 2023

#### DISTRIBUTION OF EQUITY SECURITY HOLDERS

The following table shows the distribution of PWR shareholders by size of shareholding and number of shareholders and shares at 4 August 2023.

Category	Number of Ordinary shares	Number of Security Holders
1-1,000	1,040,879	2,605
1,001-5,000	5,278,247	2,034
5,001-10,000	3,765,509	512
10,001-100,000	8,084,529	339
100,001 and over	82,211,176	25
	<b>100,380,340</b>	<b>5,515</b>

201 shareholders hold less than a marketable parcel of ordinary shares of 57 shares as at 4 August 2023.

#### TWENTY LARGEST SHAREHOLDERS

The following table sets out the 20 largest shareholders of ordinary shares listed on our shareholder register and the details of their shareholding as at 4 August 2023.

Rank	Name	Number of ordinary shares held	Percentage of capital held %
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,218,481	20.14
2	CITICORP NOMINEES PTY LIMITED	14,594,705	14.54
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,092,819	13.04
4	WAGON WHEEL CO PTY LTD <WAGON WHEEL A/C>	10,000,000	9.96
5	KPW PROPERTY HOLDINGS PTY LTD <KPW HOLDINGS A/C>	9,246,403	9.21
6	NATIONAL NOMINEES LIMITED	3,273,513	3.26
7	MAMLEC PTY LTD <BRYSON FAMILY A/C>	3,175,000	3.16
8	BNP PARIBAS NOMS PTY LTD <DRP>	1,595,312	1.59
9	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,135,970	1.13
10	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	669,630	0.67
11	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	658,445	0.66
12	WEELY'S INVESTMENT HOLDINGS PTY LTD <THE WEELY'S A/C>	622,267	0.62
13	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	612,264	0.61
14	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	516,773	0.51
15	TRUEBELL CAPITAL PTY LTD <TRUEBELL INVESTMENT FUND>	480,000	0.48
16	ANACACIA PTY LTD <WATTLE FUND A/C>	426,100	0.42
17	BNP PARIBAS NOMS (NZ) LTD <DRP>	413,728	0.41
18	WASK MANAGEMENT PTY LTD <THE USHER INVESTMENT A/C>	364,575	0.36
19	UBS NOMINEES PTY LTD	339,643	0.34
20	ECAPITAL NOMINEES PTY LIMITED <ACCUMULATION A/C>	163,163	0.06
	<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b>	<b>81,598,791</b>	<b>81.29</b>
	<b>Total Remaining Holders Balance</b>	<b>18,781,549</b>	<b>18.71</b>

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YEAR IN REVIEW

OUR VALUE CREATION FRAMEWORK

LEADERSHIP

DIRECTORS' REPORT

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

## Additional Information

### ASX Additional Information

Shareholder Information at 4 August 2023

#### SUBSTANTIAL SHAREHOLDERS

At 4 August 2023, PWR Holdings Limited had 2 substantial shareholders who, together with their associates, hold five per cent or more of the voting rights in PWR, as notified to PWR under the Australian Corporations Act.

Shareholder	Number of shares	%
KPW Property Holdings Pty Ltd ATF KPW Holdings Trust on its own behalf and on behalf of Kees Weel and Paul Weel, and Lazy Weel Pty Ltd ATF Lazy Weel Super Account and Wagon Weel Co Pty Ltd	19,307,788	19.2%
AustralianSuper Pty Ltd	5,029,725	5.01%

#### RIGHTS

The number of performance rights on issue are set out below:

Number of rights holders	Number of rights on issue
18	370,342

#### VOTING RIGHTS

##### Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

##### Securities Exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Sydney.

##### Ticker Code

ASX:PWH

##### Other information

PWR Holdings Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

##### On-market buy-back

There is no current on-market buy-back.

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## Corporate Directory

### PWR HOLDINGS LIMITED

ABN 85 105 326 850

### DIRECTORS

Teresa Handicott  
Kees Weel  
Jeffrey Forbes  
Roland Dane  
Kym Osley, AM, CSC

### COMPANY SECRETARY

Lisa Dalton

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