



Reliance Worldwide Corporation Limited

Annual Report 2023

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**Plumbing Matters.
We Make It Better.™**

Plumbing Matters. We Make It Better.™

Our products and services are essential to building and maintaining a sustainable built environment. Better to install, better to use, better for our planet.



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Contents

Chairman's and CEO's Report	4
SharkBite Max launch in the Americas	10
SharkBite Max	12
Manufacturing changes in Australia	14
PEX-a and expansion fittings	16
Leveraging RWC's global expertise	18
EMEA's new operations strategy	20
Our commitment to net zero	22
Manufacturing locations	24
Strategy overview	26
Board Members	28
Senior Leadership Team	29
Operating and Financial Review	30
Financial Statements	
Directors' Report	40
Shareholder Letter	51
Remuneration Report	53
Auditor's Independence Declaration	78
Consolidated Statement of Profit or Loss and other Comprehensive Income	79
Consolidated Statement of Financial Position	80
Consolidated Statement of Changes in Equity	81
Consolidated Statement of Cash Flows	82
Notes to the Consolidated Financial Statements	83
Directors' Declaration	123
Independent Auditor's Report	124
Shareholder Information	128
Corporate Directory	130

Chairman's and CEO's Report

Dear shareholders,

We are pleased to present the annual report for the 2023 financial year.

This past year has been one of contrasting forces. The supply chain pressures of the previous year eased, and input cost inflation started to level off. In contrast, higher interest rate negatively impacted consumer sentiment and the outlook for most of the economies in which we operate deteriorated.

Against this backdrop, RWC has performed well, and our business demonstrated tremendous resilience. Overall, our volumes held up well in the face of these economic headwinds and were underpinned by the orientation of our core business towards repair, maintenance and remodel work. Our teams continued to execute effectively in this challenging environment.

Health and Safety

Health and safety continues to be RWC's highest priority. Our focus is always on maintaining a safe and healthy workplace.

As was the case last year, we further improved our health and safety performance in FY23 as measured by the Reportable Injury Frequency Rate (RIFR). The RIFR measures the rate of all recorded lost time injuries, cases or alternate work, and other injuries requiring medical treatment, per one million hours worked. The Group RIFR reduced by a further 5.6% to 4.9, marking a total reduction of 23% over the past 4 years.

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Stuart Crosby
Chairman

We did not record any serious injuries in FY23 anywhere in the world. In addition, 81% of our sites were injury free for the year.

As we signalled last year, the Board Health and Safety Committee initiated a global benchmarking review of policies, procedures and importantly, culture. As a result of this review, we have initiated a multi-year program, focused on further improving workplace safety and progressing towards our goal of zero harm.

Financial Performance

Reported net earnings (NPAT) of \$139.7 million was 2% higher than pcp. Adjusting for one-off items, relating principally to a \$15 million gain on the sale of a surplus property in the UK, and costs of \$13.5 million incurred in the realisation of EZ-Flo cost synergies, restructuring and other one-off items, NPAT was down 4% at \$155.7 million.

Americas sales were up 13% for the period. Excluding EZ-Flo, sales growth for the period was 4%. Sales growth was driven primarily by price increases and new product revenues. This represented a slight moderation in demand following two years of exceptionally strong growth.

Operating earnings were 19% higher driven by a full year contribution from EZ-Flo. Operating margins were also higher, driven by lower input costs and cost reduction initiatives.

Sales in EMEA were 3% higher in local currency. Sales in the UK were up 7%, with plumbing and heating sales up 12%. Continental Europe sales were 5% lower due to lower sales of water filtration and drinks dispense products.

Operating earnings were 2% lower in local currency and the operating margin declined due to lower sales in Continental Europe as well as higher input and energy costs.

Asia Pacific external sales were down 1% on a local currency basis. In Australia, where we have greater exposure to new residential construction activity, housing starts were down 21% in the year to 31 March 2023. The transfer of SharkBite production from Australia to the US commenced in the second half of FY23, and inter-company sales were down 8% due mainly to this change.

Asia Pacific operating earnings were 20% lower in local currency as a result of lower inter-company sales and lower overhead recoveries. Operating margins declined similarly.

New product launches

FY23 was a significant year for new product development. In March, we announced two new product ranges in North America.

The first of these was the next generation of brass push-to-connect (PTC) product. SharkBite Max fittings have been in development for several years and offer enhanced benefits to the end-user from new patented technology created by RWC, in addition to the productivity benefits for plumbers for which the first generation of SharkBite is renowned. This is the first major update of our SharkBite product range since we launched the product 20 years ago.

SharkBite Max is stronger and easier to use compared with the first generation of SharkBite. The reaction from plumbers and our channel partners to the new product has been overwhelmingly positive, and we expect SharkBite Max will continue to drive plumber adoption of PTC as a solution. We have adopted a phased approach to the rollout of the new range. This commenced in March 2023 with the first products shipped to channel partners and we aim to complete the full rollout of the SharkBite Max range by the end of FY24.

“The reaction from plumbers and our channel partners to the new product has been overwhelmingly positive.”

Chairman's and CEO's Report

The second product launch, also in North America, was PEX-a pipe together with expansion fittings. With this new pipe and fitting system, RWC will have the broadest product offering of pipe, valves, and fittings for the professional plumber in North America. PEX-a pipe and expansion fittings have been an area of focus for us for some time. These products will enable RWC to address commercial multi-family new construction and new residential construction markets, and better service the remodel and home re-pipe market. PEX-a and expansion fittings are being progressively rolled out to a national retail channel throughout calendar 2023 and will also be available through selected wholesale channel partners.

The launch of these two new product ranges clearly demonstrates how RWC drives innovation in the plumbing industry, through creating products that make installations smoother, quicker, and long-lasting. You can read more about these two new product ranges elsewhere in this report.

The new SharkBite Max fitting design has enabled us to reconfigure our manufacturing operations and bring production and assembly closer to our end markets in North America. The assembly of all SharkBite Max fittings is being transferred from Australia to the US in line with the new product rollout, along with the manufacture of non-brass components. Australia will continue to supply brass bodies for the SharkBite Max range. At the same time, we have been able to design entirely new assembly lines that are a major leap ahead in terms of efficiency.

The changes to our manufacturing operations will free up capacity in our Australian plants, and that will allow APAC to pursue further growth in Australia and across the region over time. Australia will remain RWC's brass manufacturing centre of excellence and will support our global brass product requirements.

To support the launch of PEX-a pipe and expansion fittings, we have invested in a new PEX-a manufacturing facility at our existing plant in Cullman, Alabama. We have been able to leverage our existing PEX-a pipe technology in Spain in the development of the manufacturing technology we have installed in the US. Concurrently, we have been able to utilise the tooling expertise of the John Guest team in the UK to develop the manufacturing capability for expansion fittings.

Cash Flow and Capital Management

Cash flow generation was a highlight of our financial performance in FY23. We reduced inventory levels which we had built up during FY22 to counter shipping and logistics delays and other potential supply chain disruptions. Consequently, cash flow from operations was up 110% on the prior year to \$292.7 million. This strong cash flow performance enabled us to reduce net borrowings by \$116 million. Our leverage ratio (net debt to EBITDA) reduced from 2.1 times to 1.69 times, which is towards the lower end of our target leverage range of 1.5 to 2.5 times net debt to EBITDA.

We have continued to maintain a strong financial position. At year end we had access to debt facilities totalling US\$1,050 million of which \$451.7 million was drawn. Importantly, 55% of this drawn debt at 30 June 2023 was at fixed rates.

Capital expenditure payments for property, plant and equipment acquired during the year totalled \$42.5 million compared with \$60.4 million in FY22. Nearly two thirds of this investment was focused on growth initiatives, including the manufacturing equipment for SharkBite Max and PEX-a pipe in the US referred to earlier.

‘Cash flow generation was a highlight of our financial performance in FY23.’

Dividend

Total dividends declared for the year are US9.5 cents per share, representing a payout of 54% of Reported NPAT and 48% of Adjusted NPAT. This is in line with the dividends declared and paid for FY22. While the interim dividend was 10% franked, the final dividend is unfranked.

RWC's current dividend policy is to pay out between 40% and 60% of annual NPAT. The continued growth of RWC's activities beyond Australia has reduced the earnings generated from our Australian operations to less than 10 per cent of the group total. It is expected that future dividends will generally be unfranked. Given this change in RWC's ability to pay even partly franked dividends, we intend to review our current distribution policy settings. The review will assess the benefits of other forms of cash distribution, including on-market share buybacks, compared with paying unfranked dividends. The review is expected to be completed by the end of calendar 2023.

While dividends are declared in US dollars, we will continue to pay them in Australian dollars.

Board

Brad Soller was appointed to the Board as an additional independent director following shareholders approving resolutions to amend RWC's Constitution to increase the maximum number of directors.

Brad's career commenced with PwC in Johannesburg and London. He then spent over 25 years in senior finance roles with several organisations, including Lend Lease Group, David Jones, and Metcash. We were delighted to announce Brad's appointment and have already benefitted from his financial and commercial experience. Brad's appointment has continued our aim of strengthening the Board's capacity by adding members with relevant skills and experience.

Heath Sharp
Chief Executive Officer



Chairman's and CEO's Report

Sustainability

During the year, we set out details of RWC's commitment to reducing its Scope 1 and Scope 2 greenhouse gas (GHG) emissions to net zero by 2050 together with our interim goal of achieving a minimum 42% reduction in Scope 1 and Scope 2 emissions by 2030. The progress we have made in data collection and understanding the impact of RWC's operations has allowed us to set targets for carbon emission reduction that are aligned with the Paris Climate Agreement.

“We are pleased to note that we have already exceeded industry averages.”

We have developed an actionable plan for decreasing our Scope 1 and 2 emissions that includes purchasing renewable energy and enhancing operational efficiency. We will also continue to measure Scope 3 emissions with an aspiration of setting targets to achieve net zero by 2050. As a manufacturer, our biggest GHG contributor is purchased goods and services. We will be working further in collaboration with our suppliers to reduce this impact.

In 2022 we also set ambitious gender diversity goals in accordance with the international 40:40:20 gender diversity target ratio, with an initial focus on the executive levels. We are pleased to note that we have already exceeded industry averages and believe our concerted efforts will help us continue to make progress towards this goal.

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Outlook

The outlook for FY24 rests principally on global economic conditions, and these are expected to remain challenging albeit with some regional variation. The interest rate rises we have seen in all our regions have impacted housing markets, through slowing house price appreciation or declining house values, lower turnover of existing houses, and reduced consumer appetite for remodel activity. New home construction activity is likely to trend lower except for the US. We therefore expect lower volumes in each region in FY24.

Our challenge will be to manage our cost base as we confront these lower volumes. RWC's cost reduction programs should help to mitigate the impact of lower volumes while also helping to offset ongoing cost inflation. We will also be focused on strong cash generation and are targeting operating cash flow conversion to return to normal levels of around 90% in FY24.

We are confident that our end market exposure to the less cyclical repair and maintenance sector will continue to provide resilience to economic downturns compared with the more cyclical new residential construction market. We are well placed with our local manufacturing operations and strong track record of class-leading customer service to navigate economic challenges and respond to customer needs. We also expect our ongoing new product introductions will enable us to continue our long-standing record of delivering above-market growth with quality margins.

We look forward to presenting to shareholders at the annual general meeting to be held in Brisbane on 26 October 2023. Full details including the time and venue will be outlined in the Notice of Meeting.



Stuart Crosby
Chairman



Heath Sharp
Chief Executive Officer



SharkBite Max launch in the Americas highlights RWC's continuing investment in product R&D



TAKE IT TO THE

MAX

In March 2023, we announced the release of the SharkBite Max push-to-connect fittings range in the Americas.



SharkBite Max fittings are RWC's next generation of industry leading push-to-connect fittings and build on the brand's trusted push-to-connect technology. Developed over a five-year period, SharkBite Max fittings have been engineered to deliver the same reliability as RWC's first generation SharkBite fittings along with significant enhancements that provide greater strength and an easier installation.

SharkBite Max fittings offer plumbers new benefits:

- **Stronger.** The original brass body now has a reinforced stainless-steel collar for added strength, allowing the fitting to handle up to double the pressure compared to the first generation SharkBite fittings.
- **Easier to install.** Plumbing projects often involve working in tight spaces, and the new design makes it even easier to make a connection. SharkBite Max fittings require half the insertion effort compared with the original fitting, allowing for seamless installations and quicker emergency repairs.
- **Extremely versatile.** Ideal for faster pipe transitions and repairs, SharkBite Max fittings are the universal solution compatible with a wide range of pipe types.

As well as further cementing RWC's position as the leading manufacturer of push-to-connect fittings globally, we have also been granted various patents relating to the SharkBite Max fittings range that will further sustain our leadership position.

SharkBite Max is being progressively rolled out between March 2023 and June 2024 in the US and Canada.





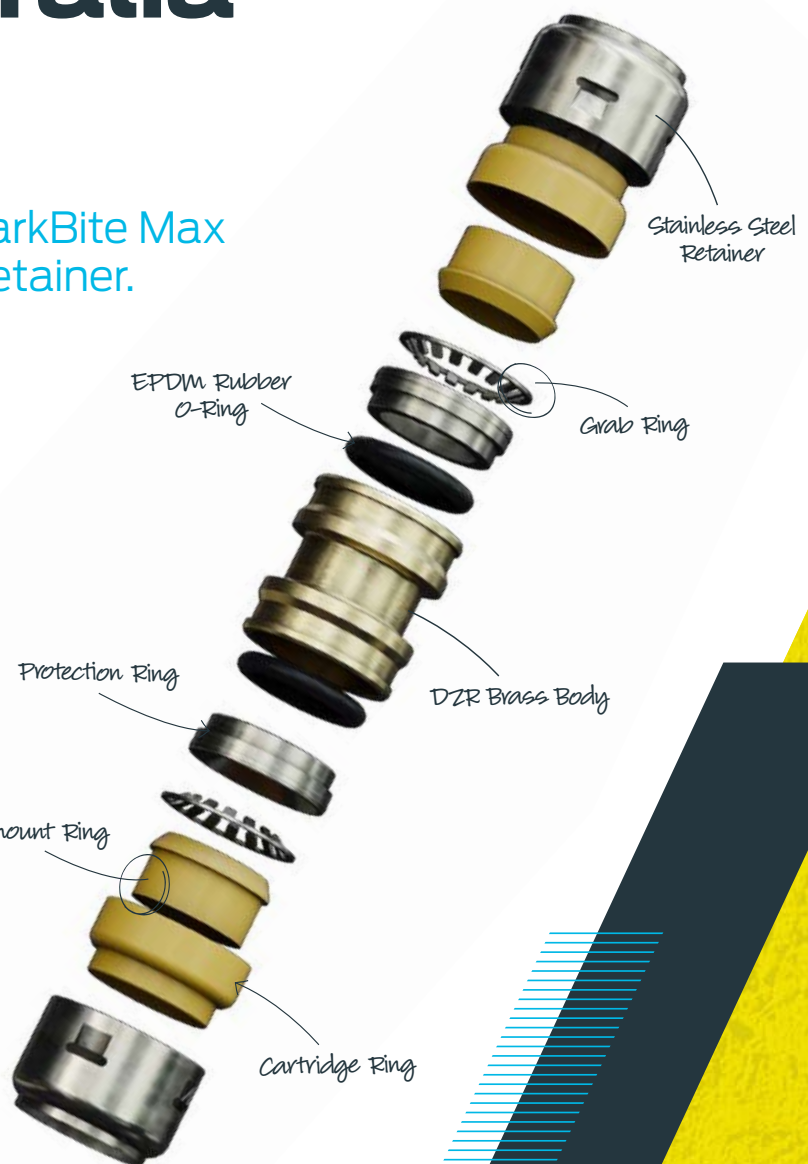
SharkBite Max is enabling the transfer of product assembly from Australia to the US

A key design element of SharkBite Max fittings is a stainless-steel retainer.

Inclusion of the retainer in the design is enabling the transfer of final assembly of all SharkBite fittings from Australia to the US. With the first generation of SharkBite fittings, the assembly needed to be done in close proximity to the brass forging and machining operations for quality control. The stainless-steel retainer allows the assembly function to be separate from the brass body manufacturing.

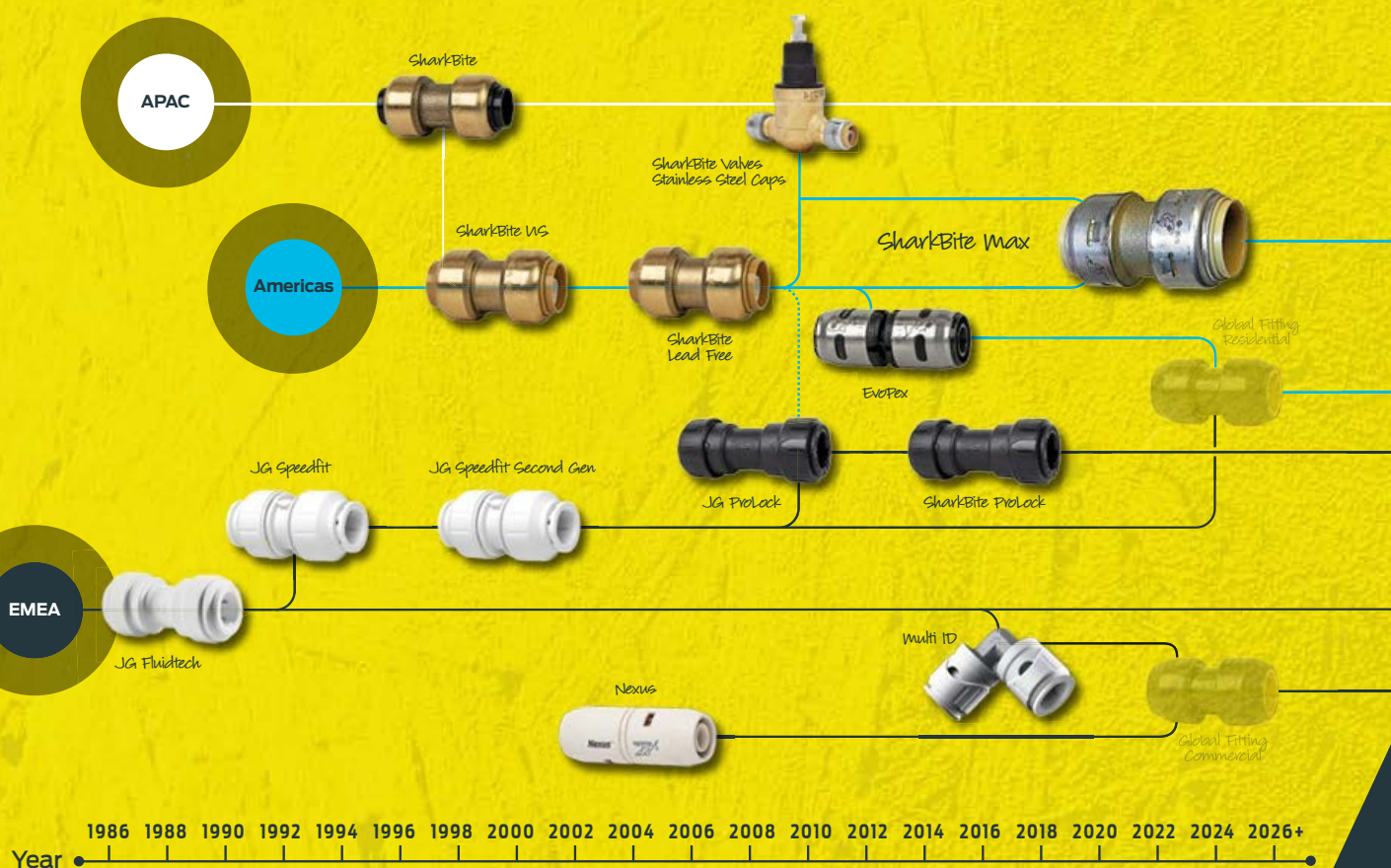
The new design enables the US to assemble the entire range of SharkBite Max fittings for sale in the Americas market. An enduring benefit will be a more efficient supply chain with less inventory in transit, and greater flexibility in production planning.

In addition to redesigning the SharkBite fitting, we have also redesigned the automated assembly equipment that produces SharkBite fittings. Built new from the ground up, we have developed and deployed new assembly equipment in the Cullman, Alabama manufacturing facility that runs twice as fast as previous machines with enhanced quality checks.



The history of SharkBite

RWC established the global market for brass push-to-connect (PTC) products and today is the largest manufacturer in the world of brass PTC products; SharkBite is the number one brass PTC brand. Since its introduction in the US in 2004, PTC has grown to approximately 15% of the US fittings market by volume. PTC systems disrupt and replace the traditional labour-intensive systems and copper solder fittings, significantly increasing job throughput for contractors and satisfaction ratings from end users. The majority of SharkBite PTC sales are in the defensive repair, maintenance, and renovation end markets.



Manufacturing changes in Australia

Following the transfer of the assembly of SharkBite Max fittings to the US, RWC's Australian manufacturing operations are being reconfigured to support demand in the APAC region.



Resources and expertise are being redeployed with a greater focus on realising growth within the Australian market and APAC region.

RWC's Melbourne manufacturing facilities remain the global centre of excellence for all brass manufacturing activities. Australia will continue to supply the Americas with forged brass SharkBite Max fitting bodies. The transfer of component manufacture together with the final assembly of SharkBite Max fittings to the US has enabled us to consolidate our manufacturing operations in Australia.

RWC's plant in Croydon, Victoria has closed with the plastic moulding manufacturing activities relocated to RWC's Dandenong plant. We have also closed our New Zealand manufacturing plant, with production transferred to Australia.

Australia will continue to manufacture valves and lead valve development for the Group. Just as importantly, RWC will continue to operate a fully vertically integrated value chain in its brass manufacturing operations in Australia.

Lead-free brass in Australia and New Zealand



From May 2026, Australia and New Zealand will limit the allowable lead content in brass plumbing fittings in new potable water applications to $<0.25\%$.

Given RWC's position in brass manufacturing in Australia, we are leading this transition. Eighty-eight per cent of RWC's brass production is already lead free and has been supplied to the US for over a decade. This is a big change for the industry. As Australia's only brass manufacturer of scale, RWC is best positioned to lead this change.

PEX-a and expansion fittings launched in the Americas

In March, we also announced the launch of PEX-a pipe and expansion fittings in the US.

The launch of PEX-a has been enabled through the investment in a new 66,000 square foot PEX-a manufacturing facility in Cullman, Alabama. Six new PEX-a manufacturing lines are being installed in Cullman and will utilise the proprietary process developed at RWC's PEX-a pipe facility in Granada, Spain. The six lines will enable RWC to supply up to 10% of total current PEX pipe demand in the US. In the future, we will be able to double capacity within the existing facility with investment in additional lines. This new facility materially changes the capacity for PEX-a production in the US and enables RWC to supply all markets and channels.

RWC's new range of expansion fittings has been developed in conjunction with PEX-a. The launch of PEX-a pipe coupled with expansion fittings has been an area of focus for us for some time. With this new pipe and fitting system, RWC will have the broadest product offering of pipe, valves, and fittings for the professional plumber in North America. PEX-a and expansion fittings will enable RWC to address commercial multi-family new construction and new residential construction markets, and better service the remodel and home re-pipe markets as well.



Leveraging RWC's global expertise in new product development and manufacturing

The new products launched this year, and the investment in new manufacturing capability, are testament to the strengths of RWC's global expertise.

SharkBite Max was developed jointly by product engineers in both Australia and the US, a collaboration that spanned five years. Rigorous prototyping and testing in Australia were augmented by field trials and plumber feedback sessions in the US.

The investment in new PEX-a manufacturing capacity in Cullman has been made possible by leveraging RWC's existing PEX-a pipe technology in Spain. This helped to guide the development of the manufacturing technology we have installed in the US. Concurrently, we have been able to utilise the tooling expertise of the John Guest team in the UK to develop the manufacturing capability for expansion fittings. Tooling for the new manufacturing equipment being deployed in Cullman has been undertaken by RWC's team in the UK.

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Leveraging RWC's
global expertise



EMEA's new operations strategy drives employee engagement and continues focus on automation

During the year, the EMEA Operations leadership team developed a 3-year strategy, STAR2025, which stands for Sustainable, Transformative, Ambitious and Reliable in a Quality Environment by 2025. More than a workplace transformation, it is a cultural change which empowers front-line teams to lead and embed continuous improvement as a way of life.

One of the pillars of the strategy is training of the front-line management teams in world class manufacturing and behavioural safety. The implementation of STAR2025 is designed to achieve long lasting effects in the business and, more predominately, in operations.

Some of the early positive impacts achieved have included reduced manual handling, reductions in working at height and forklift movements in certain parts of the manufacturing plant, and a reduction in production waste from 1.80% to 1.18%.



Together we are one Team.



A significant project undertaken during the year was the automation of a key manufacturing line. One of EMEA's core products, 15mm JG Speedfit elbows, had experienced consistent increases in volume and it was forecast that additional investment would be required to enable future customer demand to be met. The monthly requirement for 15mm elbows can be up to 1.8 million fittings and production was undertaken by 3 separate machines with an average cycle time of 2.5 seconds per fitting.

EMEA's specialist automation design and build team began the process of brainstorming a new concept to reduce cycle time and place the total requirement on one machine. The end result was a totally new, single machine that assembles an elbow with an average cycle time of under 1 second. This has meant that for the same output of 1.8 million elbows per month production hours have more than halved.

The EMEA operations team were honoured during the year by achieving the finals of the British Quality Foundation's UK Excellence Awards for Transformation Excellence, due to the great work being done by the frontline teams across manufacturing sites.

Our commitment to net zero scope 1 and scope 2 GHG emissions

During the year, we announced RWC's commitment to reducing its Scope 1 and Scope 2 greenhouse gas (GHG) emissions to net zero by 2050. We also announced an interim goal of achieving a minimum 42% reduction in Scope 1 and Scope 2 emissions by 2030.





42%
reduction by 2030

**Net
zero**
by 2050

Absolute reduction targets for
Scope 1 and Scope 2 emissions.
Aspiration to achieve net zero
for all scopes by 2050.

In addition, we committed to continuing to measure
Scope 3 emissions with an aspiration of setting targets
to achieve net zero by 2050.

Over the past year RWC has made significant progress
by improving data collection and our understanding of
the impact of RWC's operations. This has allowed us
to set targets for carbon emission reduction that are
aligned with the Paris Climate Agreement. We have
developed an actionable plan for decreasing our Scope
1 and 2 emissions that includes purchasing renewable
energy and enhancing operational efficiency.

This year we have also reported Scope 3 baseline and
year-over-year results. As a manufacturer, our biggest
GHG contributor is purchased goods and services.
We will be working further in collaboration with our
suppliers to reduce this impact.

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Manufacturing locations

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In Spain we manufacture:

- Push-to-connect fittings
- Pipes



UNITED STATES

In the United States we manufacture:

- Push-to-connect fittings and other fittings
- Pipes
- Valves
- Integrated installation solutions



Americas

Global Operating
Headquarters in Atlanta

Europe, Middle East & Africa

Regional Headquarters
in London

Asia-Pacific

Regional Headquarters
in Brisbane

 **John Guest®**

 **Speedfit®**

 **Reliance®**
VALVES



In the UK we manufacture:

- Push-to-connect fittings
- Pipes
- Water filtration and drinks dispense fittings

In China we manufacture:

- Appliance installation and repair products

 **EZFlo™**

 **Eastman™**



In Melbourne Australia we manufacture:

- Push-to-connect fittings and other fittings
- Pipes

 **SharkBite®**

 **EvoPEX®**

 **Auspex**



In Brisbane Australia we manufacture:

- Valves

 **Reliance®**
VALVES



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Strategy overview

RWC is a global market leader and manufacturer of plumbing and heating solutions. Our plumbing systems target the repair and re-model, renovation and new construction markets and are essential to building and maintaining a sustainable built environment.

RWC has three key drivers of growth. The first of these is creating value through product leadership. We use deep customer insight to deliver smart product solutions for the end user, improve the productivity of the contractor and enable a DIY repair. Our products, like SharkBite and Speedfit push to connect fittings, HoldRite brackets, and John Guest FluidTech fittings, are better. They are quicker and easier to install. They enable the plumber to get each job done quicker, and get more work done in a day. We make it easier for them to do their work. That's why they choose our products. They know our brands represent efficiency. That our brand says that the products will work together to provide a complete solution, and that the quality leads the market.

Equally important are our channel partner relationships, the basis of our second pillar of growth. In each of our three regions – the Americas, Asia Pacific and EMEA - we have extremely strong distributor networks. We put a lot of effort into ensuring that we are helping our channel partners

grow value. A key element of our value proposition is to continually add value to their shelves through a growing array of products that are increasingly attractive to end users and sought after by them. This is supported by a high level of customer service that ensures we continue to be a trusted partner, and continued support of our brands through innovative marketing and merchandising execution.

The third element of our strategy is industry leading execution. This involves delivering the highest quality products via a strong logistics capability to ensure that our channel partners always have the right products in stock when they need them. Being operationally excellent, with efficient and low-cost operations, makes us better to do business with and should in turn translate into margin expansion for us. At the same time, we aim to be great stewards of the planet and our communities.

Underpinning all this is a strong, positive organisational culture. Our strategy ensures we provide a safe environment for our people and actively promote diversity and inclusion. Everyone at RWC is encouraged to be a real part of our business and to bring their whole self to work, and our goal is for RWC to be an organisation which is connected to the communities in which it operates. That makes it better for our employees, better for our customers, and better for the business.

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These three strategic pillars enable us to leverage our platform to drive organic growth. We seek to keep winning new opportunities in our channels while delivering differentiated products into the market. The pillars also set the foundation for inorganic growth through business acquisitions, leveraging our operational strength and channel access to boost the performance of acquired targets. By pursuing both organic and inorganic growth opportunities we are seeking to build a larger and more diversified business while simultaneously delivering superior returns to shareholders.

Creating value through product leadership



Solutions for the job site

Smart product solutions that improve contractor productivity, enable the DIYer, and make lives easier.

Working in the field to understand job site requirements and challenges

Product engineering that is creating the future of plumbing

Market engagement to stay on top of trends and uncover acquisition opportunities



Value for the distributor

Increasing value for the distributor while providing broadest access to our products for the end-user.

Superior customer service provides the foundation partners can count on

Differentiated brands that matter to the user and put more value on the shelf for the channel

Broad distribution puts products in reach of the end-user when they need them



Industry leading execution

Premium quality products and unrivalled operational efficiency delivering margin growth.

Safety culture to ensure a work environment that protects our people

Lean manufacturing and strategic sourcing to drive quality, margins and resilience

Sustainability focus delivers a more efficient operation while reducing environmental impact



Our Board Members

From left to right: Russell Chenu, Darlene Knight, Sharon McCrohan, Stuart Crosby, Heath Sharp, Ian Rowden, Brad Soller, Christine Bartlett.

Stuart Crosby

Non-Executive Chairman

Member of Audit and Risk Committee

Member of ESG Committee

Appointed: 11 April 2016

Heath Sharp

Chief Executive Officer

Managing Director

Appointed: 19 February 2016

Russell Chenu

Independent Non-Executive Director

Chair of Audit and Risk Committee

Member of Nomination and
Remuneration Committee

Appointed: 11 April 2016

Sharon McCrohan

Independent Non-Executive Director

Chair of ESG Committee

Member of Health and Safety Committee

Appointed: 27 February 2018

Christine Bartlett

Independent Non-Executive Director

Chair of Nomination and
Remuneration Committee

Member of ESG Committee

Member of Health and Safety Committee

Appointed: 6 November 2019

Ian Rowden

Independent Non-Executive Director

Member of Audit and Risk Committee

Member of Health and Safety Committee

Member of Nomination and
Remuneration Committee

Appointed: 6 July 2020

Darlene Knight

Independent Non-Executive Director

Chair of Health and Safety Committee

Member of ESG Committee

Appointed: 14 April 2021

Brad Soller

Independent Non-Executive Director

Member of Audit and Risk Committee

Member of Nomination and
Remuneration Committee

Appointed: 1 November 2022

See Directors' Report for further details
on the Board Members.

Senior Leadership Team



Heath Sharp
CEO

Heath joined RWC in 1990 and has worked in each international division of the business during his career, holding senior management positions across multiple functions and geographies. Heath was President of the US business and global Chief Operating Officer prior to his current role as Group CEO, based in Atlanta. Heath holds a Bachelor of Mechanical Engineering degree.



Andrew Johnson
Finance

Andrew joined RWC in 2010 and was appointed Group CFO in 2020 leading all aspects of RWC's financial activities. With over 30 years of finance and accounting leadership, he has a strong track record in both large and mid-size international manufacturing organisations. Andrew holds a Bachelor of Science degree and both CPA and CMA professional certifications.



Gillian Chandrasena
People

Gillian joined RWC in April 2022 to develop our greatest asset – our People. Gillian has experience driving business performance improvement by strengthening human capital and organisational culture. She brings a broad range of experience – from growing businesses, integrating acquisitions, implementing a range of talent pipeline programs and strategic workforce planning. She holds a BA (Hons) in English & Politics and an MBA.



Will Kilpatrick
Americas

Will joined RWC in 2018 in Strategy & Corporate Development. Shortly after joining, he led our John Guest deal in the UK on behalf of the RWC management team. Will relocated his family in 2019 to our EMEA region on a secondment opportunity as Business and Product Development lead. Will returned to the US as VP, Fulfilment and E-Commerce Operations in late 2021. He was appointed as EVP & President, Americas in January 2023.



Nicole Sumich
Asia-Pacific

Nicole joined RWC in July 2022 to lead our APAC region. Nicole's deep experience spans the building products and manufacturing sectors, having held senior management roles at Carter Holt Harvey and most recently at Fletcher Building Limited. Nicole began her career as an Engineer with Caltex Australia and later served in consulting for Deloitte. Nicole holds a Chemical Engineering degree and a master's degree in Business Technology.



Edwin de Wolf
EMEA

Edwin joined RWC in 2017 to lead the EMEA region. He is an experienced General Manager with a proven track record in the plastics, packaging, security and building industries. Edwin is responsible for the successful market positioning and commercial development of the business in the UK and Europe. Edwin held a number of GM roles at Armstrong and General Electric and has lived and worked globally. Edwin holds a master's degree in Chemical Engineering.



Sandra Hall-Mulrain
Legal

Sandra joined RWC as General Counsel in October 2019. She is a seasoned corporate generalist with 20 years of diverse legal experience in Fortune 100 corporations and privately held companies. Sandra has played a key role as a member of the senior leadership team helping to drive strategic initiatives across the business. Sandra holds a B.A. degree, cum laude and a J.D. from Rutgers University.



Simon Woods
Information Systems

Simon joined RWC in 2016 to lead our Information Systems function. Simon leads RWC's IT strategy to transform and optimise our technology architecture, infrastructure, and capabilities. Prior to joining RWC, Simon led an impressive track record of strategic leadership roles within the IT function of numerous banking and medical companies in the UK and North America, steadily developing his IT expertise and broader business acumen throughout his career.

OPERATING AND FINANCIAL REVIEW

Highlights

Year ended	30 June 2023 (US\$ million)	30 June 2022 (US\$ million)	Variance
Net sales	1,243.8	1,172.2	6%
EBITDA¹			
Reported EBITDA	276.1	258.9	7%
Adjusted EBITDA ²	274.6	268.7	2%
Net profit after tax			
Reported net profit after tax	139.7	137.4	2%
Adjusted net profit after tax ^{1,2}	155.7	161.4	-4%
Earnings per share			
Basic earnings per share	17.8 cents	17.5 cents	2%
Adjusted earnings per share ^{1,2}	19.8 cents	20.6 cents	-4%
Dividend per share (US\$)	9.5 cents	9.5 cents	0%

Net sales³ were \$1,243.8 million, up 6% on the prior corresponding period ("pcp"). Sales include a full year contribution from EZ-Flo, while the pcp included only a partial contribution following its acquisition in mid-November 2021. Constant currency sales were up 9% on pcp, with the strength of the US dollar against the Australian dollar and British pound negatively impacting translation of sales into US dollars.

Sales growth in all regions was driven mainly by price increases introduced to offset higher costs for some inputs, and higher utilities, packaging and employee costs. RWC achieved average price increases across the group of approximately 6.5% during the period. Excluding EZ-Flo, constant currency sales were 3% higher.

Reported EBITDA for the period was \$276.1 million, 7% higher than the pcp. Results for the period included a \$15.0 million gain on sale of a surplus property in the UK, costs of \$13.5 million incurred in the realisation of EZ-Flo cost reduction synergies, and restructuring costs and other one-off cost items. Excluding these items, Adjusted EBITDA was \$274.6 million, 2% higher than the pcp and up 5% on pcp in constant currency.

Adjusted EBITDA margin declined by 80 basis points from 22.9% in the pcp to 22.1%, but second half margins were higher than for the first half of FY23 as the benefits of lower input costs and cost reduction measures positively impacted earnings.

Cost savings of \$18.3 million were achieved in the year, driven by:

- Savings of \$9.4 million realised from continuous improvement initiatives across the three regions, ahead of the \$8 million forecast at the start of FY23. \$1.6 million in one-off costs related to the introduction of SharkBite Max, as noted above, and
- The realisation of EZ-Flo cost synergies delivered a further \$5.8 million in cost savings, with four distribution centres closed during the year. Delivery of EZ-Flo's \$10 million in annualised cost synergies by the end of FY24 is on track.
- A thorough review of our cost structures undertaken during the year identified additional cost saving measures totalling \$15 million on an annualised basis. Savings totalling \$3.1 million were realised in the second half of FY23 and the full \$15 million benefit is forecast to be achieved in FY24. The savings are the result of a reduction in employee numbers, operational efficiencies, procurement gains, and supply chain improvements. One-off costs of \$4.3 million to implement this cost reduction programme were incurred in the second half of FY23.

Reported NPAT of \$139.7 million was 2% higher than pcp. Adjusting for the one-off items noted above and the cash tax benefit arising from the amortisation of goodwill, NPAT was \$155.7 million, down 4% on pcp. NPAT was impacted by higher net finance costs of \$32.3 million versus \$15.8 million in the pcp. The increase was due to higher borrowings arising from the debt issued to finance the EZ-Flo acquisition in November 2021, as well as higher interest rates.

¹ EBITDA (earnings before interest, tax, depreciation, and amortisation), Adjusted EBITDA, Adjusted NPAT and Adjusted EPS are non-IFRS measures used by RWC to assess operating performance. These measures have not been subject to audit or audit review.

² Refer to table on page 34 for further detail on adjustments.

³ All figures are in US\$ unless otherwise indicated.

OPERATING AND FINANCIAL REVIEW

Segment Review

Americas

Year ended: (US\$ million)	30 June 2023	30 June 2022	Variance
Net sales⁴	890.1	791.0	13%
Adjusted EBITDA⁵	159.5	133.8	19%
<i>Adjusted EBITDA margin (%)</i>	<i>17.9%</i>	<i>16.9%</i>	<i>100bps</i>
Adjusted EBIT⁵	131.0	111.5	17%
<i>Adjusted EBIT margin (%)</i>	<i>14.7%</i>	<i>14.1%</i>	<i>60bps</i>

Americas segment sales were up 13% for the period. Excluding EZ-Flo, sales growth for the period was 4%. Sales growth was driven primarily by price increases and new product revenues.

Adjusted EBITDA was 19% higher than pc, driven by a full year contribution from EZ-Flo⁶. Operating margins were higher driven by lower input costs, particularly in the second half of the year, and the benefit of cost reduction initiatives. Operating margins improved progressively throughout the year.

In March 2023 two new product ranges were launched in the Americas - SharkBite Max, and PEX-a pipe and expansion fittings. The impact of these product launches on sales for the year was not material. Costs associated with the introduction of SharkBite Max fittings, which will progressively replace the first generation of SharkBite push to connect fittings, totalled \$1.6 million. These costs related to the impairment of assembly equipment and component inventory for first generation SharkBite products.

Good progress continued to be made in delivering EZ-Flo revenue synergies, with expanded product availability and cross selling of products being facilitated through RWC's channel partners, along with growth in EZ-Flo's gas appliance connector volumes. Weaker consumer demand for appliances impacted revenue growth particularly in the second half of the year. Four distribution centres in North America were closed during the year as part of the EZ-Flo cost synergies realisation. Following these closures, RWC has seven distribution centres in North America compared with eleven immediately following the EZ-Flo acquisition.

Adjusted EBITDA reflects \$7.2 million of one-off costs incurred in FY23, consisting of:

- \$4.3 million of EZ-Flo synergy realisation costs,
- \$1.6 million in one-off costs related to the introduction of SharkBite Max, as noted above, and
- \$1.3 million of restructuring costs, as part of RWC's \$15 million group-wide cost-out program initiated in the second half of FY23.

⁴ Prior to elimination of inter-segment sales.

⁵ Prior to elimination of profits made on inventory sales between segments.

⁶ EZ-Flo was acquired in November 2021.

OPERATING AND FINANCIAL REVIEW

Segment Review

Operating results for the Asia Pacific segment in US dollars were as follows:

Asia Pacific

Year ended: (US\$ million)	30 June 2023	30 June 2022	Variance
Net sales⁷	190.4	213.3	-11%
Adjusted EBITDA⁸	31.9	42.7	-25%
<i>Adjusted EBITDA margin (%)</i>	<i>16.8%</i>	<i>20.0%</i>	<i>(320bps)</i>
Adjusted EBIT⁷	22.5	32.5	-31%
<i>Adjusted EBIT margin (%)</i>	<i>11.8%</i>	<i>15.2%</i>	<i>(340bps)</i>

Operating results for the Asia Pacific segment in Australian dollars were as follows:

Asia Pacific

Year ended: (A\$ million)	30 June 2023	30 June 2022	Variance
Net sales⁷	282.7	293.5	-4%
Adjusted EBITDA⁸	47.2	58.7	-20%
<i>Adjusted EBITDA margin (%)</i>	<i>16.7%</i>	<i>20.0%</i>	<i>(330bps)</i>
Adjusted EBIT⁸	33.2	44.6	-26%
<i>Adjusted EBIT margin (%)</i>	<i>11.7%</i>	<i>15.2%</i>	<i>(350bps)</i>

Asia Pacific sales were down 11% on a reported basis and down 4% on a local currency basis. External sales were 1% lower.

A significant proportion of RWC's external net sales in Australia are made in the new residential construction market, and sales were impacted by lower housing commencements. Total new dwelling units commenced in the year ended 31 March 2023 were down 20% on pc⁹. This trend is likely to continue, with total dwellings approved in the year ended 30 June 2023 13% lower than pc⁹.

With the launch of the new SharkBite Max product range in the Americas, the transfer of some manufacturing and all assembly of SharkBite Max fittings to the US commenced in the second half of FY23. Inter-company sales were 8% lower than pc⁹ mainly due to this change.

Asia Pacific Adjusted EBITDA for the period was US\$31.9 million, 25% lower than pc⁹ and 20% lower in local currency. The decline was due to lower sales, higher input costs and lower manufacturing overhead recoveries. Consequently, Adjusted EBITDA margin declined by 320 basis points to 16.8%.

During the year, the Australian Building Codes Board set the timeline for the implementation of lead-free brass in Australia, with a revised date of 1 May 2026. To minimise stock obsolescence, RWC will adopt the lead-free requirement ahead of this date and is targeting to supply lead-free products from the second half of FY24. As a result of this change, a one-off charge of US\$1.6 million was incurred in FY23 reflecting the write-down of excess inventories of products in Australia containing lead.

Restructuring costs of US\$1.7 million were incurred in the period, driven mainly by the changes to manufacturing operations in APAC following the transfer of some SharkBite manufacturing and assembly to the US. This has enabled the rationalisation of manufacturing operations in APAC, with a plant in Melbourne, Australia and a plant in Auckland, New Zealand being closed, and manufacturing activities of those plants to be consolidated at RWC's other sites in Melbourne.

⁷ Prior to elimination of inter-segment sales.

⁸ Prior to elimination of profits made on inventory sales between segments.

⁹ Source: Australian Bureau of Statistics.

OPERATING AND FINANCIAL REVIEW

Segment Review

Operating results for the EMEA segment in US dollars were as follows:

Europe, Middle East and Africa (EMEA)

Year ended: (US\$ million)	30 June 2023	30 June 2022	Variance
Net sales¹⁰	272.1	291.3	-7%
Adjusted EBITDA¹¹	87.8	98.7	-11%
<i>Adjusted EBITDA margin (%)</i>	<i>32.3%</i>	<i>33.9%</i>	<i>(160bps)</i>
Adjusted EBIT¹⁰	74.1	85.2	-13%
<i>Adjusted EBIT margin (%)</i>	<i>27.2%</i>	<i>29.2%</i>	<i>(200 bps)</i>

Operating results for the EMEA segment in British Pounds were as follows:

Europe, Middle East and Africa (EMEA)

Year ended: (£ million)	30 June 2023	30 June 2022	Variance
Net sales¹⁰	226.0	218.8	3%
Adjusted EBITDA¹¹	72.9	74.3	-2%
<i>Adjusted EBITDA margin (%)</i>	<i>32.3%</i>	<i>34.0%</i>	<i>(170bps)</i>
Adjusted EBIT¹¹	61.5	64.2	-4%
<i>Adjusted EBIT margin (%)</i>	<i>27.2%</i>	<i>29.3%</i>	<i>(210bps)</i>

Reported net sales in EMEA were 7% lower but 3% higher in local currency. External sales in local currency were 6% higher than pcp.

Sales in the UK were 7% higher than pcp driven by price increases, with UK plumbing and heating sales up 12% in local currency. A slowdown in underlying volumes was experienced in the second half.

Continental Europe sales were 5% lower than pcp due to lower sales of water filtration and drinks dispense products only partly offset by price increases.

Adjusted EBITDA of \$84.8 million was 14% lower than the pcp, and 2% lower in local currency. Adjusted EBITDA margin declined from 34.0% to 32.3% due to lower sales in Continental Europe as well as higher input and energy costs.

Results for the year included a US\$15.0 million gain on the sale of a surplus property in the UK, and one-off costs of US\$3.0 million incurred in implementing a cost-out program in the UK together with costs relating to a restructure of Continental Europe's operations.

¹⁰ Prior to elimination of inter-segment sales.

¹¹ Prior to elimination of profits made on inventory sales between segments.

OPERATING AND FINANCIAL REVIEW

Group Performance

Year ended: (US\$ million)	30 June 2023	30 June 2022	Variance
Net sales	1,243.8	1,172.2	6%
Reported EBITDA	276.1	258.9	7%
Adjusted for one-off items	(1.5)	9.7	–
Adjusted EBITDA	274.6	268.7	2%
Depreciation and amortisation	(52.6)	(47.2)	12%
Adjusted EBIT	222.0	221.5	0%
Net finance costs	(32.3)	(15.8)	104%
Adjusted net profit before tax	189.7	206.8	(8%)
Adjusted tax expense	(34.0)	(45.3)	–
Adjusted net profit after tax	155.7	161.4	(4%)
Basic earnings per share	17.8 cents	17.5 cents	2%
Adjusted earnings per share	19.8 cents	20.6 cents	(4%)
Dividend per share (US\$)	9.5 cents	9.5 cents	0%
Dividend per share (A\$)	14.2 cents	13.4 cents	6%

Depreciation and amortisation expense was 12% higher due to recent capital investments in manufacturing capacity, along with the amortisation of intangible assets arising from the EZ-Flo acquisition.

Net finance costs were 104% higher due to higher borrowings arising from the debt issued to finance the EZ-Flo acquisition in November 2021, as well as materially higher interest rates. Approximately 55% of debt was at a fixed interest rate at period end with the balance of debt financed on a floating interest rate basis.

Results for the year ended 30 June 2023 were translated at the following exchange rates:

- The average Australian Dollar/US Dollar exchange rate in FY23 for earnings translation was US\$0.6738 (US\$0.7258 in the pcg).
- The average Pound Sterling/US Dollar rate in FY23 for earnings translation was GBP 1.2022 (GBP 1.3323 in the pcg).

As noted earlier, results for the period included a \$15.0 million gain on sale of a surplus property in the UK and costs of \$13.5 million incurred in the realisation of EZ-Flo cost synergies, restructuring and other one-off items. The impact of these items, together with the amortisation of goodwill for US tax purposes (described further below) on reported and adjusted EBITDA, EBIT and NPAT is summarised in the following table:

US\$ million	FY23 EBITDA	FY23 EBIT	FY23 Tax Expense	FY23 NPAT
FY23 Reported	276.1	223.5	(51.5)	139.7
Adjusted for:				
Restructuring costs	6.0	6.0	(1.5)	4.5
SharkBite Max one-off costs	1.6	1.6	(0.3)	1.3
Australia lead-free brass transition costs	1.6	1.6	(0.5)	1.1
EZ-Flo costs to achieve synergies	4.3	4.3	(0.9)	3.4
Total one-off costs	13.5	13.5	(3.2)	10.3
Gain on sale of surplus UK property	(15.0)	(15.0)	5.0	(10.0)
Goodwill tax amortisation	–	–	15.7	15.7
Adjusted	274.6	222.0	(34.0)	155.7

OPERATING AND FINANCIAL REVIEW

Taxation

Year ended: (US\$ million)	30 June 2023	30 June 2022	Variance
Reported net profit before tax	191.2	195.8	(2%)
Tax expense	(51.5)	(58.4)	(12%)
Reported net profit after tax	139.7	137.4	2%
Accounting effective tax rate	26.9%	29.8%	–
Reported tax expense	(51.5)	(58.4)	(12%)
Adjusted for:			
Cash tax benefit of goodwill amortisation for tax purposes	15.7	14.3	10%
Gain on sale of UK property	5.0	–	–
One-off cost items shown on page 34	(3.2)	–	–
Adjusted tax expense	(34.0)	(45.3)	(25%)
Adjusted net profit after tax	155.7	161.4	(4%)
Adjusted effective tax rate	17.9%	21.9%	–

The accounting effective tax rate for the period was 26.9% compared with 29.8% in the pc. This rate excludes RWC's entitlement to claim amortisation of certain intangibles for taxation purposes under longstanding tax concessions available in the USA. Goodwill is not amortised for accounting purposes under accounting standards. The benefit arising from the amortisation of goodwill for cash tax purposes in the period was \$15.7 million.

Adjusting for this item and the net tax effect of adjustments to EBITDA from the UK property sale together with other one-off costs referenced earlier, tax expense for the period was \$34.0 million, representing an Adjusted effective tax rate of 17.9%.

Whilst the trajectory of the group's effective tax rate continues to be in line with previous reporting periods, certain one-off items have resulted in the effective tax rate for FY23 being below that trajectory. These one-off items are not expected to continue, and the effective tax rate should therefore normalise as a result of this together with the increase in the corporate tax rate in the UK from 19% to 25% effective from 1 April 2023. Adjusted effective tax rate best represents the rate of tax paid by the Group. RWC expects that the Adjusted effective rate for FY24 will be in the range 22% to 25%.

Dividend

Year ended:	30 June 2023	30 June 2022
Interim dividend	US4.5cps	US4.5cps
Final dividend	US5.0cps	US5.0cps
Total dividend	US9.5cps	US9.5cps
Total amount payable/paid	US\$75.1m	US\$75.1m
Final dividend franked amount	0%	10%
Dividend payable/paid in Australian Dollars	14.2 cps	13.4 cps

An unfranked final dividend of US5.0 cents per share has been declared. Total dividends declared for the year ended 30 June 2023 are US9.5 cents per share totalling \$75.1 million which represents 54% of Reported NPAT and 48% of Adjusted NPAT. The FY23 interim dividend was 10% franked, however, the FY23 final dividend will be unfranked.

The record date for entitlement to the final dividend is 8 September 2023. The payment date is 6 October 2023.

RWC's dividend policy has been to distribute between 40% and 60% of annual NPAT. Given changes in RWC's geographic business, with Australian earnings now accounting for less than 10% of total group earnings, it is expected that future dividends will generally be unfranked. Given this change in RWC's ability to pay even partly franked dividends, RWC intends to review its current distribution policy settings. The review will assess the benefits of other forms of cash distribution, including on-market share buybacks. The review is expected to be completed by the end of calendar 2023.

OPERATING AND FINANCIAL REVIEW

Cash flow

A summary of the consolidated statement of cash flows is provided in the following table.

Year ended: (US\$ million)	30 June 2023	30 June 2022	Variance
Cash generated from operations	292.7	139.6	110%
Income tax paid	(42.4)	(43.4)	(2%)
Net cash inflow from operating activities	250.3	89.3	180%
Capital Expenditure	(42.5)	(60.5)	(30%)
Sale of property, plant & equipment	28.0	0.6	–
Business acquisitions	–	(353.2)	–
Net cash outflow from investing activities	(14.5)	(413.0)	–
Net proceeds from (repayment of) borrowings	(127.6)	431.9	–
Net interest paid and lease payments	(43.1)	(22.0)	96%
Dividends paid	(74.5)	(76.8)	(3%)
Net cash inflow (outflow) from financing activities	(246.6)	332.4	–
Net change in cash	(10.8)	8.7	–

Cash generated from operations was \$292.7 million, an increase of 110% on pc. Net working capital reduced by \$39.6 million during FY23 due mainly to a reduction of \$26.1 million in inventory levels. With supply chain and logistics pressures having eased, inventory levels were able to be reduced in the second half of FY23.

Operating cash flow conversion¹² for the year was 107% of Adjusted EBITDA versus 52% in the pc, with the improvement mainly due to the reduction in net working capital versus pc.

Capital expenditure payments for property, plant and equipment acquired during the year totalled \$42.5 million compared with \$60.4 million in the pc. Capital expenditure totalling \$26.7 million was focused on growth initiatives for key projects including SharkBite Max and PEX-a manufacturing initiatives. Capital expenditure for FY24 is expected to be in the range of \$55 million to \$60 million.

Debt position and capital structure

Net debt¹³ as at 30 June 2023 was \$451.7 million (30 June 2022 – \$551.1 million). Net debt to EBITDA was 1.69 times¹³ as at 30 June 2023 (based on historical EBITDA for a 12-month period ended 30 June 2023) compared with 2.1 times for the pc.

RWC's committed borrowing facilities are summarised in the following table.

(US\$ million)	Facility Limit	Amount Drawn at 30 June 23	Expiry
Bank Facilities			
Tranche A	480.0	201.7	Nov-24
Tranche B	320.0	–	Nov-26
US Private Placement			
7 Years	55.0	55.0	Apr-28
10 Years	65.0	65.0	Apr-31
12 Years	65.0	65.0	Apr-33
15 Years	65.0	65.0	Apr-36
Total	1,050.0	451.7	

¹² FY23: Cash flow from operations to Adjusted EBITDA of \$274.6 million

¹³ Excludes leases..

OPERATING AND FINANCIAL REVIEW

RWC's weighted average debt maturity was 5.4 years at 30 June 2023. 55% of total drawn debt at 30 June 2023 was at fixed rates. RWC further strengthened its balance sheet during the year through using the strong cash flows generated to repay borrowings. The Company is comfortably within its target leverage ratio of 1.5 times to 2.5 times net debt to EBITDA. RWC expects that it will remain in compliance with all borrowing facilities' financial covenants.

The Company has assessed that its optimal capital structure will be achieved by maintaining its net debt levels to achieve a leverage ratio (net debt to EBITDA) in the range of 1.5 to 2.5 times. Sustaining a level of debt within this range will ensure the Company optimises its cost of capital whilst at the same time maintaining investment grade equivalent credit metrics, such that it will continue to be able to access long term debt markets and have acceptably low refinancing risk of its debt facilities.

Health and safety

Health and safety continue to be RWC's highest priority, with an ongoing focus on maintaining a physically and emotionally safe and healthy workplace for employees, contractors and visitors. In FY23, our recordable injury frequency rate (RIFR)¹⁴ reduced by a further 6% from 5.17 to 4.9 at the end of FY23, marking a total reduction of 23% over the past 4 years. No serious injuries were recorded in FY23, and 81% of RWC sites were injury free throughout the year.

The reduction in injury rate was achieved through all regions collaborating to focus on common elements of safety improvement including:

- greater engagement of our people in safety leadership behaviours
- improved incident reporting
- risk assessment and controls
- adherence to appropriate personal protective equipment requirements
- machine guarding
- traffic management and minimising the interaction between people and mobile equipment
- contractor management
- ergonomics and manual handling risk
- behavioural safety leadership

During the year a global benchmarking review of policies, procedures and culture was undertaken. As a result of this review, a multi-year program was initiated to improve safety in our workplace and ultimately achieve our objective of zero harm.

This program will initially focus on strengthening accountability, transparency and governance, developing safety leaders, managing critical risks, and enabling our frontline staff through training and support to keep themselves and their colleagues safe. We are also undertaking a more robust review of reporting practices across the globe, to ensure alignment and consistency of reported measures.

¹⁴ The RIFR measures the rate of all recorded last time injuries, cases or alternate work, and other injuries requiring medical treatment, per one million hours worked.

OPERATING AND FINANCIAL REVIEW

FY2024 outlook

RWC believes that its end market exposure globally to the less cyclical repair and maintenance sector provides greater resilience to economic downturns compared with the more cyclical new residential construction market. RWC's products feature in non-discretionary repair projects and our brands are recognised "go to" products for repair work.

RWC believes it is well placed with its local manufacturing operations and strong track record of class-leading customer service to navigate economic challenges and respond to customer needs. We also expect our ongoing new product introductions will enable us to continue our long-standing record of delivering above-market growth with quality margins.

Global economic conditions in FY24 are expected to remain challenging. Interest rate rises since 2022 have impacted housing markets through slowing house price appreciation or declining house values, lower turnover of existing houses, and reduced consumer appetite for remodel activity. In some markets, new home construction activity is forecast to trend sharply lower in FY24.

Although some cost inflation pressures have eased, including selected raw materials inputs, shipping and logistics costs, other costs have continued to rise. RWC's cost out programs should help to mitigate ongoing cost inflation. We will continue to monitor costs and adjust prices if necessary.

At a consolidated level, RWC expects that its revenues will be down by low single digit percentage points in FY24 compared with FY23 due to lower sales in most markets. Our target is to achieve stable operating margins for the full year compared with FY23, with the impact of lower sales on operating margins to be offset by cost savings and price increases. We expect FY24 first half operating margins will be lower than the pcg. Inventory reduction initiatives underway in FY23 will continue into the first half of FY24 and will adversely impact manufacturing overhead recoveries. First half margins are also likely to be impacted by lower sales and costs associated with the SharkBite Max and PEXa product rollouts.

Specific commentary for each of RWC's three regions is provided below.

Americas

Remodelling activity is expected to decline by mid-single digits in FY24 from the peak levels of activity experienced during Covid¹⁵. Lower turnover of existing housing stock was a headwind for remodel activity in FY23 and is expected to persist in FY24¹⁶. A lift in new home construction in the US from low levels in FY23 is expected, based on recent approvals data¹⁷. Non-residential construction activity is expected to be flat to slightly down, based on the Architecture Billings Index survey.

RWC expects sales to be down on the pcg by low single digit percentage points. Operating margins are expected to be higher than for FY23, following the progressive transfer of some SharkBite manufacturing and assembly from Australia to the US. The phased timing means this will be more evident in the second half of FY24.

Asia Pacific

In Australia, it is estimated that current end-market exposure is 60% to new housing and 40% to repair, maintenance and remodel activity. Given the 21% decline in new housing commencements in the year to 31 March 2023, demand is expected to be lower in FY24. Lower manufactured volumes will negatively impact operating margins through reduced manufacturing overhead absorption.

Inter-company sales will also be significantly lower in FY24 following the transfer of some SharkBite Max production to the US. While Australia will continue to manufacture brass components for part of the SharkBite Max fittings range, the lower value of the components compared with the finished product that was previously manufactured in Australia for the US will also negatively impact operating margins.

For Asia Pacific overall, operating margins in FY24 are expected to be around one third lower than in FY23 due to the lower demand in the Australian market, along with the major changes in manufacturing orientation away from exports to the US.

¹⁵ Source: Leading Indicator of Remodel Activity (LIRA), Joint Centre for Housing Studies of Harvard University

¹⁶ National Association of Realtors

¹⁷ US Census Bureau, National Association of Home Builders

OPERATING AND FINANCIAL REVIEW

EMEA

Macroeconomic conditions are expected to be more challenging in EMEA compared with RWC's other two regions.

In the UK, new home construction activity has been tracking lower¹⁸, and high interest rates have dented consumer confidence which in turn is impacting the outlook for remodel activity. Consequently, sales are expected to be down by low single digit percentage points in FY24 versus the pcg and operating margins will also be slightly lower.

Earnings guidance

RWC is not providing quantitative earnings guidance for FY24 due to the ongoing uncertainty affecting market conditions. We intend to continue providing quarterly updates to investors on trading conditions in the three regions.

In terms of specific items, the following key assumptions are provided for FY24:

- Consolidated revenues are expected to be down by low single digit percentage points in FY24 due to lower sales in most markets.
- RWC is targeting stable operating margins for full year FY24 vs FY23, with lower sales targeted to be offset by cost savings and price increases.
- FY24 first half operating margins are expected to be lower than pcg due to inventory reduction initiatives.
- RWC expects operating cash flow conversion to return to normal levels of around 90% for the year.
- Capital expenditure is expected to be in the range of \$55 million to \$60 million.
- Depreciation and amortisation expense is expected to be in the range of \$50 million to \$55 million.
- Net interest expense is expected to be in the range of \$28 million to \$31 million.
- The adjusted effective tax rate is expected to be in the range of 22% to 25%.

The additional cost saving measures identified in FY23 are expected to deliver \$15.0 million in savings on a full year run rate basis in FY24, of which \$3.1 million was achieved in FY23. Other continuous improvement and cost reduction initiatives are being pursued with a further \$4.0 million in savings targeted in FY24.

Variations in economic conditions, trading conditions or other circumstances may cause these key assumptions to change.

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¹⁸ Source: UK Office of National Statistics.

DIRECTORS' REPORT

For the year ended 30 June 2023

The Directors present their report together with the Financial Report comprising Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "RWC" or "the Group") for the financial year ended 30 June 2023 ("reporting period") and the Auditor's report thereon.

The following sections, which are presented separately, form part of and are to be read in conjunction with this Directors' Report:

- Operating and Financial Review (page 30); and
- Remuneration Report (page 53)

Directors

The Directors of the Company at any time during or since the end of the reporting period were:

	Appointed
Stuart Crosby (Chairman)	11 April 2016
Heath Sharp (Chief Executive Officer and Managing Director)	19 February 2016
Christine Bartlett	6 November 2019
Russell Chenu	11 April 2016
Darlene Knight	14 April 2021
Sharon McCrohan	27 February 2018
Ian Rowden	6 July 2020
Brad Soller	1 November 2022

Details of the experience and qualifications of Directors in office at the date of this report are:

Stuart Crosby

Independent Non-Executive Chairman

Member of Audit and Risk Committee

Member of Environment, Social and Governance Committee

Mr. Crosby was the Chief Executive Officer and President of Computershare Limited for nearly eight years until June 2014.

Mr. Crosby previously held a number of senior executive positions across the Computershare business. Prior to joining Computershare, Mr. Crosby worked for the Australian National Companies and Securities Commission, the Hong Kong Securities and Futures Commission and at ASX Limited. Mr. Crosby is a former Chair of AMES Australia.

Other listed company directorships in the past 3 years: None

Heath Sharp

Chief Executive Officer and Managing Director

Mr. Sharp was appointed Chief Executive Officer in 2015. He joined RWC in 1990 as a Design Engineer in the Brisbane based Product Development team. He has worked in each international division of the business during his career, holding senior management positions in Engineering, Product Management, Sales and Operations. He was appointed General Manager of the Cash Acme facility in Alabama following its acquisition by RWC in 2002. He returned to lead the Australian division in late 2004, the largest operation at the time. Mr. Sharp moved back to the USA in 2007 to re-join the US business and steer its rapid growth in RWC's largest market. Mr. Sharp held the roles of President of the USA business and Chief Operating Officer prior to his current role as Chief Executive Officer. Mr. Sharp holds a Bachelor of Mechanical Engineering degree from the University of Southern Queensland.

Other listed company directorships in the past 3 years: None

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DIRECTORS' REPORT

For the year ended 30 June 2023

Christine Bartlett

Independent Non-Executive Director

Chair of Nomination and Remuneration Committee

Member of Environment, Social and Governance Committee

Member of Health and Safety Committee

Ms. Bartlett is an experienced CEO and senior executive with extensive line management experience gained through roles with IBM, Jones Lang LaSalle and National Australia Bank Limited. Her executive career has included Australian, regional and global responsibilities based in Australia, the USA and Japan. She is currently a Non-Executive Director of Mirvac Group, Sigma Healthcare Limited and TAL; and was previously a director of GBST Holdings Limited, PropertyLook, National Nominees Ltd, the Australian Custodial Services Association, icare and The Smith Family. She is a member of the UNSW Australian School of Business Advisory Council, Chief Executive Women and the Australian Institute of Company Directors. Ms. Bartlett holds a Bachelor of Science from the University of Sydney and has completed senior executive management programs at INSEAD.

Other listed company directorships in the past 3 years:

Mirvac Group (since December 2014)

Sigma Healthcare Limited (since March 2016)

GBST Holdings Limited (July 2015 until November 2019)

Russell Chenu

Independent Non-Executive Director

Chair of Audit and Risk Committee

Member of Nomination and Remuneration Committee

Mr. Chenu is an experienced corporate and finance professional who held senior finance and management positions with a number of ASX listed companies. His last executive role was Chief Financial Officer of James Hardie Industries plc from 2004 to 2013. He is currently the Chair of Vulcan Steel Limited and a Non-executive Director of CIMIC Group Limited. Mr. Chenu holds a Bachelor of Commerce from University of Melbourne and an MBA from Macquarie Graduate School of Management, Australia.

Other listed company directorships in the past 3 years:

Vulcan Steel Limited (since 2021)

CIMIC Group Limited (since June 2014. The company delisted from the ASX in May 2022)

James Hardie Industries plc (August 2014 until November 2020)

Metro Performance Glass Limited (July 2014 until August 2021)

Darlene Knight

Independent Non-Executive Director

Chair of Health and Safety Committee

Member of Environment, Social and Governance Committee

Ms. Knight's operational experience was gained with multi-national manufacturing businesses, primarily in the automotive sector, where she held strategic and operations focused roles. Darlene has held senior leadership roles at both supplier and OEM organisations, including General Motors Corporation, EDSCHA GmbH, Johnson Controls, Inc. and Adient, Plc. She has experience in engineering, global manufacturing and quality. Her roles have included P&L responsibility. Darlene is a director of Fabrinet (NYSE: FN) and eLeapPower. Ms. Knight holds a Master of Science in Engineering Science from Rensselaer Polytechnic Institute and a Bachelor of Science in Industrial Administration from Kettering University.

Other listed company directorships in the past 3 years:

Fabrinet (since January 2022)

DIRECTORS' REPORT

For the year ended 30 June 2023

Sharon McCrohan

Independent Non-Executive Director
Chair of Environment, Social and Governance Committee
Member of Health and Safety Committee

Ms. McCrohan is an experienced media and strategic communications consultant with a career spanning almost 30 years. Ms. McCrohan has been an advisor to Federal and State government leaders and cabinets, private sector boards, sporting bodies, statutory authorities, charities and government agencies. Ms. McCrohan has extensive experience in media and communications, policy development, government and stakeholder relations and executive team leadership. Ms. McCrohan is a non-executive director of Racing Victoria Limited, the Ovarian Cancer Research Foundation Board and the Transport Accident Commission (Victoria). Ms. McCrohan holds a Bachelor of Arts (Journalism) from Royal Melbourne Institute of Technology and is a Graduate member of The Australian Institute of Company Directors.

Other listed company directorships in the past 3 years: None

Ian Rowden

Independent Non-Executive Director
Member of Audit and Risk Committee
Member of Health and Safety Committee
Member of Nomination and Remuneration Committee

Mr. Rowden is an experienced CEO and senior global executive with extensive experience in commercial, strategy, M&A and operational leadership roles with The Coca-Cola Company, The Callaway Golf Company, Wendy's International, Saatchi and Saatchi and The Virgin Group. His executive career included Australian, regional and global responsibilities based in Australia, Hong Kong, Switzerland and the USA.

Mr. Rowden is currently a non-executive director and Chair of the Nomination and Remuneration Committee of Enero Group Limited (ASX: EGG), non-executive director of Dulux International (UK) and was formerly a director of QMS Media Limited and Virgin Galactic (NYSE: SPCE). He also chairs the Marketing Council for the Murdoch Children's Research Institute and is a partner and investment advisory board member for Innovate Partners, a US based private equity/venture capital company and a senior advisor to Bowery Capital.

Other listed company directorships in the past 3 years:

Enero Group Limited (since November 2018)

QMS Media Limited (February 2019 to February 2020)

Brad Soller

Independent Non-Executive Director
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

Mr Soller's career commenced with PriceWaterhouse Coopers in Johannesburg and London. He then spent over 25 years in corporate organisations, including Chief Financial Officer and other senior finance and/or leadership roles at Thorn plc, BAA McArthur Glen Limited, Lend Lease Group, David Jones and Metcash. Mr. Soller is a non-executive director and Chair of the Audit and Risk Committee of Bapcor Limited (ASX: BAP) and Big River Industries Limited (ASX: BRI). He is a Chartered Accountant (South Africa) and holds a Master of Commerce, Bachelor of Accounting and Bachelor of Commerce from the University of Witwatersrand (South Africa).

Other listed company directorships in the past 3 years:

Bapcor Limited (since November 2022)

Big River Industries Limited (since September 2021)

Company Secretary

David Neufeld

Mr. Neufeld has been Company Secretary since April 2016. He has over 40 years' experience in chartered accounting and corporate organisations, including over 15 years' experience as Chief Financial Officer and/or Company Secretary of ASX listed companies. Mr. Neufeld has extensive experience in financial and management reporting, corporate compliance, governance and risk management, audit and business acquisitions and divestments. Mr. Neufeld holds a Bachelor of Commerce (Honours) from University of Melbourne and is a member of Chartered Accountants - Australia & New Zealand and a Graduate member of The Australian Institute of Company Directors.

DIRECTORS' REPORT

For the year ended 30 June 2023

Director Meetings

The number of Board meetings and meetings of Board Committees held and the number of meetings attended by each of the Directors of the Company during the reporting period are listed below. The membership of each Board Committee was reviewed during the 2023 financial year.

Director	Board		Audit and Risk Committee		ESG Committee		Health and Safety Committee		Nomination and Remuneration Committee	
	Held ¹	Attended ¹	Held ¹	Attended ¹	Held ¹	Attended ¹	Held ^{1,2}	Attended ^{1,2}	Held ¹	Attended ¹
Christine Bartlett	14	14	–	–	6	6	3	3	5	5
Russell Chenu	14	14	7	7	–	–	1	1	5	5
Stuart Crosby	14	14	7	7	6	5	–	–	–	–
Darlene Knight	14	14	2	2	6	6	3	3	–	–
Sharon McCrohan	14	14	–	–	6	6	3	2	2	2
Ian Rowden	14	14	7	7	–	–	2	2	5	5
Heath Sharp	14	14	–	–	–	–	–	–	–	–
Brad Soller	7	6	5	5	–	–	–	–	3	3

Directors who are not members of Board Committees have a standing invitation to attend Committee meetings and do attend from time to time. The above table only reflects attendance at Committee meetings by members of the relevant Committees.

Environmental Regulation and Performance

RWC's manufacturing operations have to date not been adversely affected by environmental laws and regulations. Manufacturing operations primarily involve brass forging and machining, PEX extrusion, plastic moulding and product assembly. Historically, the environmental impact of these processes has been minimal and RWC believes it meets current environmental standards in all material respects.

Environmental and social sustainability are core to RWC's operations and important to its strategy. An Environmental, Social and Governance ("ESG") Committee of the Board provides oversight on ESG initiatives, objectives, strategies and targets. We understand that running our business responsibly is vital to our long-term sustainability and the decisions we make have consequences for the economy, society and the environment. RWC has published annual ESG reports since 2020. A copy of each report can be viewed on the Company's website at www.rwc.com. The reports provide information on our approach to sustainability, identify our material topics and how they are currently managed, our achievements and areas for improvement. Global macro trends related to water are creating challenges for the built environment that RWC can help to solve. There are opportunities for RWC to make a positive contribution through the products we design and manufacture. We have existing solutions that we can provide and are also continually investing in new products and solutions. These may have different applications across the regions in which we operate. In particular, RWC has a clear role in the provision of clean water and sanitation and also in developing sustainable and resilient infrastructure, particularly in the context of cities. Since water and energy are closely connected, water efficiency also contributes to energy efficiency.

As a manufacturer and distributor, we also recognise that our operations have an environmental footprint and that we need to manage the social and environmental impacts of our supply chain. We have committed to net zero for scope 1 and scope 2 GHG emissions by 2050. This commitment is backed by an actionable plan to achieve incremental reductions toward a 42% absolute reduction target by 2030. These scope 1 and scope 2 targets are based on the Paris Climate Agreement goal to limit global warming to 1.5 °C. It is our aspiration to achieve net zero for all scopes by 2050.

¹ Number of meetings held and attended during the period the Director was a member of the Board and/or each Committee.

² The Health and Safety Committee also conducted several site visits during the period which have not been recorded as formal meetings of the Committee.

DIRECTORS' REPORT

For the year ended 30 June 2023

Principal Activities

The principal activities of RWC are the design, manufacture and supply of high quality, reliable and premium branded water flow, control and monitoring products and solutions for the plumbing and heating industry.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the reporting period. The Operating and Financial Review contains comments on external events which have impacted and continue to impact business activities and results.

In preparing the consolidated financial statements in conformity with Australian Accounting Standards, due consideration has been given to the judgements, estimates and assumptions that affect the application of accounting policies and 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, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Group has managed, and continues to manage, the risks arising from geopolitical and macroeconomic events which are impacting the estimation uncertainty in the preparation of the consolidated financial statements. At 30 June 2023, the Group has reassessed all significant judgements, assumptions and critical estimates included in the consolidated financial statements, including but not limited to, provisions against trade debtors and inventory and impairment of non-current assets. Actual results may differ from these estimates. Details of the main judgements, estimates and assumptions applied are set out in the notes to the consolidated financial statements.

Material Business Risks

RWC continues to evolve its risk management policies and processes. Set out in the table below are:

- a summary of specific material business risks which could impact upon RWC's ability to achieve its business objectives and/or its financial results and position; and
- management plans to mitigate against each business risk listed.

The information is provided as a guide to RWC's current risk management focus. The list is provided in no particular order and is not exhaustive.

DIRECTORS' REPORT

For the year ended 30 June 2023

Risk	Description	Management plans
RWC is exposed to changes in general economic conditions, legislation and regulation which may impact activity in RWC's end-markets.	- RWC's financial performance is largely dependent on activity in the residential and commercial repair and renovation and new construction end-markets in the North American, Asia Pacific and European regions. Activities in these end-markets are impacted by changes in general economic conditions; and to legislation and regulation (for example, changes to building or plumbing codes; tariff rates and import duties; and post Brexit trade and regulatory arrangements). Activities in the repair end-market may also be impacted by extreme weather events. - A prolonged downturn in general economic conditions either globally or in any geographic region in which RWC operates may impact demand for plumbing services in RWC's end-markets, thereby decreasing demand for RWC's products. The COVID-19 pandemic and ongoing geopolitical events are examples of events which cause or could cause significant impact on general economic conditions. The impacts, challenges and uncertainties caused by such events can continue for substantial periods of time. - Any such downturn may have a material adverse impact on RWC's operations and financial results.	- Processes are in place to be able to respond to changes in conditions and adjust production, delivery and raw materials purchasing requirements as well as manage operating and overhead costs as considered necessary and appropriate. RWC's systems and processes are supported by audit protocols and monitoring of key performance indicators. - Key economic indicators are monitored for data which assist the business in being proactive in its decision making. - RWC regularly reviews the inputs and methodologies of its forecasting and financial planning systems to improve reaction and response times to abnormal events.
Loss of customer risk	- There can be no guarantee that key customers will continue to purchase the same or similar quantities of RWC's products as they have historically. Competition, including the price of competing products relative to RWC's products, could impact demand for RWC's products. - The loss of a key customer or a significant reduction in the volume of products purchased by one or more key customers may adversely impact RWC's financial performance.	- Maintain connections with, and deliver ongoing business opportunities to, key customers. - Maintaining high levels of accurate and on-time delivery is valued by customers. - Continuing focus on differentiated high quality products and solutions as well as customer service. - Investment in research and development to provide innovative high quality products and remain the supplier of choice. - Plans are in place to continue to diversify the customer base and reduce the potential impact of this risk.

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DIRECTORS' REPORT

For the year ended 30 June 2023

Risk	Description	Management plans
Materials supply and price risk.	Any adverse change in RWC's ability to procure raw materials, a material increase in the cost of raw materials or any increase in indirect production costs would result in an increase in RWC's overall costs. RWC's profitability could be adversely impacted if it is unable to pass on such cost increases to its customers.	- RWC aims to have appropriate agreements in place with major suppliers. - Active management of procurement processes. - Active in the past 12-18 months in passing on higher costs to customers through price increases. These active processes are expected to continue. - Continuing efforts to "multi-source" key materials and components to enable price verification, quality control management and reduce risk of supplier concentration. - RWC periodically benchmarks prices for key material/product supply.
Foreign currency risk.	- RWC's results are impacted by exchange rate movements. In particular, exposure to USD, AUD, GBP, Euro and Yuan. - Furthermore, as RWC expands globally, it becomes exposed to additional currencies and a higher proportion of its net sales, profitability, cash flows and financial position could be affected by exchange rate movements. - Movements in exchange rates can impact profitability and cash flows.	- RWC does not typically hedge its foreign exchange exposures. RWC currently benefits from several "natural hedges" against currency movements. For example, the impact of foreign currency denominated purchases against foreign currency sales. RWC Australia's sales to RWC USA are denominated in US dollars and the majority of raw materials and components purchased by Australia for use in production for the USA are denominated in US dollars. - Foreign currency risk is monitored and analysed with consideration given to alternative strategies to manage foreign exchange risk as the business expands and exposure to other currencies increases. - Where appropriate, transaction timings are optimised to minimise impacts. - RWC has reported its financial results in US dollars since FY2022. This change is expected to reduce the impact of foreign currency movements on reported results.

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DIRECTORS' REPORT

For the year ended 30 June 2023

Risk	Description	Management plans
Events affecting manufacturing or delivery capability.	- The equipment and management systems necessary for the operation of RWC's facilities may break down, perform poorly, fail or be impacted by a fire, earthquake or major weather event (such as a snow storm, tornado, cyclone or flood) resulting in delays, increased costs or an inability to meet customer demand. - Events could also arise which impact upon RWC's ability to ship and deliver product from its facilities in a timely manner. RWC has an increased supply chain risk in China following the EZ-Flo acquisition. The COVID-19 pandemic and current geopolitical actions are examples of events which have resulted in significant market disruption leading to increased risk around business planning and management. - Any significant or sustained interruption to RWC's manufacturing or delivery processes may adversely impact RWC's net sales and profitability.	- RWC has manufacturing facilities located in five countries. This geographic dispersion reduces the impact on total production output if an adverse event occurs at one or more of the sites. - RWC has established long term machine maintenance support programs with key suppliers. - RWC carries stores of key maintenance spare parts to support timely repairs and maintenance to its production equipment and facilities. - Continuing investment in high quality machinery enables machine substitution in the event of a breakdown. - Extensive operator training enables rotation/substitution of machine operators. - Safety hazard training undertaken and appropriate onsite procedures in place. - Business interruption insurance in place.
Climate related risks and impacts.	- As a manufacturer and distributor, we recognise that RWC's operations have an environmental footprint and that we need to manage the social and environmental impacts of RWC's supply chain. - There may be climate related factors which impact RWC's operations in both the near and longer term. For example, these impacts could be in areas such as availability and cost of materials used in RWC's products or manufacturing processes, transport and/or occurrence of extreme weather events. Any significant or sustained impacts could adversely affect RWC's financial performance and/or financial position.	- Dedicated Board sub-committee monitors and oversees RWC's response to climate related risks and impacts. - Continuing to assess climate related business risks and how best to mitigate these. - An ongoing project to identify and capture emissions information and then set appropriate, practical targets and plans to achieve these. Committed to reduce Scope 1 and Scope 2 emissions to zero by 2050 (targeting minimum 42% reduction by 2030). Aspiration to achieve net zero for all scopes by 2050. - Material climate related risks identified are incorporated into RWC's enterprise risk management processes. - RWC's annual ESG reports include information on its approach to managing and mitigating climate related risks and impacts.

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DIRECTORS' REPORT

For the year ended 30 June 2023

Risk	Description	Management plans
Impact of product recalls, product liability claims or claims against RWC where a product has not been correctly installed by a third party.	- RWC is exposed to the risk of product recalls and product liability claims where a defect in a product sold or supplied by RWC or incorrectly installed by a third-party contractor could result in, results in or is alleged to have resulted in, personal injury or property damage. - RWC may suffer loss as a result of claims for which it is not insured or if cover is denied or exceeds available limits.	- Continuing investment in production technology and quality control processes to minimise the risk of product defects. - RWC maintains rigorous quality assurance accreditation in all its manufacturing/distribution locations. These quality systems are regularly audited by external third parties. - Investment in training of professional contractors on correct installation and use of products. - Maintain appropriate insurance policies.
Key personnel risk	- RWC's success depends on the continued active participation of its key personnel. - If RWC were to lose any of its key personnel or if it were unable to employ additional or replacement personnel, its operations and financial results could be adversely affected.	- RWC seeks to employ high quality personnel who are remunerated by market competitive arrangements. - Historically, there is a good record of retaining key personnel. - Succession planning, talent management and organisation design capabilities are a focus of the Board and overseen on its behalf by the Nomination and Remuneration Committee.
Information Technology (including cyber security)	Technological advancements and risks of cyber-crime can impact the integrity of RWC's IT systems and make them vulnerable to attack if appropriate security measures are not in place.	- IT security policies and recovery plans in place. - Ongoing system monitoring and testing, including review of security protocols which are regularly upgraded. - Appropriate insurance policies. - Employees are a critical line of defence in protecting against cyber-crime. Regular training is provided to employees. Alerts and reminders to remain vigilant are also regularly sent. - Fully maintained hardware and software security measures provide a high watch status on illegal attempts to penetrate RWC's systems.

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DIRECTORS' REPORT

For the year ended 30 June 2023

Dividends

A final dividend for the financial year ended 30 June 2022 of US\$0.05 per share, franked to 10%, was paid to eligible shareholders on 7 October 2022. The dividend was paid in Australian dollars at the rate of 7.139 cents per share.

An interim dividend for the financial year ended 30 June 2023 of US\$0.045 per share, franked to 10%, was paid to eligible shareholders on 6 April 2023. The dividend was paid in Australian dollars at the rate of 6.493 cents per share.

Since the end of the reporting period, the Directors have resolved to declare a final dividend for the financial year ended 30 June 2023 of US\$0.05 per share. The dividend will be unfranked. The dividend will be paid in Australian dollars at the rate of 7.748 cents per share. The record date for entitlement to the dividend is 8 September 2023. The dividend is payable to eligible shareholders on 6 October 2023.

The aggregate dividends paid or declared for the financial year ended 30 June 2023 total \$75.1 million (2022 - \$75.1 million).

The Company does not have a dividend reinvestment plan.

Events subsequent to reporting date

The Directors are not aware of any matters or circumstances that have occurred since the end of the reporting period that have significantly affected or may significantly affect the operations of RWC, the results of those operations or the state of affairs of RWC in subsequent financial reporting periods which have not been covered in this report or the financial statements.

Likely Developments and Prospects

Details of likely developments for RWC and prospects for future financial reporting periods are contained in the Operating and Financial Review.

Share Options

Details of share options granted under the Company's Equity Incentive Plan are set out in the Remuneration Report. No other share options have been granted by the Company at the date of this report.

Directors' interests

Details of Directors' interests in the Company's issued securities are set out in the Remuneration Report.

Corporate Governance Statement

The Company's Corporate Governance Statement can be viewed at www.rwc.com/investors/corporate-governance.

Indemnification and Insurance of Officers

The Company's Constitution provides that the Company may indemnify any current or former Director, Secretary or executive officer of the Company or of a subsidiary of the Company out of the property of the Company against every liability incurred by a person in that capacity whether civil or criminal or of an administrative or investigatory nature in which the person becomes involved because of that capacity.

In accordance with the provisions of the Corporations Act 2001, the Company has a Directors' and Officers' Liability policy which covers all past, present or future Directors, Secretaries and executive officers of the Company and its controlled entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The indemnification and insurances are limited to the extent permitted by law.

DIRECTORS' REPORT

For the year ended 30 June 2023

Audit and Non-Audit Services

Fees paid or payable by RWC for services provided by KPMG, the Company's auditor, during the reporting period were:

	2023 US\$
KPMG Australia	
Audit services	738,264
Other assurance and non-audit services	
▪ Tax services	32,846
Total fees paid or payable to KPMG Australia	771,110
Overseas KPMG offices	
Audit services	268,989
Other assurance and non-audit services	
▪ Tax services	45,684
Total fees paid or payable to overseas KPMG offices	314,673
Total fees paid or payable to KPMG	1,085,783

The Directors, in accordance with advice from the Audit and Risk Committee which has considered the non-audit services provided by KPMG during the financial year ended 30 June 2023, are satisfied that the provision of those non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in APES110 - Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration set out on page 78 forms part of this Directors' Report.

Rounding off

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 values are rounded to the nearest thousand dollars, unless otherwise stated. Where an amount is \$500 or less the amount is rounded to zero, unless otherwise stated.

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



Stuart Crosby

Chairman

Melbourne

21 August 2023



Heath Sharp

Chief Executive Officer

and Managing Director

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SHAREHOLDER LETTER

Dear Shareholders,

On behalf of the Board, I am pleased to present RWC's Remuneration Report for the year ended 30 June 2023. The report contains information on the remuneration framework, including details of changes we are making to the framework for FY2024 following a review undertaken during FY2023 and details remuneration outcomes for FY2023.

Remuneration framework

A remuneration framework was introduced with effect from 1 July 2021 following completion of an extensive review by the Nomination and Remuneration Committee ("NRC") assisted by external advisors. The main purpose of the review was for RWC to implement a remuneration framework more closely aligned with current market practices. We engaged with several major investors and their advisors as part of the process.

We stated in last year's report that the NRC had observed that, since signing the new employment agreement with Mr. Sharp in August 2021, the remuneration market for CEOs in the USA, which is the primary market the Company benchmarks itself against, had moved significantly, particularly for LTI awards. The NRC stated that it intended to review Mr. Sharp's remuneration arrangements during FY2023 focusing on, but not limited to, his LTI opportunity. That review expanded into a broader review of the remuneration framework. External consultants were engaged to provide structure and benchmarking analysis. We also met with several shareholders and proxy advisors to discuss the proposed changes. As a result of this review, the following changes to the LTI framework will apply for Executive KMP from FY2024:

- Introduction of an additional performance measure for future LTI grants, Return on Capital Employed; and
- A service period only component will be introduced. The service period only component is consistent with remuneration package design for long term incentives awarded in the USA, being the primary peer group country which we compare against. It is usual practice in the USA to have remuneration packages with lower base salaries and higher at-risk components, including larger equity grants, than is typical in the Australian market. This includes equity grants which are not subject to performance conditions.

The Target Value for Rights grants will now be allocated to Executive KMP as 75% Performance Rights (25% each for TSR Rights, EPS Rights and ROCE Rights) and 25% service period only Rights.

The NRC does not anticipate any significant changes to the framework over the next year. The NRC will maintain a regular review of the framework. The Board believes that this revised framework meets the Company's objectives of:

- Being structured to be equitable and aligned with the long term interests of the Company and shareholders;
- adequately balancing the need to attract and retain the best people to run RWC's business while ensuring that remuneration is linked clearly to shareholder returns; and
- remaining comparable with appropriate industry and geographical peer groups.

Please refer to Section B of the Remuneration Report for further details on the remuneration framework and to Section D for details on the changes we have introduced for FY2024 onwards.

Financial and operating performance

FY2023 was another year impacted by geopolitical and economic factors. Despite these challenges sales and profit both increased over the prior year. Net sales increased 6% over the prior year. The growth was primarily driven by the first full year contribution from EZ-Flo as well as price increases implemented to offset rising input and operating costs. Over 70% of revenue is generated in the Americas region. Reported EBITDA and Adjusted EBITDA were up 7% and 2% respectively over the prior year.

Operationally, we launched two major new products into the Americas – SharkBite Max push-to-connect fittings and PEX-a pipe and expansion fittings. Both products have been in development for several years and reflect our ongoing commitment to research and development. The business also announced manufacturing changes to better align manufacturing and distribution activities in the APAC and Americas region. The Board commends management's efforts on these projects.

The Board and management have also continued to maintain a focus on the health and safety of employees with significant effort spent in FY2023 on a global benchmarking review of policies, procedures and culture which has resulted in initiating a multi-year program to improve safety in our workplace and ultimately achieve our objective of zero harm.

SHAREHOLDER LETTER

FY2023 remuneration outcomes

Section C of the Remuneration Report provides details on FY2023 remuneration outcomes. Our Executive KMP again performed strongly as reflected in the ratings awarded for achievement against non-financial and personal KPIs. However, the challenging trading conditions outlined above resulted in the minimum 90 per cent actual EBIT against budgeted EBIT threshold not being achieved. This resulted in our Executive KMP not receiving any STI award for achievement of financial criteria. STI awards were only made to Executive KMP based on assessment of non-financial and personal objectives. For Executive KMP, the mix of financial and non-financial criteria to be applied in determining STI awards is 70% Group EBIT and 30% Personal KPI goals.

I look forward to presenting the Remuneration Report at the Annual General Meeting.

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Christine Bartlett

Chair, Nomination and
Remuneration Committee

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

Introduction

The Directors present the Remuneration Report for Reliance Worldwide Corporation Limited (“the Company”) and its controlled entities (together “RWC” or “the Group”) for the financial year ended 30 June 2023 (“FY2023” or “the reporting period”). This Remuneration Report forms part of the Directors’ Report and has been audited in accordance with the requirements of the Corporations Act 2001 (Cth).

This Remuneration Report sets out remuneration arrangements for the Key Management Personnel (“KMP”) of RWC for the reporting period.

A. Governance and principles

B. Principles of remuneration framework applicable for FY2023

C. Remuneration outcomes for FY2023

D. FY2024 remuneration framework changes, objectives and Executive KMP remuneration arrangements

E. Other required disclosures

All amounts reported in this Remuneration Report, including prior period comparatives, are presented in US dollars unless stated otherwise.

KMP for the reporting period are listed below. KMP are determined in accordance with accounting standard AASB 124: Related Party Disclosures (“AASB 124”). Under Australian Accounting Standards, the term KMP refers to directors (both non-executive directors and executive directors) and those persons having the authority and responsibility for planning, directing and controlling the activities of RWC, directly or indirectly. All KMP held their positions for the entire reporting period unless otherwise stated.

Name	Executive Role
Non-Executive Directors	
Christine Bartlett	
Russell Chenu	
Stuart Crosby	
Darlene Knight	
Sharon McCrohan	
Ian Rowden	
Brad Soller ¹	
Executives	
Heath Sharp	Managing Director and Chief Executive Officer
Andrew Johnson	Chief Financial Officer

For the remainder of this Remuneration Report and when appropriate, KMP are referred to as either Non-Executive Directors or Executive KMP as set out above.

The Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) were considered Executive KMP during FY2023 having regard to the Group’s management structure and the criteria in AASB 124. This assessment is consistent with prior years.

There have been no changes to KMP since the end of the reporting period to the date of this report.

¹ From 1 November 2022.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

A. Governance and principles

The Board believes that the Company's success depends upon the performance of all employees and that remuneration policies should be structured to deliver positive benefits for the Company, shareholders and employees.

The Nomination and Remuneration Committee ("NRC") is responsible for:

- reviewing and recommending to the Board the remuneration arrangements for the CEO and Non-Executive Directors;
- reviewing and approving the remuneration arrangements of the CEO's direct reports; and
- overseeing the operation of the Company's Equity Incentive Plan ("Plan"), including making recommendations to the Board about offers to be made under the Plan.

In discharging its responsibilities, the NRC must have regard to the following policy objectives:

- remuneration structures are to be equitable and aligned with the long-term interests of the Company and its shareholders;
- attract and retain skilled executives, especially in the main markets where RWC operates (North America, Asia Pacific and Europe). Benchmarking is undertaken periodically to confirm that arrangements are market competitive; and
- structure short-term and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns.

The NRC conducts regular reviews and monitors the implementation of the Company's remuneration framework to confirm it:

- encourages and sustains a culture aligned with the Company's values;
- supports the Company's strategic objectives and long-term financial soundness; and
- is aligned with the Company's risk management framework and risk appetite.

All members of the NRC are independent, Non-Executive Directors. The NRC's Charter is available on the Company's website at www.rwc.com and further information regarding the NRC is set out in the Company's Corporate Governance Statement.

Remuneration consultants and other advisors

The NRC may seek independent advice from remuneration consultants and other advisors on various remuneration related matters to assist it in performing its duties and in making recommendations to the Board. Remuneration consultants and other advisors are required to engage directly with the Chair of the NRC as the first point of contact. During FY2023, external consultants were engaged to assess the current remuneration framework, including long term incentive arrangements, and to provide insights on potential changes to align the framework with current market practices in the USA where Executive KMP and the majority of other senior executives are located. The process included competitive benchmarking, peer group analysis and identifying any gaps with prevalent market practice. No remuneration recommendations were received from remuneration consultants or other advisors during the reporting period.

Principles used to determine the nature and amount of remuneration

Non-Executive Director remuneration

Remuneration of Non-Executive Directors is not linked to Company performance and is comprised solely of cash fees (including applicable superannuation). This arrangement allows the Board to focus on governance and both short and long-term strategy free from any potential independence concerns.

The Company's remuneration policy for Non-Executive Directors aims to attract and retain suitably qualified and experienced Non-Executive Directors having regard to:

- the level of fees paid to non-executive directors of other peer group companies, including ASX listed companies;
- the size and complexity of RWC's multi-national operations; and
- the responsibilities and work requirements of Board members.

Please refer to Section C for further details on fees and arrangements for Non-Executive Directors during FY2023.

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REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

Senior Executive remuneration

The Board, through the NRC, is responsible for designing and reviewing remuneration policies which align the remuneration of executives with the long-term interests of shareholders. Remuneration packages for Executive KMP are set to reflect the executive's duties and responsibilities and to be competitive in attracting, retaining and motivating appropriately qualified and experienced people capable of managing the Group's operations and achieving its business objectives. Remuneration arrangements are regularly reviewed having regard to various factors, including key performance objectives, an appraisal process and relevant comparable information.

Remuneration packages for Executive KMP comprise:

- fixed remuneration, represented by a base salary;
- payment of applicable contributions to superannuation or pension funds and other approved benefits;
- eligibility for short-term incentive ("STI") awards subject to approved criteria being met, with the Board retaining a discretion to adjust the award outcome based on achievements during a reporting period; and
- 'equity based' long-term incentives ("LTI").

Section B provides further details on the Group's remuneration framework. Section C provides details of remuneration outcomes for FY2023.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

B. Principles of remuneration framework applicable for FY2023

The Board believes that the remuneration framework should adequately balance the need to attract and retain the best people to run RWC's business while ensuring that remuneration is linked clearly to shareholder returns and remains comparable with appropriate industry and geographical peer groups. A new remuneration framework commenced with effect from 1 July 2021 following a review by the NRC which was completed during FY2021 with the changes to occur over several years. This framework applies to less than 10% of the Group's employees.

A traditional remuneration framework for ASX200 companies comprises fixed pay, STI and performance tested LTI. However, in the USA, where the majority of RWC's senior executives are based, providing a component of remuneration via service-based restricted equity is market practice and STI and LTI opportunity levels are typically much higher than Australia while fixed pay tends to be lower than in Australia. We have been on a multi-year journey to adapt our framework to ensure it remains competitive in the USA, whilst being mindful of the Australian environment where total remuneration quantum is typically more restrained.

In the FY2021 review, the NRC considered several factors including:

- The Company had listed on the ASX in 2016 with a classic private company remuneration structure which included:
 - Relatively high, largely fixed cash remuneration for senior staff;
 - Significant discrepancies between people with similar roles;
 - No structured STI award program. Awards were mainly discretionary. For Executive KMP, more structured STI criteria were introduced from FY2019;
 - An Equity Incentive Plan had been implemented concurrent with listing. Under the Plan, an Options grant was made to the CEO.;
 - A Share Rights program had been introduced in FY2017. Most grants under this program were made with only a service vesting condition although some grants did have performance conditions related to the John Guest acquisition; and
 - Until the FY2021 review, the Share Rights program had been the main LTI award program for eligible employees. Grants had been made to selected executives and employees when appropriate but without an annual award program in place.
- International expansion has resulted in RWC's operating activities being less Australian based. The majority of senior executives are US based with 75% of senior executive roles based in the USA.
- RWC mostly competes for talent in the USA market, where remuneration is quite transparent and competitive in our sector and has established paradigms for the size, shape and description of remuneration packages that are different from usual practice for ASX listed companies. As noted above, it is common practice in the USA to have remuneration packages with lower base salaries and higher at-risk components, including larger equity grants, than is typical in the Australian market. This includes equity grants which are not subject to performance conditions.

Following the FY2021 review, the Board, following a recommendation from the NRC, approved the Group adopting a remuneration framework which is:

- Market competitive and capable of being implemented across the Group in a consistent manner;
- Performance based with a target remuneration mix focused on incentive pay linked to operational performance and shareholder value creation;
- Referenced primarily against a USA peer group to recognise that:
 - 75% of senior executives and other leaders are based there; and
 - The Group currently generates over 70% of external revenue from its Americas business in addition to having major manufacturing and distribution facilities in North America. Only about 10% of external revenue is currently generated in the APAC region.
- Aligned with shareholder expectations.

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REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

Key aspects of the framework included:

- Alignment of total remuneration for the CEO and some other senior executives with market benchmarks. This required adjusting fixed and variable remuneration. This was to be achieved by implementing a downward adjustment of fixed remuneration by approximately 20% over a transition period of 3 years commencing from 1 July 2021 with a corresponding increase in STI and LTI opportunities. This is discussed further below under “Transition considerations”;
- STI awards to be paid in cash. This was and remains consistent with USA market practice. It also allowed an opportunity for impacted executives to earn back the fixed remuneration foregone in the transition to the new remuneration framework. This changed the STI arrangements that applied for Executive KMP prior to 1 July 2021 when 50% of STI awards were deferred into shares. The change was justified in the overall context of the revised remuneration framework and the required transition. Further details are provided below;
- Vesting for LTI awards granted to Executive KMP, Tier 2 executives and Tier 3 executives were subject to performance conditions and a service period requirement. The performance conditions applicable for FY2022 and FY2023 LTI grants are relative total shareholder return and earnings per share accretion. Performance conditions are assessed over a 3 year performance horizon commencing 1 July each year. It is intended that LTI awards be made annually. Further details are provided below; and
- Alignment with industry practice in the USA, including a focus on “target” remuneration and plan design maximum incentive values at 200% of target for both STI and LTI.

Transition considerations

The Board expected there to be a transition period of three years from 1 July 2021 before all intended changes are completed. This transition period reflected an appropriate timeframe to phase in changes being made to remuneration arrangements of various senior executives. This includes annual downward revisions of fixed remuneration and phased increases in STI and LTI opportunities for the CEO and some senior executives over this period.

Several transition matters arising from the framework review were considered and addressed, including:

- Fixed remuneration:
 - For those with above market fixed remuneration, annual reductions are occurring over the transition period.
 - For the CEO, his fixed pay component reduces by approximately 20% over three years and whilst total direct compensation (TDC) will increase, this comprises a significant portion of at-risk remuneration which is subject to meeting performance conditions and is not guaranteed. Based on a benchmarking exercise undertaken during the year, the CEO's TDC at target and maximum will continue to remain lower than the median of his USA peers;
 - No downward adjustment of fixed remuneration was required for the CFO;
 - For other senior executives, any changes to fixed remuneration are in line with the benchmarked market median for the associated role. Most changes to total remuneration are directed to the variable remuneration structures;
 - STI:
 - For those with reductions in fixed remuneration, at-risk STI target level increases as fixed remuneration reduces to broadly maintain on-target total cash compensation in relevant cases. As noted above, STI is to be fully paid in cash (no deferral), consistent with USA practice and reflecting that some executives are giving up a portion of fixed remuneration.
 - LTI:
 - CEO – target annual grants with “fair value” starting at about 30% of total target remuneration and moving to greater than 40% over the transition period.
 - CFO – target annual grants with “fair value” of between 35% and 40% of total target remuneration.
 - Other CEO direct reports – target annual grants with “fair value” of between 30% and 35% of total target remuneration
- These LTI targets have been revised following the review undertaken during FY2023 and will change for FY2024 and beyond. Refer section D.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

STI Plan

The STI plan is designed to reward eligible participants, including Executive KMP, for achieving fiscal year financial, personal and strategic goals. The revised STI plan has the following design features:

Objective	STI awards are determined by the Board following satisfaction of specific performance conditions.
Nature	100% cash. Payment of 100% cash STI is consistent with USA market practice which for the Company is the country in which most senior executives are based.
Target Opportunity for Executive KMP	CEO: 90% of fixed remuneration in FY2023; increases to 100% in FY2024. CFO: 55% of fixed remuneration in FY2023; remains at 55% in FY2024. Entitlement measured against the Performance Metrics and scaling criteria below.
Maximum Opportunity for Executive KMP	CEO: 180% of fixed remuneration in FY2023; increases to 200% in FY2024. CFO: 110% of fixed remuneration in FY2023; remains at 110% in FY2024. Entitlement measured against the Performance Metrics and scaling criteria below.
Performance Metrics Mix	For Executive KMP, the mix of financial and non-financial criteria to be applied is: Group EBIT – 70% Personal KPI goals – 30%
Performance Metrics	Financial Metric – Earnings before Interest and Tax (“EBIT”) The relevant portion of the STI award subject to financial performance is intended to be measured by reference to budgeted Group or Region EBIT, as applicable (“Budget”). The Board considers EBIT to be a clearly defined and objective measure which it monitors to measure operational management and performance. Actual EBIT and Budget are compared on a like for like basis. The Board considers the disclosure of the Budget to be commercially sensitive information and that disclosure of this Budget would not be in the Company’s and shareholders’ best interests. The EBIT metric may be adjusted at the Board’s discretion to exclude the effects of significant events deemed not appropriate to assess actual employee performance. These significant events may include: ▪ Acquisition related charges and other items; ▪ Restructuring and other charges; ▪ Non-cash impairments; ▪ Impacts resulting from material changes in foreign currency exchange rates; and ▪ Any other significant items deemed appropriate by the Board. The Board retains a discretion to adjust the award outcome based on achievements during a reporting period. That discretion was not exercised in relation to FY2023.

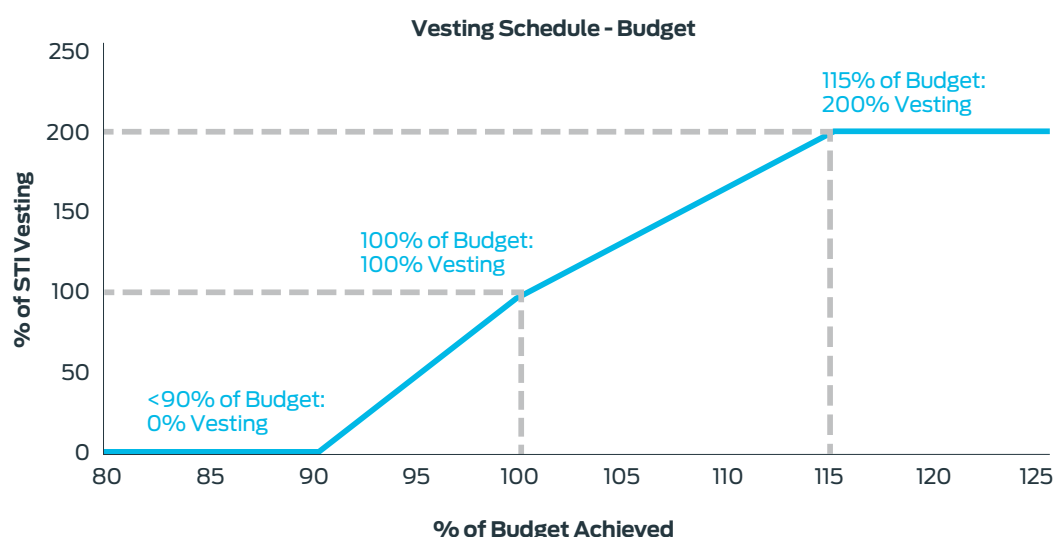
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REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

The following scale applies for the financial metric:

% of Budget achieved	Payout (% of Target)
Less than 90% of Budget	Nil
Between 90% and less than 100% of Budget	Straight line pro-rating from Nil to Target Opportunity
100% of Budget	100% of Target Opportunity
Above 100% and less than 115% of Budget	Straight line pro-rating from Target Entitlement to Maximum Opportunity
115% of Budget and greater	100% of Maximum Opportunity (200% x Target Opportunity)



The thresholds below which no payout for the financial metric occurs and above which the maximum payout is triggered were reduced from pre 1 July 2021 levels so as to make the target level a better reflection of the fair value of the STI opportunity. This was an important element in the shift from fixed remuneration to variable.

Personal KPI goals

The relevant portion of the STI award subject to personal KPIs is intended to be measured by scorecard performance against role specific objectives to be settled with eligible participants annually. Personal objectives are set to measure the participant's performance against RWC's business strategies and core values. KPIs have been set based on:

Criteria	Examples
ESG and culture	Living our values, culture, health & safety, diversity, equity and inclusion, ESG
Business leadership	Team management, talent development, succession planning, training
Personal objectives specific to role	Business development, product development, cost control, strategic growth, expansion of RWC's business activities

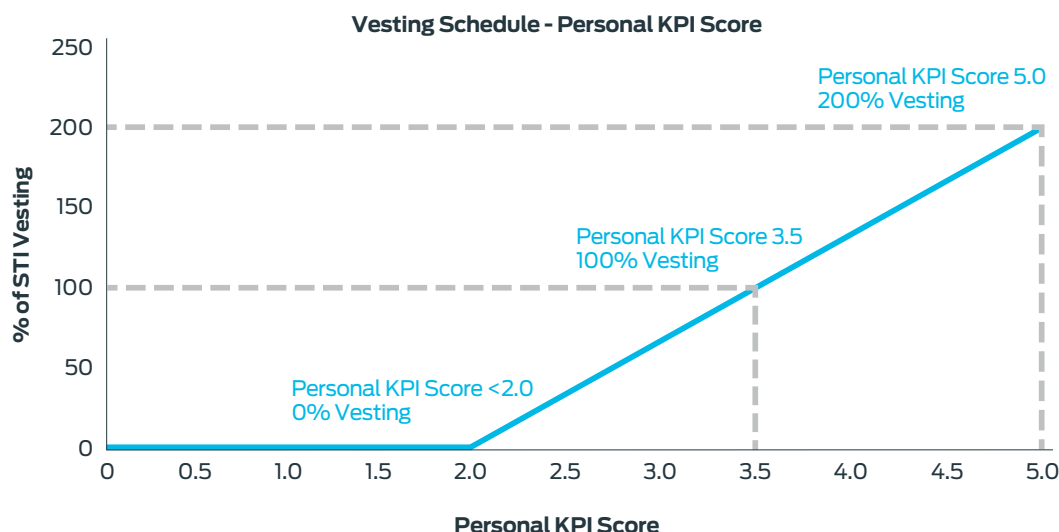
REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

Personal KPIs are chosen to encourage the achievement of personal business goals consistent with the Group's overall objectives.

The following scale applies for the personal KPI goals:

Average personal KPI score	Payout (% of Target)
Less than 2	Nil
Between 2 and less than 3.5	Straight line pro-rating from Nil to Target
3.5	100% of Target
Above 3.5 and less than 5	Straight line pro-rating from Target to Maximum
5	100% of Maximum (200% x Target)



A combination of financial and non-financial performance criteria were chosen because the Board believes that there should be a balance between short-term financial measures and more strategic non-financial measures which, in the medium to longer term, will ultimately drive future growth and returns for shareholders.

Assessment of performance

Following the end of the financial year, performance against Budget is assessed by the NRC based on the Group's audited financial results.

Performance against personal KPIs is assessed annually as part of the broader performance review process for Executive KMP. These KPIs are assessed quantitatively against pre-determined benchmarks, where appropriate.

These methods of assessing performance are chosen as they are, as far as practicable, objective, measurable and capable of being independently audited.

Clawback or withholding

Defined criteria are in place to prevent inappropriate benefits being paid. Under the current STI Plan, the Company can withhold payment of a cash award in certain defined circumstances. For example, breach of employment conditions, breach of company rules or ongoing employment related proceedings. In relation to previous STI awards paid in equity, the Board may determine that allocated shares may be forfeited and/or require the Executive KMP to pay as a debt any part of the net proceeds of a sale of awarded shares, cash payment or dividends provided in respect of an STI award.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

LTI Plan

The LTI plan is designed to assist in the motivation, retention and reward of eligible employees and align the interests of employees with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company. The LTI plan has the following design features:

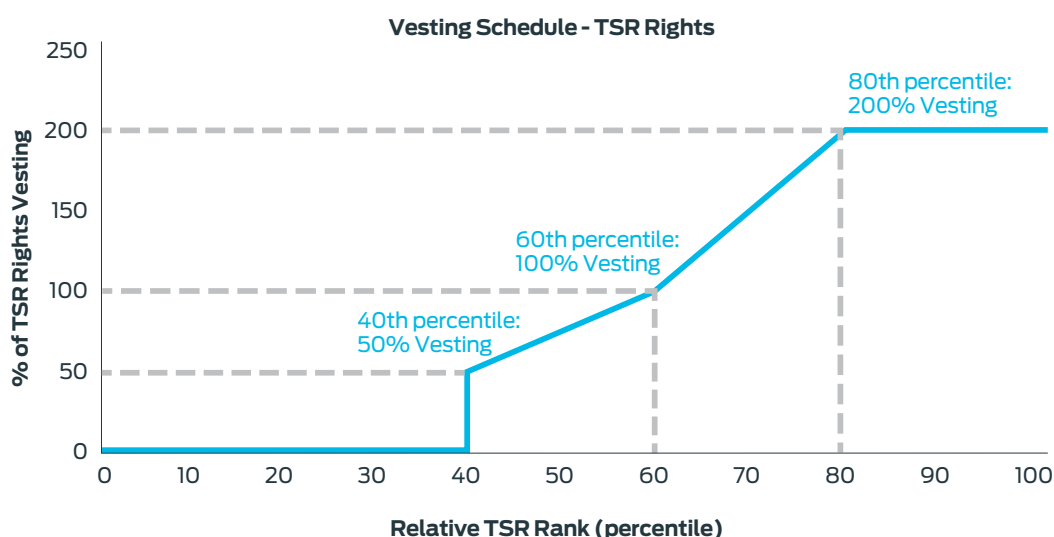
Nature	Annual grants of Rights. Each Right entitles the participant to one ordinary share in the Company on vesting. An offer constitutes a long-term incentive component of the participant's remuneration from the grant date until the end of the vesting period. Rights are granted at no cost and there will be no amount payable on vesting.
Eligible Participants	Executive KMP and other eligible executives and employees subject to Board approval.
Vesting Criteria applicable for Executive KMP	Subject to Board approval and the terms of the offer: - Continuous service period of 3 years from grant date (1 October); and - Total Shareholder Return ("TSR") and Earnings per Share ("EPS") performance conditions as described below. Details of changes to vesting criteria for FY2024 are provided in section D. Any Rights which do not vest will immediately lapse.
Number of Rights to be granted	The number of Rights to be granted is calculated using independently assessed fair values. The assessment is made as at the commencement of the Performance Period Measurement date (1 July). For FY2023: - The number of TSR Rights = $(50\% \times \text{Target Value}) / \text{TSR Rights fair value}$; and - The number of EPS Rights = $(50\% \times \text{Target Value}) / \text{EPS Rights fair value}$.
Performance Conditions and assessment	Rights granted to Executive KMP are subject to performance conditions in addition to a continuous service period. The Board considers these vesting conditions to be an appropriate combination of stretch financial hurdles directly linked to the Group's performance and reflecting shareholder interests. The two performance conditions applying for FY2023 grants are: 50% of the Rights ("TSR Rights") are subject to a relative total shareholder return ("TSR") performance condition, which compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group over the Performance Measurement Period ("TSR Hurdle"). TSR measures the growth in the Company's share price together with the value of dividends over the measurement period (assuming that all those dividends are reinvested into new shares) against the Company's chosen comparator group, being companies comprising the ASX200 index, excluding mining and energy companies. The comparator group may be adjusted by the Board or NRC in their reasonable discretion to take into account corporate actions, including but not limited to takeovers, mergers, de-mergers or de-listings. Relative TSR was chosen because, in the opinion of the Board, it provides the most direct link to shareholder return.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

The number of TSR Rights which will be eligible to vest in relation to the TSR Hurdle will be determined by reference to the following schedule:

Relative TSR Ranking	% TSR Rights eligible to vest
Below 40th percentile	Nil
40th percentile	50%
Above 40th and less than 60th percentile	Pro rata straight line vesting between 40th and 60th percentile
60th percentile	100% (Target Amount)
Above 60th and less than 80th percentile	Pro rata straight line vesting between 60th and 80th percentile
80th percentile or above	200% (Maximum Amount)



- 50% of the Rights ("EPS Rights") are subject to an earnings per share compound average growth rate ("CAGR") performance condition ("EPS Hurdle"). This condition measures earnings per share growth over the Performance Measurement Period. It was chosen as a performance condition because, in the opinion of the Board, it is a measure of the success of Executive KMP and other participants in generating continued business growth.

Earnings per share is determined by dividing net profit after tax ("NPAT") into the weighted average number of issued shares. The EPS CAGR will be measured on a point to point basis over the Performance Measurement Period.

NPAT may be adjusted at the Board's discretion to exclude the effects of significant events deemed not appropriate to assess actual employee performance. These significant events may include:

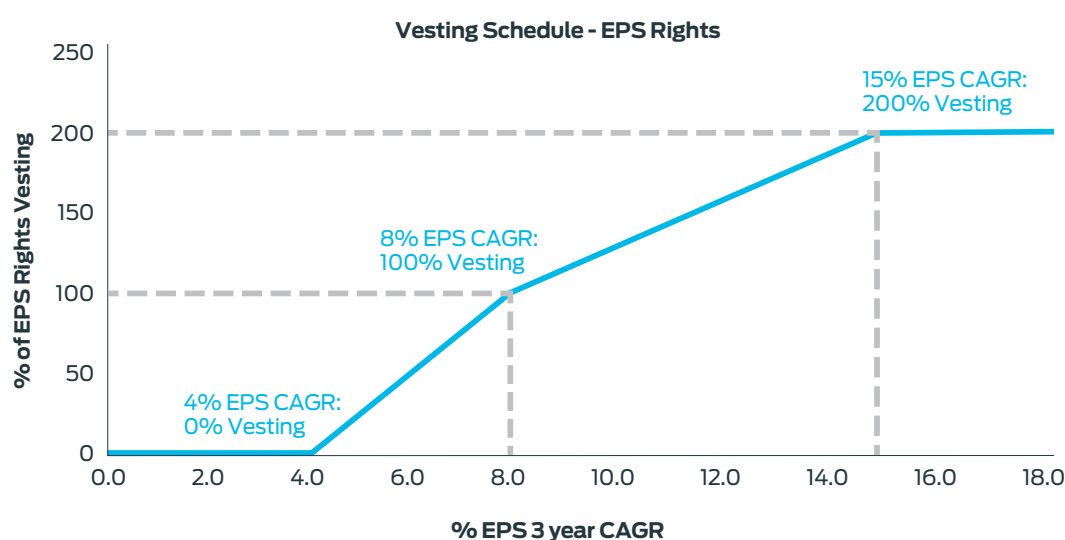
- Acquisition related charges and other items;
- Restructuring and other charges;
- Non-cash impairments;
- Impacts resulting from material changes in foreign currency exchange rates;
- Impact of statutory tax rate changes enacted during the performance period; and
- Any other significant items deemed appropriate by the Board.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

The number of EPS Rights which will be eligible to vest in relation to the EPS Hurdle will be determined by reference to the following schedule:

% growth	% EPS Rights eligible to vest
4% (Threshold)	Nil
Above 4% and less than 8%	Pro rata straight line vesting from Nil to Target
8% (Target)	100% (Target Amount)
Above 8% and less than 15%	Pro rata straight line vesting from Target to Maximum
15% (Maximum)	200%



Assessment of each performance condition will occur after the end of the Performance Measurement Period.

These methods of assessing performance are chosen as they are, as far as practicable, objective, measurable and capable of being independently audited.

Performance Measurement Period	Three years commencing 1 July each year. For FY2023, the Performance Measurement Period commenced on 1 July 2022 and ends on 30 June 2025.
Assessment of performance	Performance Conditions will be independently assessed following the end of the Performance Measurement Period.
Voting and dividend rights	Rights do not carry any voting or dividend rights prior to vesting.
Clawback	Defined criteria are in place to prevent inappropriate benefits being paid.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

C. Remuneration outcomes for FY2023

(a) Company performance

The following table shows the financial performance of the Group during the last five financial years.

Key performance indicators	FY2023	FY2022	FY2021	FY2020	FY2019
Sales revenue (\$m)	1,243.8	1,172.2	1,001.6	779.7	789.8
Reported EBITDA (\$m) ¹	276.1	258.9	254.3	146.2	173.5
Adjusted EBITDA (\$m) ²	274.6	268.7	260.7	168.6	198.2
Operating profit ("EBIT") (\$m)	223.5	211.6	212.2	104.6	142.5
Net profit before tax (\$m)	191.2	195.8	203.4	91.2	126.4
Net profit after tax ("NPAT") (\$m)	139.7	137.4	141.0	60.0	95.1
Adjusted net profit after tax (\$m) ³	155.7	161.4	158.8	87.4	113.3
Share price at beginning of year (A\$)	4.04	5.26	2.94	3.52	5.36
Share price at end of year (A\$)	4.10	4.04	5.26	2.94	3.52
Financial year interim and final dividends declared (\$m)	75.1	75.1	77.0	37.1	50.9
Total dividends declared / NPAT ratio (%)	53.8	54.7	54.6	61.9	53.5
Basic earnings per share (cents) ⁴	17.8	17.5	18.0	7.6	12.2
Adjusted earnings per share (cents) ^{4,5}	19.8	20.6	20.3	11.1	14.5

Net sales for FY2023 were \$1,243.8 million, up 6% on the prior year. Sales include a full year contribution from EZ-FLO, while FY2022 included only a partial contribution following completion of the acquisition in mid-November 2021. Sales growth in all regions was driven mainly by price increases introduced to offset higher costs for some inputs, and higher utilities, packaging and employee costs. RWC achieved average price increases across the group of approximately 6.5% during FY2023.

Reported EBITDA for the period was \$276.1 million, 7% higher than for FY2022. The result for FY2023 included a \$15.0 million gain on sale of a surplus property in the UK, and costs of \$13.5 million incurred in the realisation of EZ-Flo cost reduction synergies, restructuring costs and other one-off cost items. Excluding these items, Adjusted EBITDA was \$274.6 million, 2% higher than for FY2022 and up 5% in constant currency. Adjusted EBITDA margin declined by 80 basis points from 22.9% in FY2022 to 22.1%, but second half margins were higher than for the first half of FY2023 as the benefits of lower input costs and cost reduction measures positively impacted earnings. Cost savings were mainly realised from continuous improvement initiatives and synergies delivered from the EZ-Flo acquisition.

1 EBITDA means earnings before interest, tax, depreciation and amortisation. For FY2023 it reconciles as NPAT (\$139.7m) before interest (\$32.3m), tax (\$51.5m) depreciation and amortisation (\$52.6m). EBITDA is a non-IFRS measure used by RWC to assess operating performance and enhance comparability from period to period. EBITDA has not been subject to audit or review.

2 Adjusted EBITDA for FY2023 is Reported EBITDA (\$276.1m) excluding the profit on sale of surplus property (\$15.0m) and before restructuring costs, costs incurred to achieve EZ-Flo synergies and one-off product related costs (\$13.5 m). Adjusted EBITDA for FY2022 is Reported EBITDA (\$258.9m) before net EZ-Flo and LCL acquisition costs, gain on sale of Streamlabs and debt financing costs expensed (\$9.9 m). Adjusted EBITDA for FY2021 is Reported EBITDA (\$254.3m) before restructuring and asset impairment charges (\$6.4m). Adjusted EBITDA for FY2020 is Reported EBITDA (\$146.2m) before restructuring and asset impairment charges (\$22.4m). Adjusted EBITDA for FY2019 is Reported EBITDA before John Guest one-time integration/synergies costs incurred, final unwinding of a fair value adjustment made at acquisition date to John Guest inventory and the impact in connection with adopting AASB 16: Leases. Adjusted EBITDA is a non-IFRS measure used by RWC to assess operating performance and enhance comparability from period to period. Adjusted EBITDA has not been subject to audit or review.

3 Adjusted Net profit after tax reflects the reconciliation items (tax effected) which determine Adjusted EBITDA for each reporting period as applicable. Adjusted NPAT for FY2023 is NPAT (\$139.7m) adjusted for the reconciliation items (tax effected) which determine Adjusted EBITDA (\$0.3m net) and other specific tax related adjustments (\$15.7m). Adjusted NPAT is a non-IFRS measure used by RWC to assess operating performance and enhance comparability from period to period. Adjusted Net profit after tax has not been subject to audit or review.

4 Based on weighted average number of shares for the reporting period.

5 Adjusted earnings per share is a non-IFRS measure used by RWC to assess operating performance and enhance comparability from period to period. Adjusted earnings per share has not been subject to audit or review.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

Reported NPAT for FY2023 of \$139.7 million was 2% higher than FY2022. Adjusting for the one-off items noted above and the cash tax benefit arising from the amortisation of goodwill, NPAT was \$155.7 million, down 4% on FY2022.

Total dividends declared for the year ended 30 June 2023 are 9.5 cents per share (\$75.1 million) which represents 54% of Reported NPAT and 48% of Adjusted NPAT (FY2022 – 9.5 cents per share, \$75.1 million).

Details of STI awards to Executive KMP are presented in section (d) below.

(b) Non-Executive Directors' fees and arrangements

The Board, in accordance with the terms of the Company's Constitution, determines the remuneration to which each Non-Executive Director is entitled for services as a Director. The aggregate amount provided to all Non-Executive Directors for their services as Directors in any financial year must not exceed the amount fixed by the Company at a general meeting of shareholders. This maximum aggregate amount is presently fixed at A\$2,000,000 as approved by shareholders at the 2022 Annual General Meeting.

Approved Non-Executive Directors' fees for FY2023 were:

Role	Annual base fees	Additional fees for Committee Chair	Total annual fees
Chair	A\$380,000	–	A\$380,000
Chair of a Board Committee	A\$180,000	A\$30,000	A\$210,000
Non-Executive Directors (other than Committee Chairs)	A\$180,000	–	A\$180,000

All fees include applicable superannuation.

Details of fees paid or payable to each Non-Executive Director for FY2023 are shown in section (i).

The current fee arrangements will continue to apply in FY2024, subject to any further review and recommendation by the NRC which is accepted by the Board.

The Company's Constitution provides that any Non-Executive Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may, as determined by the Board, be remunerated for those services out of funds of the Company. Any such amounts paid will not form part of the aggregate permitted maximum remuneration amount. No such fees were paid or are payable for FY2023.

Non-Executive Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or committees of the Board.

There are no retirement benefit schemes for Non-Executive Directors other than applicable statutory superannuation contributions.

c) Summary of remuneration outcomes for Executive KMP for FY2023

The remuneration outcomes for Executive KMP for FY2023 reflect the framework outlined above and include:

Fixed remuneration

CEO: US\$1,175,000; and
CFO: US\$600,000.

STI award

CEO: US\$508,305; and
CFO: US\$154,000.

The key criteria for the FY2023 STI award are set out in section B. Details of the assessment of the FY2023 STI awards are set out below in section (d).

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

LTI awards

For FY2023, the Company granted:

- 643,664 Rights (target opportunity) to the CEO. The Target Value is \$1,540,000. The maximum opportunity is 1,287,328 Rights. Shareholder approval was obtained at the 2022 Annual General Meeting; and
- 250,779 Rights (target opportunity) to the CFO. The Target Value is \$600,000. The maximum opportunity is 501,558 Rights.

Key criteria for these awards are set out in section B.

On 1 July 2022, 165,000 Rights previously awarded to the CFO vested. No other Rights awarded to Executive KMP vested or were cancelled or forfeited during FY2023 or through to the date of this report. Vesting of a grant of Rights made to the CFO in 2018 will occur on 27 August 2023. Refer section (f) for details.

The remuneration mix for Executive KMP for FY2023, based on statutory remuneration as set out in section (i), was:

Senior Executive	Fixed remuneration and benefits (%)	STI (%)	LTI (%)	Cash (%)	Non-cash (%)
Heath Sharp	50	20	30	70	30
Andrew Johnson	53	12	35	65	35

(d) STI awards to Executive KMP for FY2023

STI for Executive KMP is designed to be evaluated based on the achievement of agreed key performance measures. Following the end of the financial year, the NRC considered whether or not STI awards should be made to Executive KMP. The NRC approved the STI award to the CFO and made a recommendation to the Board for the CEO's STI award. The recommendation was accepted by the Board.

Financial Criteria

As mentioned in Section B, for Executive KMP the relevant portion of the STI award subject to financial performance is intended to be measured by reference to a comparison of actual EBIT and budgeted EBIT ("Budget") on a like for like basis. Budget details are not disclosed as the Board considers this information to be commercially sensitive. The minimum target for STI entitlement (90% x Budget) was not achieved for FY2023 meaning the STI financial criteria component was not met. No STI award for achievement of financial criteria was made to Executive KMP for FY2023. Summary comments on the Group's financial performance are provided in section (a) above.

Personal KPIs Criteria

Achievement of Personal KPIs was measured against the following criteria with a score out of 5 for each:

	CEO	CFO
ESG & Culture	4.33	4.25
Talent development and business leadership	4.38	4.25
Personal objectives	4.50	4.50
Average	4.40	4.33
Percentage of fixed remuneration achieved	43.3%	25.7%

Total STI award

The total STI award to Executive KMP for FY2023 is:

	Financial Criteria (%)	Personal KPIs (%)	Proportion of fixed remuneration (%)
CEO	—	43.3	43.3
CFO	—	25.7	25.7

The STI award is payable in cash for the reasons explained in section B.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

(e) Vested LTI Options Grants

The following tables summarise details of options granted to Heath Sharp, Chief Executive Officer ("CEO") in FY2016. All options have now vested. No other options have been granted to the CEO.

Type of award	4,000,000 options ("CEO Options") which, upon vesting, entitle the CEO to acquire ordinary shares in the Company on a 1 for 1 basis subject to the vesting conditions being satisfied and payment of the exercise price. The CEO Options were granted for nil consideration as they form part of the CEO's remuneration.
Vesting Period	From 29 April 2016 (date of listing on the ASX) until 30 June 2022.
Vesting	All CEO Options have vested as the service and performance vesting conditions were satisfied. Information on the vesting conditions is provided in the FY2022 Remuneration Report.
Exercise of Options	The CEO may exercise any vested CEO Options by 30 June 2031. After 30 June 2031, any unexercised CEO Options will lapse.
Voting and dividend rights	Options do not carry any voting or dividend rights prior to vesting and exercise.
Cessation of employment	Where the CEO is terminated for cause, vested but unexercised CEO Options will lapse unless the Board determines otherwise; and Where the CEO ceases employment for any other reason, vested but unexercised CEO Options will remain on foot for the original exercise period.
Change of control	Vested CEO Options will be exercisable for a period notified to the CEO by the Board. Vested CEO Options will lapse after the end of that period.
Clawback	Defined criteria are in place to prevent inappropriate benefits being paid. In such circumstances, the Board may determine that: - vested but unexercised options will lapse; - shares allocated upon exercise of options will be forfeited; and/or - require the CEO to pay as a debt any part of the net proceeds of a sale of awarded shares, cash payment or dividends provided in respect of an award made under the Plan.

Exercise Price and Market Value of Vested CEO Options

Option holder	Original Exercise Price per CEO Option	Adjusted Exercise Price per CEO Option ¹	Gross Market Value at 30 June 2023 ²	Net Market Value of CEO Options at 30 June 2023 ³
Heath Sharp	A\$2.50	A\$2.32	A\$16,400,000	A\$7,120,000

All CEO Options are presently capable of being exercised. No vested CEO Options have been exercised to date.

No options have been granted to any other Executive KMP.

¹ Exercise price adjusted in accordance with ASX Listing Rule 6.22 and the terms of issue of the Options following the 1 for 1.98 pro rata Entitlement Offer which completed in June 2018. The calculations were independently verified.

² RWC closing share price at 30 June 2023 of A\$4.10.

³ Net of assumed payment of exercise price and prior to any taxation obligations arising upon exercise.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

(f) Share Rights

The Board has approved that nominated, eligible executives and employees, including Executive KMP, be invited to participate in the Plan as a means of attracting, retaining and motivating key employees in the Group. Participants are granted rights to be awarded fully paid ordinary shares in the Company ("Rights") in accordance with the rules of the Plan and subject to the offer terms ("Offer"). Each Right entitles the participant to one ordinary share in the Company on vesting. An Offer constitutes a long-term incentive component of the participant's remuneration from the grant date until the end of the vesting period. Rights are granted at no cost and there will be no amount payable on vesting. There are no voting or dividend rights attaching to Rights prior to vesting.

The number of unvested Rights which had been granted by the Company to all participants at 30 June 2023 was 8,197,016 (30 June 2022 – 7,707,471).

The opening and closing balances of all unvested Rights granted are reconciled for the reporting period as follows:

	Number of Rights
Granted and unvested at 30 June 2022	7,707,471
Granted during FY2023	3,876,942
Vested during FY2023	(2,667,209)
Forfeited, Cancelled or Lapsed during FY2023	(720,188)
Unvested at 30 June 2023	8,197,016

Subsequent to 30 June 2023 through to the date of this report:

- No additional Rights have vested or been granted; and;
- A further 80,669 Rights have lapsed or been forfeited or cancelled.

Details of Rights granted to Executive KMP, including vested or forfeited Rights, are shown below.

Vesting conditions for all granted Rights include a continuous service period ranging between two and five years.

Other key terms of the Rights grants

Cessation of employment

Unless the Board determines otherwise, if a participant ceases employment with the Group prior to the Vesting Date and any of the following has occurred, then a pro rata portion of the unvested Rights may remain on foot and vest in the ordinary course as though the participant had not ceased employment:

- The participant's employment is terminated by RWC without cause; or
- The participant terminates employment for a defined good reason.

The remainder of the Rights will lapse.

Change of control

In summary, in the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company or should otherwise be treated as a change of control event in accordance with rule 9 of the Company's Equity Incentive Plan Rules, the Board has a discretion to determine how the Rights should be treated for the purpose of vesting.

Rights granted to Executive KMP

Rights granted to Executive KMP contain a continuous service period vesting condition and performance vesting conditions except as indicated below. Each Right entitles the participant to one ordinary share in the Company on vesting. Rights are granted at no cost and there will be no amount payable on vesting. There are no voting or dividend rights attaching to Rights prior to vesting. Rights will vest at the end of the continuous service period (being the Vesting Date) subject to the terms of the award, including achievement of any performance conditions.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

The number of unvested Rights granted to Executive KMP at 30 June 2023 are shown in the following table.

	Grant Date	Vesting Date	Unvested Rights at 30 June 2022	Granted during FY2023	Vested during FY2023	Number of Rights Lapsed during FY2023	Unvested Rights at 30 June 2023	Fair value per Right at Grant Date ²
Heath Sharp	30 October 2018	30 October 2023	611,201 ¹	–	–	–	611,201	A\$4.29
	1 October 2021	30 September 2024	140,310	–	–	–	140,310	A\$5.43 ³
	1 October 2021	30 September 2024	175,680	–	–	–	175,680	A\$4.61 ⁴
	1 October 2022	30 September 2025	–	225,994	–	–	225,994	A\$4.12 ³
	1 October 2022	30 September 2025	–	417,670	–	–	417,670	A\$3.10 ⁴
			927,191	643,664	–	–	1,570,855	
Andrew Johnson	1 July 2017	1 July 2022 ⁵	165,000	–	(165,000)	–	–	A\$3.00
	27 August 2018	27 August 2023 ⁵	86,400	–	–	–	86,400	A\$5.17
	1 January 2021	1 January 2024 ⁶	331,263	–	–	–	331,263	A\$2.99
	1 October 2021	30 September 2024	44,543	–	–	–	44,543	A\$5.43 ³
	1 October 2021	30 September 2024	55,772	–	–	–	55,772	A\$4.61 ⁴
	1 October 2022	30 September 2025	–	88,050	–	–	88,050	A\$4.12 ³
	1 October 2022	30 September 2025	–	162,729	–	–	162,729	A\$3.10 ⁴
			682,978	250,779	(165,000)	–	768,757	
			1,610,169	894,443	(165,000)	–	2,339,612	

No Rights granted to Executive KMP were forfeited, cancelled or lapsed during FY2023 or subsequent to the date of this report.

1 Original grant was 987,800 Rights. 376,599 Rights lapsed in FY2021 after assessment of applicable performance conditions at the end of the relevant Performance Measurement Period (30 June 2020).

2 Based on an independent valuation which used Black Scholes and/or Monte Carlo models and complies with the requirements of AASB2.

3 TSR Rights. Performance conditions are set out in section B.

4 EPS Rights. Performance conditions are set out in section B.

5 Only a continuous service period vesting condition applies to these grants which were made prior to Mr. Johnson becoming a member of KMP.

6 Details of performance conditions set out below.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

Rights granted to Mr. Johnson in FY2021

Mr. Johnson received a grant of 331,263 Rights during FY2021 following confirmation of his appointment as CFO. The number was determined based on an independently assessed fair value of a Right at the start of the Performance Measurement Period. Each Right entitles Mr. Johnson to one ordinary share in the Company on vesting. Rights are granted at no cost and there will be no amount payable on vesting. There are no voting or dividend rights attaching to Rights prior to vesting. Vesting of these Rights are subject to a continuous service period and a performance condition. Details are:

Continuous Service Period Condition	3 years from 1 January 2021										
Performance Measurement Period	1 July 2020 to 30 June 2023										
Performance Condition	A relative total shareholder return ("TSR") hurdle, which compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group ("TSR Hurdle") over the Performance Measurement Period. TSR measures the growth in the Company's share price together with the value of dividends over the Performance Measurement Period (assuming that all those dividends are reinvested into new shares) against the Company's chosen comparator group, being companies comprising the ASX200 index, excluding mining and energy companies. The comparator group may be adjusted by the Board or Nomination and Remuneration Committee in their reasonable discretion to take into account corporate actions, including but not limited to takeovers, mergers, de-mergers or de-listings. The share prices used to calculate the TSR of a company for the TSR Hurdle will be measured as follows: - the opening share price will be the volume weighted average price on the ASX of that company for the 5 trading days commencing on 1 July 2020; and - the closing share price will be the volume weighted average price on the ASX of that company for the 5 trading days ending on 30 June 2023. The number of Rights eligible to vest was determined shortly after the end of the Performance Measurement Period applying the above criteria. The outcome of independent testing of the TSR Hurdle is that the Company's relative TSR ranking for the Performance Measurement Period was at the 82nd percentile. This means all Rights remain eligible to vest. The percentage of Rights subject to the TSR Hurdle that Vest, if any, will be determined by reference to the percentile ranking achieved by the Company over the Performance Measurement Period compared to the other entities in the comparator group as follows: <table> <tr> <th>Relative TSR Ranking</th><th>% of Rights retained</th></tr> <tr> <td>Below 50th percentile</td><td>Nil</td></tr> <tr> <td>50th percentile</td><td>50%</td></tr> <tr> <td>Between 50th and 75th percentile</td><td>Pro rata straight line vesting between 50th and 75th percentile</td></tr> <tr> <td>75th percentile or above</td><td>100%</td></tr> </table>	Relative TSR Ranking	% of Rights retained	Below 50th percentile	Nil	50th percentile	50%	Between 50th and 75th percentile	Pro rata straight line vesting between 50th and 75th percentile	75th percentile or above	100%
Relative TSR Ranking	% of Rights retained										
Below 50th percentile	Nil										
50th percentile	50%										
Between 50th and 75th percentile	Pro rata straight line vesting between 50th and 75th percentile										
75th percentile or above	100%										
Other key terms and conditions	As summarised earlier in this section (f).										

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REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

Shares purchased to meet vesting obligations

The Company has established a subsidiary, Reliance Employee Share Investments Pty Ltd ("Trustee"), to act as trustee of the Reliance Employee Share Investments Trust. The Trustee will acquire RWC shares on-market on behalf of the Trust to meet any obligations to deliver shares to a participant in the Plan where the applicable vesting conditions are met. The Trustee is also entitled to participate on behalf of the Trust in certain equity raisings undertaken by the Company.

The movement in the number of shares held during the reporting period is:

	Number
Shares held at 30 June 2022	6,616,830
Acquired during FY2023 (at an average cost of A\$3.013 per share)	650,000
Shares allocated and transferred to participants	(1,831,781)
Shares held at 30 June 2023	5,435,049

Vesting obligations will be met in accordance with the terms of the Plan rules.

(g) Share Match Plan

The Group has a share match plan to encourage employees to own shares in the Company. Eligible employees can acquire up to A\$5,000 of shares in RWC per plan year from post tax income with contributions made via a regular salary deduction ("Purchased Shares"). The Company will match the shares acquired on a 1:2 basis up to a cap A\$2,500 of Purchased Shares subject to the terms of the Share Match Plan ("Matching Rights"). There is a minimum holding period for Purchased Shares of 2 years and a continuous service obligation for Matching Rights to convert into shares on a 1:1 basis. There are no performance conditions. Participants receive dividends and have voting rights on their Purchased Shares. Matching Rights have no voting or dividend entitlements prior to vesting. The total number of Matching Rights granted at 30 June 2023 was 183,673.

Details of Purchased Shares and Matching Rights held by Executive KMP under the Share Match Plan are shown in following table.

	Purchased and Matched Shares Balance at 1 July 2022	Net Change ¹	Balance at 30 June 2023	Matching Rights Balance at 1 July 2022	Vested ¹	Balance at 30 June 2023
Andrew Johnson	941	272	1,213	282	(282)	–

Mr. Sharp is not a participant in this plan. Mr. Johnson ceased participating in this plan during FY2022.

(h) Minimum Shareholding Policy

The Company has approved a Minimum Shareholding Policy which applies to all KMP and certain other senior executives. The policy came into effect on 1 July 2021. The policy requires KMP and other senior executives to hold and maintain a minimum number of RWC's ordinary shares based on:

- Non-Executive Directors – 100% of annual base fees (excluding additional Committee fees);
- Group CEO – 100% of Total Fixed Remuneration; and
- Other members of the senior executive team – 50% of Total Fixed Remuneration.

The minimum holding is required to be obtained within 5 years from the later of the date the policy commences or appointment as either a director or member of the senior executive team.

(i) KMP remuneration

Details of the remuneration of each member of KMP are set out overleaf. The table includes the statutory disclosures required under the Corporations Act and is in accordance with Australian Accounting Standards. All figures are in US dollars and relate to the period of the year in which the person was a KMP.

¹ Difference represents a withholding required to meet taxation obligations in the USA.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

		Short term			Post-employment			Other long-term		Share-based		Total
		Cash salary & fees US\$	Cash STI award US\$	Non-monetary benefits US\$	Other short-term benefits US\$	Superannuation or pension plan benefits US\$	Other Post employment US\$	Termination benefits US\$	Long service leave US\$	Share Rights US\$	Options US\$	
Non-Executive Directors												
Christine Bartlett	FY2023	126,756	-	-	-	13,309	-	-	-	-	-	140,065
	FY2022	108,103	-	-	-	10,810	-	-	-	-	-	118,913
Russell Chenu	FY2023	126,756	-	-	-	13,309	-	-	-	-	-	140,065
	FY2022	120,115	-	-	-	12,011	-	-	-	-	-	132,126
Stuart Crosby	FY2023	236,582	-	-	-	16,869	-	-	-	-	-	253,451
	FY2022	208,887	-	-	-	16,608	-	-	-	-	-	225,495
Darlene Knight	FY2023	140,065	-	-	-	-	-	-	-	-	-	140,065
	FY2022	105,701	-	-	-	-	-	-	-	-	-	105,701
Sharon McCrohan	FY2023	126,756	-	-	-	13,309	-	-	-	-	-	140,065
	FY2022	96,092	-	-	-	9,609	-	-	-	-	-	105,701
Ian Rowden	FY2023	120,056	-	-	-	-	-	-	-	-	-	120,056
	FY2022	100,416	-	-	-	-	-	-	-	-	-	100,416
Brad Solter ¹	FY2023	72,432	-	-	-	7,605	-	-	-	-	-	80,037
	FY2022	-	-	-	-	-	-	-	-	-	-	-
Executive KMP												
Heath Sharp	FY2023	1,175,000	508,305	-	83,935	13,200	-	-	-	755,265	-	2,535,705
	FY2022	1,250,000	872,500	-	82,497	12,200	-	-	-	666,651	274,940	3,158,788
Andrew Johnson	FY2023	600,000	154,000	-	45,332	13,200	-	-	-	435,592	-	1,248,124
	FY2022	600,000	217,560	-	31,828	12,200	-	-	-	343,776	-	1,205,364
Total	FY2023	2,724,403	662,305	-	129,267	90,801	-	-	-	1,190,857	-	4,797,633
	FY2022	2,589,314	1,090,060	-	114,325	73,438	-	-	-	1,010,427	274,940	5,152,504

¹ Member of KMP from 1 November 2022.

² Reflects the accounting expense for the reporting period based on the fair value at grant date of rights and options granted.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

D. FY2024 remuneration framework changes, NRC objectives and KMP remuneration arrangements

(j) Remuneration framework changes from FY2024

As noted in the FY2022 remuneration report, the NRC advised that it had observed that, since signing the new employment agreement with Mr. Sharp in August 2021, the remuneration market for CEOs in the USA, which is the primary country the Company benchmarks itself against, had moved significantly, particularly for LTI awards. The NRC stated that it intended to review Mr. Sharp's remuneration arrangements during FY2023 focusing on, but not limited to, his LTI opportunity. That review expanded into a broader review of the remuneration framework. External consultants were engaged to provide structure and benchmarking analysis. As a result of the framework review, the following changes to the LTI framework will apply for Executive KMP from FY2024:

- Introduction of an additional performance measure, Return on Capital Employed ("ROCE");
- A service period only component will be introduced; and
- A material increase in the target and maximum opportunities of the annual LTI grant.

The Target Value will now be allocated to Executive KMP as 75% Performance Rights (25% each for TSR Rights, EPS Rights and ROCE Rights) and 25% service period only Rights. The service period only Rights component is consistent with remuneration package design for long term incentives awarded in the USA, being the primary peer group market against which we compare.

The total target and maximum amounts will increase reflecting the outcome of the benchmarking analysis and framework review undertaken during FY2023. The increase reflects a desire to continue offering market competitive remuneration packages.

The ROCE performance measure is defined as Adjusted EBIT / Capital Employed where:

- Adjusted EBIT = Reported earnings before interest and tax (audited) adjusted for approved exceptional items. (For example: large gains/losses on sales of assets, restructuring costs, cost incurred to realise synergies, and one-time costs related to mergers and acquisitions); and
- Capital Employed = Net Intangible Assets (including Goodwill) plus Fixed Assets (including Right of Use Assets) plus defined Net Working Capital.

Adjusted EBIT and Capital Employed will both be averaged across each measurement period.

The number of ROCE Rights which will be eligible to vest in relation to the ROCE Hurdle will be determined by reference to the following schedule:

ROCE for a three year measurement period	% ROCE Rights eligible to vest
Below 12.5%	Nil
12.5% and less than 13.5%	Pro rata straight line vesting between 12.5% and Target
13.5% (Target)	100% (Target Amount)
Above 13.5% and less than 15%	Pro rata straight line vesting from Target to Maximum
15% (Maximum)	200%

(k) NRC's objectives for FY2024

No further significant changes to the remuneration framework are expected during FY2024. The NRC expects its primary focus during FY2024 will be on:

- continuing to review remuneration arrangements of executives, including Executive KMP, to confirm that market competitive remuneration packages are in place to attract and retain high calibre executives;
- confirming 'at risk' variable remuneration arrangements remain appropriately aligned with business strategies and outcomes;
- overseeing the processes to manage and administer the STI and LTI plans; and
- monitoring succession planning and talent management.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

(I) Executive KMP remuneration for FY2024

The remuneration arrangements for Executive KMP for FY2024 include:

Fixed remuneration

CEO: US\$ 1,100,000, a decrease of 6% from FY2023 fixed remuneration for the reasons set out previously; and
CFO: US\$ 600,000, representing no change from FY2023.

STI Opportunity

The key criteria for the FY2024 STI opportunity are set out in section B. There is no change to STI criteria for FY2024. Any STI awards will be paid in cash.

LTI award for FY2024

The Company intends offering:

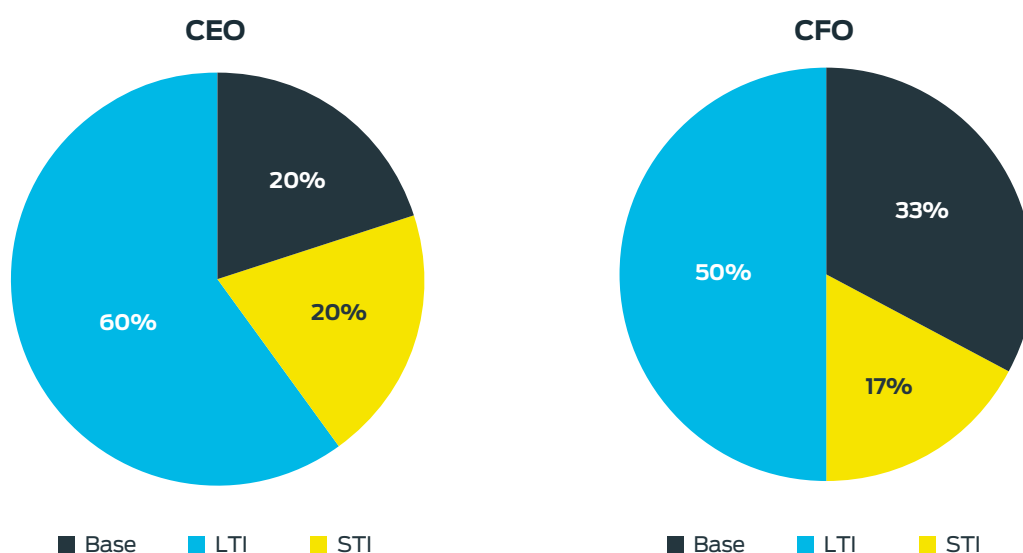
- 1,430,987 Rights (target opportunity) to the CEO subject to shareholder approval. The Target Value is \$3,200,000. The maximum opportunity is 2,540,990 Rights. Shareholder approval is intended to be sought at the 2023 Annual General Meeting; and
- 402,466 Rights (target opportunity) to the CFO. The Target Value is \$900,000. The maximum opportunity is 714,655 Rights.

The target and maximum opportunities have increased following the review undertaken by the NRC in FY2023 as described above.

The Performance Measurement Period will be for the three years commencing on 1 July 2023. Key conditions are summarised in section B and above.

Remuneration mix for Executive KMP

The remuneration mix by the end of FY2024 for each Executive KMP for on-target performance is:



The remuneration mix for on-target performance reflects the changes applying following the review undertaken during FY2023.

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REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

E. Other disclosures

(m) Service Agreements with Executive KMP

Employment and remuneration arrangements of the Executive KMP are formalised in written service agreements between the executive and a member of the Group. The key terms and conditions of the current employment arrangements for Executive KMP are set out below, excluding remuneration arrangements which are presented in other sections of this report. Remuneration arrangements were set after having regard to arrangements for comparable companies considered by size, industry and geography and reflect the revised remuneration framework effective from 1 July 2021.

Heath Sharp, Managing Director and Chief Executive Officer

Term	Mr. Sharp is employed by Reliance Worldwide Corporation (a company in the Group which carries on operations in the USA) The service agreement has an initial term of five years from 1 July 2021. Thereafter, automatically extended for one year rolling terms unless and until either party gives notice of an intention not to renew. The employer shall give any such non-renewal notice at least 90 days prior to the end of the then applicable term. Mr. Sharp shall give any such non-renewal notice at least 12 months prior to the end of the then applicable term.
Notice	<i>Termination by the employer</i> - Mr. Sharp's employment may be terminated by the employer without cause (excluding due to death or disability) upon giving 90 days' written notice; and - may be terminated by the employer for cause at any time. <i>Termination by Heath Sharp</i> - Mr. Sharp may terminate his employment with good reason upon giving 90 days written notice and allowing a cure period. - Where he terminates without good reason, 12 months written notice is required to be provided.
Termination payments¹	- Where Mr. Sharp's employment is terminated by the employer without cause or by Mr. Sharp with good reason, he is entitled to 12 months' severance pay (in addition to any notice period) plus accrued entitlements (comprising accrued but unpaid annual base salary, accrued unused vacation pay and unreimbursed properly incurred business expenses) plus he remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and payment of certain health insurance premiums. - Where his employment is terminated due to death or disability, Mr. Sharp is entitled to accrued entitlements, remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and to a continuation of applicable welfare and health benefits entitlements. - Where the employment agreement is terminated by the employer for cause or by Mr. Sharp without good reason, then the employer shall have no further payment obligations other than for accrued entitlements and continuation of applicable welfare and health benefits entitlements. - Where Mr. Sharp provides notice of non-renewal, then no severance amount will be payable.
Restraint	Mr. Sharp's employment agreement contains a restraint of trade, which operates for a maximum period of 24 months following cessation of employment.

¹ The Corporations Act restricts the termination benefits that can be provided to KMP on cessation of their employment, unless shareholder approval is obtained. The shareholders of the Company and of Reliance Worldwide Corporation, as applicable, have approved the giving of benefits to all current and future members of KMP in connection with that person ceasing to hold a managerial or executive office (as defined in section 200AA of the Corporations Act) in the Company or a related body corporate.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

Andrew Johnson, Chief Financial Officer

Term	Mr. Johnson is employed by Reliance Worldwide Corporation (a company in the Group which carries on operations in the USA). The service agreement contains no fixed term.
Notice	<i>Termination by the employer</i> - Mr. Johnson's employment may be terminated by the employer without cause (excluding due to death or disability) upon giving 3 months written notice; and - may be terminated by the employer for cause at any time. <i>Termination by Andrew Johnson</i> - Mr. Johnson may terminate his employment with good reason upon giving 3 months written notice and allowing a cure period. - Where he terminates without good reason, 3 months written notice is required to be provided.
Termination payments¹	- Where Mr. Johnson's employment is terminated by the employer without cause or by Mr. Johnson with good reason, he is entitled to 9 months' severance pay (in addition to any notice period) plus accrued entitlements (comprising accrued but unpaid annual base salary, accrued unused vacation pay and unreimbursed properly incurred business expenses) plus he remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and payment of certain health insurance premiums. - Where his employment is terminated due to death or disability, Mr. Johnson is entitled to accrued entitlements, remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and to a continuation of applicable welfare and health benefits entitlements. - Where the employment agreement is terminated by the employer for cause or by Mr. Johnson without good reason, then the employer shall have no further payment obligations other than for accrued entitlements and continuation of applicable welfare and health benefits entitlements.
Restraint	Mr. Johnson's employment agreement contains non-compete and non-solicitation clauses which operate for a period of 12 months following his ceasing to work for RWC.

¹ The Corporations Act restricts the termination benefits that can be provided to KMP on cessation of their employment, unless shareholder approval is obtained. The shareholders of the Company and of Reliance Worldwide Corporation, as applicable, have approved the giving of benefits to all current and future members of KMP in connection with that person ceasing to hold a managerial or executive office (as defined in section 200AA of the Corporations Act) in the Company or a related body corporate.

REMUNERATION REPORT

For the year ended 30 June 2023 (audited)

(n) KMP shareholdings

Movements in the number of shares held by KMP directly, indirectly (through personally related entities) or nominally during FY2023 are set out below.

Name	Held at 1 July 2022	Net change ¹	Held at 30 June 2023
Christine Bartlett	30,000	20,000	50,000
Russell Chenu ²	155,217	15,000	170,217
Stuart Crosby ²	150,506	51,250	201,756
Darlene Knight	10,000	27,000	37,000
Sharon McCrohan	30,000	22,000	52,000
Ian Rowden	22,000	13,000	35,000
Heath Sharp	1,423,397	–	1,423,397
Brad Soller	–	15,000	15,000
Andrew Johnson	55,629	115,607	171,236

(o) Material contracts with Related Parties

There were no material contracts between a KMP or a related party and the Company or any of its subsidiaries entered into during the reporting period. Key terms and conditions of employment agreements with Executive KMP are summarised throughout this report.

(p) Loans with KMP

No KMP has entered into a loan made, guaranteed or secured, directly or indirectly, with or by the Company or any of its subsidiaries during the reporting period.

¹ Includes the purchase (sale) of shares during the reporting period and transfers in (out) upon becoming or ceasing to be a member of KMP. For Executive KMP, includes shares received upon vesting of Rights and Matching Rights.

² Includes 20,000 shares received in April 2016 under specific arrangements for Non-Executive Directors in connection with the IPO, as disclosed in the Prospectus.



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

To the Directors of Reliance Worldwide Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Reliance Worldwide Corporation 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

Tony Romeo

Partner

Melbourne

21 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	2023 US\$000	2022 US\$000
Revenue from sale of goods	3	1,243,802	1,172,160
Cost of sales		(765,596)	(711,598)
Gross profit		478,206	460,562
Other income	6	18,991	5,375
Product development expenses		(11,846)	(11,306)
Selling, warehousing and marketing expenses		(151,117)	(132,875)
Administration expenses		(107,121)	(109,276)
Other expenses	7	(3,611)	(834)
Operating profit		223,502	211,646
Finance income	5	346	45
Finance costs	5	(32,688)	(15,846)
Net finance costs		(32,342)	(15,801)
Profit before tax		191,160	195,845
Income tax expense	8	(51,510)	(58,402)
Profit for the period attributable to the Owners of the Company		139,650	137,443
Other comprehensive profit			
Items that may be classified to profit or loss:			
Foreign currency translation differences	16	33,592	(131,952)
Total comprehensive profit for the period attributable to the Owners of the Company		173,242	5,491
		US Cents	US Cents
Earnings per share			
Basic earnings per share attributable to ordinary equity holders	4	17.8	17.5
Diluted earnings per share attributable to ordinary equity holders	4	17.7	17.4

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Note	2023 US\$000	2022 US\$000
Assets			
Current Assets			
Cash and cash equivalents	13	16,617	27,679
Trade and other receivables	9	246,044	266,223
Inventories	9	289,399	315,536
Current tax assets		25,302	9,523
Other current assets		11,776	14,419
Assets held for sale	6	—	9,924
Total Current Assets		589,138	643,304
Non-current Assets			
Property, plant and equipment	10	231,138	224,987
Right-of-use assets	11	95,561	108,821
Deferred tax assets	8	31,695	25,723
Goodwill	12	780,711	758,574
Other intangible assets	12	326,968	322,425
Lease receivable		3,374	—
Total Non-current Assets		1,469,447	1,440,530
Total Assets		2,058,585	2,083,834
Liabilities			
Current Liabilities			
Trade and other payables	9	166,541	173,166
Current tax liabilities		4,110	5,103
Employee benefits	17	8,319	6,414
Lease liabilities	14	15,459	16,067
Total Current Liabilities		194,429	200,750
Non-current Liabilities			
Borrowings	13	450,165	576,594
Deferred tax liabilities	8	86,734	70,395
Employee benefits	17	4,503	4,865
Lease liabilities	14	91,396	100,647
Total Non-current Liabilities		632,798	752,501
Total Liabilities		827,227	953,251
Net Assets		1,231,358	1,130,583
Equity			
Share capital	15	1,742,078	1,738,846
Reserves	16	(868,663)	(902,289)
Retained earnings		357,943	294,026
Total Equity		1,231,358	1,130,583

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Note	Share Capital US\$000	Foreign Currency Translation Reserve US\$000	Merger Reserve US\$000	Share-based Payment Reserve US\$000	Hedging Reserve US\$000	Retained Earnings US\$000	Total Equity US\$000
Balance at 1 July 2021		1,738,067	60,202	(840,544)	14,331	(8,190)	228,450	1,192,316
Profit for the period		–	–	–	–	–	137,443	137,443
Foreign currency translation reserve	16	–	(131,952)	–	–	–	–	(131,952)
Total comprehensive income		–	(131,952)	–	–	–	137,443	5,491
Transactions with owners of the Company								
Treasury shares	15	779	–	–	–	–	–	779
Share-based payments	18	–	–	–	3,864	–	–	3,864
Dividends paid		–	–	–	–	–	(71,867)	(71,867)
Total transactions with owners of the Company		779	–	–	3,864	–	(71,867)	(67,224)
Balance at 30 June 2022		1,738,846	(71,750)	(840,544)	18,195	(8,190)	294,026	1,130,583
Balance at 1 July 2022		1,738,846	(71,750)	(840,544)	18,195	(8,190)	294,026	1,130,583
Profit for the period		–	–	–	–	–	139,650	139,650
Foreign currency translation reserve	16	–	33,592	–	–	–	–	33,592
Total comprehensive income		–	33,592	–	–	–	139,650	173,242
Transactions with owners of the Company								
Treasury shares	15	3,232	–	–	–	–	–	3,232
Share-based payments	18	–	–	–	34	–	(1,185)	(1,151)
Dividends paid or provided		–	–	–	–	–	(74,548)	(74,548)
Total transactions with owners of the Company		3,232	–	–	34	–	(75,733)	(72,467)
Balance at 30 June 2023		1,742,078	(38,158)	(840,544)	18,229	(8,190)	357,943	1,231,358

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 US\$000	2022 US\$000
Cash flows from operating activities			
Receipts from customers		1,247,549	1,150,360
Payments to suppliers and employees and for customer rebates		(954,889)	(1,010,724)
Cash generated from operations		292,660	139,636
Income taxes paid		(42,400)	(43,400)
Transaction costs associated with business combinations		–	(6,954)
Net cash inflow from operating activities		250,260	89,282
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	10	(35,652)	(59,116)
Proceeds from sale of property, plant and equipment		28,004	642
Payments for intellectual property and other intangible assets acquired	12	(6,856)	(1,340)
Net cash outflow upon acquisition of business combinations		–	(353,159)
Net cash used in investing activities		(14,504)	(412,973)
Cash flows from financing activities			
Purchase of treasury shares		(1,320)	(762)
Proceeds from borrowings	13	75,092	770,168
Repayment of borrowings	13	(202,680)	(338,238)
Interest received		346	45
Interest paid		(28,303)	(8,446)
Dividends paid		(74,548)	(76,772)
Lease payments		(15,139)	(13,584)
Net cash outflow from financing activities		(246,552)	332,411
Net change in cash and cash equivalents		(10,796)	8,720
Cash and cash equivalents at 1 July		27,679	21,319
Effects of movements in exchange rates on cash held		(266)	(2,360)
Cash and cash equivalents at 30 June		16,617	27,679
Represented by:			
Cash at bank		16,617	27,679
Cash and cash equivalents at the end of the year	13	16,617	27,679

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Basis of preparation

(a) Reporting Entity

Reliance Worldwide Corporation Limited (the “Company” or “Reliance”) is a limited liability company which was incorporated on 19 February 2016 and is domiciled in Australia. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The Company’s registered office is at 28 Chapman Place, Eagle Farm, Queensland 4009, Australia.

The principal activities of the Group are the design, manufacture and supply of high quality, reliable and premium branded water flow, control and monitoring products and solutions for the plumbing and heating industry.

(b) Statement of Compliance

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

The Company is a for-profit entity. The consolidated financial statements were authorised for issue by the Board of Directors on 21 August 2023.

(c) Basis of preparation

These consolidated financial statements:

- comprise the Company and its subsidiaries, together referred to as the “Group”, for the reporting period ended 30 June 2023;
- have been prepared on a going concern basis using historical cost conventions;
- are presented in US dollars and in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors’ Reports) Instrument 2016/191, values are rounded to the nearest thousand dollars, unless otherwise stated;
- adopt all new and amended AASBs and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2022; and
- do not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective.

Financial statements of subsidiaries are prepared using consistent accounting policies. This Note and Note 26 set out details of accounting policies which aid the understanding of the financial statements as a whole.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and 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, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Information about judgements and estimates made in applying accounting policies that may have a significant effect on amounts recognised in the consolidated financial statements is included in the following notes:

- Recoverability of goodwill and other indefinite life intangible assets (Note 12); and
- Assessment of lease term extension options to be taken into account in the present value of the remaining lease payments (Note 11). As a result of the change in presentation currency, the foreign currency translation reserve went from A\$57.6 million to (US\$60.0) million at 1 July 2020. Refer to Note 25 for further details on the impact of the change in accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Basis of preparation (continued)

(e) New accounting standards, interpretations and amendments not yet applicable to the Group

AASB standards not yet applicable are not expected to have a material impact on the RWC Group.

(f) Going concern

These consolidated financial statements have been prepared on a going concern basis, having regard to the financial performance of the Group and consideration of the financial position at 30 June 2023.

2. Segment reporting

Segment information is presented in a manner which is consistent with the internal reporting to the Chief Executive Officer, who is the chief operating decision maker in the allocation of resources and assessing the performance of the operating segments of the Group.

The Group's regionally based segments are based on geographic operation of the business and comprise:

- Asia Pacific, including Australia, New Zealand, Korea and China¹
- Americas, including the United States of America and Canada
- EMEA, including the United Kingdom, Germany, Spain, Italy, Poland, France and Czech Republic

Segment revenues, expenses, assets and liabilities are reported on a gross basis. Segment results are presented before the elimination of profits made on inventory sales between segments, with a total deduction for intersegment profits to arrive at the Group's consolidated operating profit.

¹ Ningbo Rockwall Manufacturing business in China is reported under the Americas segment consistent with internal reporting to the CODM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. Segment reporting (continued)

	Americas			Asia Pacific			EMEA			Corporate/Other			Elimination			Total		
	2023	2022 ¹	2022 ¹	2023	2022 ¹	2022 ¹	2023	2022 ¹	2022 ¹	2023	2022	2022	2023	2022 ¹	2022 ¹	2023	2022	2022
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Revenue																		
From external customers	886,607	788,169	120,273	131,127	236,922	252,864	–	–	–	–	–	–	–	–	–	1,243,802	1,172,160	–
From other segments	3,462	2,803	70,087	82,153	35,220	38,477	–	–	–	–	–	–	(108,769)	(123,433)	–	–	–	–
Segment revenues	890,069	790,972	190,360	213,280	272,142	291,341	–	–	–	–	–	–	(108,769)	(123,433)	1,243,802	1,172,160	–	–
Cost of sales	(594,269)	(538,081)	(143,857)	(152,177)	(139,250)	(139,268)	–	–	–	–	–	–	111,780	117,928	(765,596)	(711,598)	–	–
Gross profit	295,800	252,891	46,503	61,103	132,892	152,073	–	–	–	–	–	–	3,011	(5,505)	478,206	460,562	–	–
Other income	2,893	3,689	658	464	15,440	1,222	–	–	–	–	–	–	–	–	–	18,991	5,375	–
Product development expenses	(6,867)	(6,367)	(2,300)	(2,162)	(2,679)	(2,777)	–	–	–	–	–	–	–	–	–	(11,846)	(11,306)	–
Selling and marketing expenses	(104,764)	(84,266)	(14,010)	(14,478)	(32,028)	(33,087)	(315)	(1,044)	–	–	–	–	–	–	–	(151,117)	(132,875)	–
Administration expenses ²	(60,595)	(61,729)	(11,120)	(12,364)	(27,489)	(29,058)	(7,917)	(6,125)	–	–	–	–	–	–	–	(107,121)	(109,276)	–
Other expenses	(2,667)	(99)	(620)	–	(57)	(109)	(267)	(626)	–	–	–	–	–	–	–	(3,611)	(834)	–
Segment operating profit/(loss)	123,800	104,119	19,111	32,563	86,079	88,264	(8,499)	(7,795)	3,011	(5,505)	223,502	211,646	–	–	–	223,502	211,646	–
Segment assets	991,666	956,731	229,729	255,834	805,817	812,194	1,004,536	1,058,379	(973,163)	(973,163)	(973,163)	(973,163)	(973,163)	(973,163)	(973,163)	2,058,585	2,085,977	–
Segment liabilities	710,957	556,063	60,612	91,663	68,311	80,340	960,510	1,210,390	(973,163)	(973,163)	827,227	955,394	827,227	(983,062)	(983,062)	827,227	955,394	–
EBITDA ³	152,304	126,402	28,642	42,823	99,806	101,731	(7,621)	(6,598)	3,012	(5,505)	276,143	258,853	276,143	(5,505)	(5,505)	276,143	258,853	–
Depreciation of property, plant and equipment	(20,353)	(18,032)	(8,903)	(9,546)	(12,051)	(12,044)	(167)	(178)	–	–	(41,474)	(39,800)	–	–	–	(41,474)	(39,800)	–
Amortisation of intangible assets	(8,151)	(4,252)	(627)	(713)	(1,674)	(1,424)	(715)	(1,019)	–	–	(11,167)	(7,408)	–	–	–	(11,167)	(7,408)	–
Impairment of assets	639	(36)	620	–	–	–	–	–	–	–	1,259	(36)	–	–	–	1,259	(36)	–
Finance income	139	35	7	7	9	2	191	1	–	–	346	45	–	–	–	346	45	–
Finance costs	(28,628)	(8,993)	(1,306)	(1,408)	(495)	(477)	(2,259)	(4,968)	–	–	(32,688)	(15,846)	–	–	–	(32,688)	(15,846)	–
Income tax expense	(31,351)	(35,945)	(3,420)	(7,078)	(15,926)	(13,640)	(813)	(1,739)	–	–	(51,510)	(58,402)	–	–	–	(51,510)	(58,402)	–
Additions to property, plant and equipment ⁴	21,887	40,216	6,553	5,461	7,024	13,093	188	346	–	–	35,652	59,116	–	–	–	35,652	59,116	–
Non-current assets excluding other financial assets and deferred tax assets	521,119	513,747	133,049	136,705	773,908	758,892	3,171	3,502	6,505	1,961	1,437,752	1,414,807	6,505	1,961	1,961	1,437,752	1,414,807	–

1 Prior period comparatives for segments have been restated as the segment results are now reviewed by the CODM before the elimination of profits made on inventory sales between segments.

2 EZ-Flot integration costs of \$4.3 million were recorded in Administration expenses and Selling, warehousing and marketing expenses in the Americas segment during the period.

3 EBITDA is operating profit before, interest, tax, depreciation and amortisation.

4 Excludes the additions of Right of Use lease assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. Revenue

Accounting Policy

Revenue is recognised when a customer obtains control of the goods or services. Group revenue is derived from the sale of products. Under the terms of sale, the Group generally transfers control when the goods leave a distribution centre. In some cases, control does not pass until the goods are received by the customer or delivered to the agreed point of delivery.

From time to time the Group may provide rebates to customers in certain geographies, which gives rise to variable consideration. Where rebates are based on the quantity or value of products sold, the Group uses historical data to estimate the rebate accrual, which is classified as "contract liabilities" and presented within trade and other payables. The Group's contracts with customers do not include a significant financing component.

The principal product categories from which the aforementioned segments derive revenue are:

- **Plumbing Solutions** – brass and plastic push-to-connect plumbing fittings, other fittings, pipes, valves and integrated installation solutions;
- **Appliance Installations Solutions** – Fluid Tech and Appliance Installation and repair and;
- **Other Products**

Revenue by product group for the year ended 30 June 2023:

	2023 US\$000	2022 US\$000
Plumbing Solutions	951,840	935,084
Appliance Installation Solutions	229,491	191,964
Other Products	62,471	45,112
	1,243,802	1,172,160

The Group distributes products through three primary distribution channels: Retail, Wholesale and Original Equipment Manufacturers (OEM):

	2023 US\$000	2022 US\$000
Retail	464,721	390,086
Wholesale	447,156	421,685
OEM	187,526	205,891
Other	144,399	154,498
	1,243,802	1,172,160

The Group had two significant customers each representing greater than 10% of the Group's revenue in the 2023 financial year. Both customers are in the Americas segment and contributed a combined \$ 463.4 million (FY2022: \$388.2 million) of the Group's revenue in the financial year.

Revenue by geography:

	2023 US\$000	2022 US\$000
Australia	104,911	114,096
United Kingdom	172,135	179,049
United States of America	847,178	746,974
Other	119,578	132,041
	1,243,802	1,172,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

4. Earnings per share

Accounting Policy

Earnings Per Share (EPS) is the amount of profit/(loss) attributable to each share. Basic EPS is calculated on the Group's profit/(loss) for the reporting period attributable to ordinary shareholders divided by the weighted average number of shares on issue during the year. Diluted EPS reflects any commitments the Group has to issue shares in the future.

(a) Basic earnings per share

	2023 US\$000	2022 US\$000
Profit attributable to ordinary shareholders	139,650	137,443
Weighted average number of ordinary shares at 30 June (basic)		
	Number of shares 2023	Number of shares 2022
Issued ordinary shares (weighted average)	790,094,765	790,094,765
Treasury shares (weighted average)	(5,395,418)	(6,646,289)
	784,699,347	783,448,476
	US Cents	US Cents
Basic earnings per share	17.8	17.5

(b) Diluted earnings per share

	2023 US\$000	2022 US\$000
Profit attributable to ordinary shareholders	139,650	137,443
Weighted average number of ordinary shares at 30 June (diluted)		
	Number of shares 2023	Number of shares 2022
Issued ordinary shares (weighted average)	790,094,765	790,094,765
Effect of share options on issue	4,300,000	4,300,000
Treasury shares (weighted average)	(5,395,418)	(6,646,289)
	788,999,347	787,748,476
	US Cents	US Cents
Diluted earnings per share	17.7	17.4

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Net finance costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense

The Group records interest income and accrues interest expense for amounts receivable and payable at reporting date.

Interest income is recognised in the income statement on an accrual basis, using the effective interest method.

	2023 US\$000	2022 US\$000
Interest income from cash and cash equivalents	346	45
Interest and borrowing expenses	(28,898)	(12,529)
Interest expense on lease liabilities	(3,790)	(3,317)
Total Finance costs	(32,688)	(15,846)

6. Other income

	2023 US\$000	2022 US\$000
Net gain on sale of property, plant and equipment	14,998	2,579
Other	3,993	2,796
	18,991	5,375

The Group completed the sale of a property in the U.K. for a total consideration of \$25.3 million and recognised a pre-tax gain on sale of \$15.0 million (\$9.7 million post-tax) in the year ended 30 June 2023. This property was classified as Assets held for sale as at 30 June 2022.

7. Other expenses

	2023 US\$000	2022 US\$000
Impairment expenses on specific property, plant, equipment and right-of-use assets	(1,259)	(36)
Other	(2,352)	(798)
	(3,611)	(834)

Gross impairment expenses of \$2.1 million were recorded during the year as a result of a review of carrying values of property, plant and equipment related to the launch of a new product range in the Americas along with changes to manufacturing operations in Australia and New Zealand.

Restructuring and severance costs of \$4.7 million relating to the US, UK and New Zealand operations have been reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (Refer to Note 17).

The write-down of inventory items of \$1.6m related to the transition to lead-free brass fittings in Australia and New Zealand has been reported in Cost of sales within the Consolidated Statement of Profit or Loss and Other Comprehensive Income (Refer to Note 9b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. Income tax expense

Accounting Policy

Income tax expense comprises current and deferred tax. It is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to a business combination or items recognised directly in equity.

(i) Current tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit before tax as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and tax liabilities on a net basis..

(iii) Estimating provision for income tax

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the Group's provision for income taxes and assessing recognition of deferred tax balances in the Consolidated Statement of Financial Position. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Changes in tax legislation in the countries in which the Group operates may impact the amount of provision for income taxes and deferred tax balances recognised. For example, the Group is closely monitoring the Organisation for Economic Co-operation and Development's Two Pillar Solution to address the tax challenges arising from the Digitalisation of the Economy which is currently expected to be implemented in Australia for income years beginning on or after 1 January 2024. The recognition of any such impact will only occur once legislation has been substantively enacted.

(iv) Australian tax consolidated group

The Company and its Australian incorporated wholly owned subsidiaries formed a tax consolidated group with effect from 3 May 2016 whereby the members of that group are taxed as a single entity. The head entity of the tax consolidated group is Reliance Worldwide Corporation Limited. The head entity and each subsidiary member of the tax consolidated group is party to a Tax Sharing Agreement and a Tax Funding Agreement whereby each member of that group is only liable for its contribution amount calculated in accordance with the Agreement rather than being jointly and severally liable for group tax liabilities. At 30 June 2023, the Australian tax consolidated group has \$0.9 million (2022: \$6.0 million) franking credits available for subsequent reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. Income tax expense (continued)

(a) Reconciliation of prima facie tax expense to income tax expense recognised in the consolidated income statement

The major components that reconcile the expected income tax expense based on the Australian statutory rate of tax of the Group at 30% to the reported actual income tax expense in the consolidated profit or loss statement are as follows:

	2023 US\$000	2022 US\$000
Profit before income tax	191,160	195,845
Prima facie income tax expense at 30%	(57,348)	(58,753)
<i>Tax effect of items which (increase) / decrease tax expense:</i>		
Effect of tax rates in foreign jurisdictions	14,239	14,920
Non-deductible expenses	(1,675)	(2,215)
Net (under) over provision from prior years	4,272	1,378
Foreign income subject to US tax	(15,109)	(16,335)
Other	4,111	2,603
Actual income tax expense reported in the consolidated statement of profit or loss	(51,510)	(58,402)

(b) Components of income tax

	2023 US\$000	2022 US\$000
Current tax	(41,262)	(38,338)
Deferred Tax	(10,248)	(20,064)
Actual income tax expense reported in the consolidated statement of profit or loss	(51,510)	(58,402)

(c) Deferred tax balances

	Opening Balance US\$000	Recognised in Profit and loss US\$000	Foreign Exchange US\$000	Closing Balance US\$000
2023				
Deferred tax assets				
Employee benefits	4,244	(729)	(54)	3,461
Other provisions and accruals	5,524	1,034	(35)	6,523
Leases	20,227	(2,933)	–	17,294
Other items giving rise to deferred tax assets	14,015	6,575	26	20,616
Deferred tax assets before set-off	44,009	3,947	(63)	47,894
Set-off of tax	(18,286)			(16,199)
Total	25,723			31,695
Deferred tax liabilities				
Property, plant and equipment	(18,378)	(1,786)	(78)	(20,242)
Unrealised foreign exchange movements	(691)	(202)	12	(881)
Leases	(19,585)	2,619	–	(16,966)
Intangible Assets	(49,898)	(14,490)	6	(64,382)
Other items giving rise to deferred tax liability	(129)	(336)	2	(463)
Deferred tax liabilities before set-off	(88,681)	(14,195)	(58)	(102,933)
Set-off of tax	18,286			16,199
Total	(70,395)			(86,734)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. Income tax expense (continued)

(c) Deferred tax balances (continued)

2022	Opening Balance US\$000	Recognised in Profit and loss US\$000	Foreign Exchange US\$000	Closing Balance US\$000
Deferred tax assets				
Employee benefits	3,196	1,279	(231)	4,244
Other provisions and accruals	7,582	(1,932)	(126)	5,524
Leases	9,073	11,156	(2)	20,227
Other items giving rise to deferred tax assets	12,548	1,931	(465)	14,014
Deferred tax assets before set-off	32,399	12,434	(824)	44,009
Set-off of tax	(6,649)			(18,286)
Total	25,750			25,723
Deferred tax liabilities				
Property, plant and equipment	(10,883)	(7,760)	265	(18,378)
Unrealised foreign exchange movements	(935)	187	57	(691)
Leases	(7,581)	(12,004)	–	(19,585)
Intangible Assets	(34,910)	(14,987)	(1)	(49,898)
Other items giving rise to deferred tax liability	(2,199)	2,066	4	(129)
Deferred tax liabilities before set-off	(56,508)	(32,498)	325	(88,681)
Set-off of tax	6,649			18,286
Total	(49,859)			(70,395)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

9. Working Capital

(a) Trade and other receivables

Accounting Policy

Trade and other receivables are initially recognised at fair value and subsequently at cost less any provision for doubtful debts. Trade receivables are generally due for settlement within 30 days, depending on the nature of the transaction and in line with industry practice. Collectability of trade receivables is reviewed on an ongoing basis. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group has adopted the Expected Credit Loss ('ECL') model under AASB 9 Financial Instruments to determine its allowance for doubtful debts calculation. This takes into consideration management's assessment of the likely level of bad debts (based on historical experience and forward-looking information) as well as any known 'at risk' receivables. The recoverability of debtors at 30 June 2023 has been assessed and no material recoverability issues have been identified.

	2023 US\$000	2022 US\$000
Trade debtors	240,017	240,617
Less: provision for doubtful debts	(3,667)	(2,271)
	236,350	238,346
Other debtors	5,609	9,947
Tax receivable	4,085	17,930
	246,044	266,223

At 30 June, the ageing of trade and other receivables that were not impaired is as follows:

	2023 US\$000	2022 US\$000
Neither past due nor impaired	221,509	245,082
Past due 1 to 30 days	15,295	14,652
Past due 31 to 60 days	3,992	2,680
Over 60 days	5,248	3,809
	246,044	266,223

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

(b) Inventories

Accounting Policy

Inventories are measured at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as an appropriate portion of related fixed and variable production overheads, based on normal operating capacity. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and any applicable selling expenses.

	2023 US\$000	2022 US\$000
<i>At cost:</i>		
Raw materials and stores	95,454	111,118
Work in progress	26,621	37,513
Finished goods	187,842	179,420
	309,917	328,051
Less: provision for diminution	(20,518)	(12,515)
	289,399	315,536

In FY2023, inventories of \$722.9 million (2022: \$659.1 million) were expensed during the year in cost of sales. The provision for diminution includes the write-down of inventory items for an amount of \$1.6 million related to the transition to lead-free brass fittings in Australia and New Zealand.

(c) Trade and other payables

Accounting Policy

Trade and other payables are measured at amortised cost and are not discounted, due to their short-term nature. The amounts are unsecured and usually paid within agreed payment terms.

	2023 US\$000	2022 US\$000
<i>Current:</i>		
Trade payables	69,601	81,451
Accruals and provision for employee bonuses	59,928	66,089
Other payables	37,012	25,626
	166,541	173,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

10. Property, plant and equipment

Accounting Policy

Recognition and measurement

Each class of property, plant and equipment is measured at cost less, where applicable, accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Subsequent expenditure

Subsequent expenditure is only capitalised when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of property, plant and equipment are as follows:

- Buildings 20–40 years
- Leasehold improvements 5–40 years
- Plant and equipment 3–20 years

Property, plant and equipment are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the Group. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

	2023 US\$000	2022 US\$000
<i>Carrying amounts of:</i>		
Freehold land	18,858	18,129
Buildings	33,281	38,544
Leasehold improvements	6,726	6,980
Plant and equipment	172,273	161,334
	231,138	224,987

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

10. Property, plant and equipment (continued)

	Freehold Land		Buildings		Leasehold Improvements		Plant & Equipment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Cost:										
Opening balance	12,011	27,493	63,428	62,267	13,021	9,725	4,011	377,564	489,652	477,049
Transfers/reclassification	6,118	(7,214)	3,005	6,075	170	350	2,631	(2,561)	11,924	(3,350)
Additions	–	–	933	521	942	2,057	33,777	56,538	35,652	59,116
Acquired through business combinations	–	–	–	4,869	–	2,629	–	11,831	–	19,329
Disposals	–	–	(12,838)	(13)	(1,166)	(826)	(8,956)	(11,670)	(22,960)	(12,509)
Transfer to assets held for sale	–	(6,118)	–	(5,589)	–	–	–	–	–	(11,707)
Net effect of change in exchange rates	729	(2,150)	1,666	(4,702)	168	(914)	3,224	(30,510)	5,787	(38,276)
Closing balance at 30 June	18,858	12,011	56,194	63,428	13,135	13,021	431,868	401,192	520,055	489,652
Accumulated Depreciation and impairment:										
Opening balance	–	–	(18,766)	(22,651)	(6,041)	(6,945)	(239,858)	(248,419)	(264,665)	(278,015)
Depreciation	–	–	(1,789)	(1,860)	(853)	(559)	(26,408)	(24,140)	(29,050)	(26,559)
Transfers/ reclassification	–	–	631	1,829	(401)	6	(973)	597	(743)	2,432
Disposals	–	–	(2,359)	13	1,003	818	13,522	10,030	12,166	10,861
Impairment	–	–	–	–	–	–	(2,122)	(36)	(2,122)	(36)
Transfer to assets held for sale	–	–	–	1,783	–	–	–	–	–	1,783
Net effect of change in exchange rates	–	–	(630)	2,120	(117)	639	(3,756)	22,110	(4,503)	24,869
Closing balance at 30 June	–	–	(22,913)	(18,766)	(6,409)	(6,041)	(259,595)	(239,858)	(288,917)	(264,665)
Net carrying value at 30 June	18,858	12,011	33,281	44,662	6,726	6,980	172,273	161,334	231,138	224,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

11. Leases

The Group leases various properties, equipment and vehicles. Property leases typically are for a period of 5 to 15 years and often have extension options. Equipment and vehicle leases are typically for a period of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured at present value. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. The Group has elected not to recognise right of use assets or lease liabilities for payments associated with short-term leases (with a term of 12 months or less) and leases of low-value assets. Payments relating to these items are recognised on a straight-line basis as an expense in the statement of financial performance.

Critical accounting estimates and assumptions

Extension options are included in most property leases across the Group. These options are included to maximise operational flexibility in terms of managing lease contracts. Extension options are only included in the assessed lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and that is within the control of the lessee.

Right-of-use assets

	Properties US\$000	Equipment US\$000	Vehicles US\$000	Total US\$000
Balance at 1 July 2022	105,678	1,834	1,309	108,821
Depreciation charge for the year	(10,904)	(571)	(949)	(12,424)
Additions	3,600	517	2,716	6,833
Impairment expense	863	—	—	863
Modifications and terminations	(7,696)	(235)	(225)	(8,156)
Foreign exchange impact	(439)	—	63	(376)
Balance at 30 June 2023	91,102	1,545	2,914	95,561
Balance at 1 July 2021	66,090	1,295	950	68,335
Depreciation charge for the year	(11,706)	(930)	(605)	(13,241)
Additions	48,877	1,536	1,047	51,460
Acquired through business combinations	18,350	—	—	18,350
Modifications and terminations	(13,050)	—	(12)	(13,062)
Foreign exchange impact	(2,883)	(67)	(71)	(3,021)
Balance at 30 June 2022	105,678	1,834	1,309	108,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

11. Leases (continued)

Amounts recognised in the statement of profit or loss and other comprehensive income

	2023 US\$000	2022 US\$000
<i>Depreciation charge for right-of-use assets:</i>		
Properties	10,904	11,706
Equipment	571	930
Vehicles	949	605
Total depreciation charge for right-of-use assets	12,424	13,241
Expense relating to short-term and low-value leases	2,869	3,058
Interest expense on lease liabilities	3,790	3,317
Finance income on a property sub-lease	(100)	–

During the year, the Group entered into a sub-lease for an existing warehouse facility in the US.

The statement of cash flows for 30 June 2023 includes cash outflows for lease payments of \$15.1 million (30 June 2022 – \$13.6 million) within Cash flows from financing activities.

Some property leases contain extension options exercisable by the Group up to the end of the non-cancellable contract period. The Group has estimated that the potential future lease payments, should it exercise all available extension options, would result in an increased lease liability of \$30.7 million (30 June 2022 – \$34.4 million).

12. Goodwill and other intangible assets

(a) Goodwill

Accounting Policy

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, it is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

For the purpose of undertaking impairment testing, the Group has identified its cash generating units (CGUs). These are the smallest groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This assessment has been determined by considering operating segments and areas of operation.

The total carrying value of goodwill at balance sheet date was \$780.7 million (30 June 2022 – \$758.6 million). This was allocated to the Asia Pacific, Americas and EMEA operating segments based on which CGUs were expected to benefit from the relevant business combinations at the time of acquisition. The total carrying value of indefinite life intangible assets at balance sheet date was \$208.2 million (30 June 2022 – \$201.8 million).

	Asia Pacific		Americas		EMEA		Total	
	2023 US\$000	2022 US\$000	2023 US\$000	2022 US\$000	2023 US\$000	2022 US\$000	2023 US\$000	2022 US\$000
Goodwill								
Opening balance	68,965	64,366	279,611	156,189	409,998	465,540	758,574	686,095
Business acquisitions	–	11,775	–	137,937	–	–	–	149,712
Foreign currency exchange differences	(227)	(7,176)	4,708	(14,515)	17,656	(55,542)	22,138	(77,233)
Closing balance	68,738	68,965	284,319	279,611	427,654	409,998	780,711	758,574
Indefinite lived intangible assets								
Closing balance	–	–	53,000	53,000	155,234	148,825	208,234	201,825

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

12. Goodwill and other intangible assets (continued)

Goodwill and other intangible assets in respect of the Asia Pacific, Americas and EMEA CGUs have been tested for impairment at period end. The recoverable amount of the Group's CGUs has been assessed utilising value in use methodologies, which is determined by discounting the future cash flows expected to be generated from the continuing use of the CGUs.

Future cash flows projections are based on approved budget submissions that reflect management's best estimate of revenue, costs, capital expenditure and cash flows for each CGU. Internal forecasts have been prepared in the context of the current global economic environment and its impact on repair & remodel and new construction markets. This also considers recent pricing impacts, continued global supply chain disruptions, inflation expectations and volatile commodity prices.

The value in use assessment at 30 June 2023 was established using a discounted cash flow model which included the following key assumptions:

- a 5-year forecast period with cash flow projections based on approved FY2024 budget submissions from each region for financial years 2024, 2025 and 2026, and cash flows beyond the three-year period extrapolated using estimated long-term growth rates;
- FY2024-FY2026 average annual revenue growth rate of 3.5% in Americas, 5.0% for EMEA and -1.9% in Asia Pacific, based on business assessments; and

The following nominal discount rates have been used in discounting the projected cash flows:

	Pre-tax discount rates	Post-tax discount rates
Americas	11.20% (FY2022: 11.95%)	8.75% (FY2022: 9.25%)
Asia Pacific	12.50% (FY2022: 13.45%)	9.50% (FY2022: 10.00%)
EMEA	11.10% (FY2022: 10.75%)	8.75% (FY2022: 8.50%)

The discount rates represent the current market assessment of the risks specific to each CGU and are derived from its weighted average cost of capital (WACC). The discount rates applied to each impairment model falls within a reasonable range supported by market observed data.

The terminal value of the CGUs has been forecast using the following nominal long term growth rates:

- Americas: 2.0%
- Asia Pacific: 2.5%
- EMEA: 2.0%

Terminal growth rates are considered by management to be an appropriate estimate of the long-term average growth rates achievable in the industries and geographies in which the Group participates. Terminal growth rates are consistent with the prior year.

With RWC's goal of achieving a minimum 42% reduction in Scope 1 and Scope 2 emissions by 2030, management has included the costs associated with this program in the yearly cashflow projections used to determine the recoverable amounts of each CGU. The primary reduction driver on RWC's proposed path to 2030 will come from participation in renewables certificates as part of energy purchases.

Americas Cash Generating Unit

The carrying value of the Americas CGU includes goodwill of \$284.3 million (30 June 2022 – \$279.6 million) and other indefinite life intangible assets (brand names) for an amount of \$53.0 million (30 June 2022 – \$53.0 million). Following a detailed impairment review of future cash flow projections consistent with the Group assumptions detailed above, the recoverable amount of the Americas CGU is estimated to exceed the carrying amount at 30 June 2023.

There are no reasonably possible changes to key assumptions used in the determination of the CGU recoverable amounts that would result in a material impairment to the CGU or Group.

EMEA Cash Generating Unit

The carrying value of the EMEA CGU includes goodwill of \$427.7 million (30 June 2022 – \$410.0 million) and other indefinite life intangible assets (brand names) for an amount of \$155.2 million (30 June 2022 – \$148.8 million). Following a detailed impairment review of future cash flow projections consistent with the Group assumptions detailed above, the recoverable amount of the EMEA CGU is estimated to exceed the carrying amount at 30 June 2023.

There are no reasonably possible changes to key assumptions used in the determination of the CGU recoverable amounts that would result in a material impairment to the CGU or Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

12. Goodwill and other intangible assets (continued)

Asia Pacific Cash Generating Unit

The carrying value of the Asia Pacific CGU includes goodwill of \$68.7 million (30 June 2022 – \$69.0 million). Following a detailed impairment review of future cash flow projections consistent with the Group assumptions detailed above, the recoverable amount of the Asia Pacific CGU is estimated to exceed the carrying amount at 30 June 2023.

The value in use calculations are sensitive to revenue and earnings forecasts, changes in discount rates and terminal growth rates. The revenue and EBITDA forecast for the period FY2024 to FY2026 assumes Australia's and New Zealand's new housing markets decline in FY24 and FY25 with a recovery anticipated in FY26 in line with management's assessment of future trends based on past experience and market forecasts.

Management has identified that a reasonably possible adverse change in certain key assumptions, as follows, could cause the carrying amount to exceed the recoverable amount for the Asia Pacific CGU:

1. Revenue growth profile and earnings forecast: effect of inflation on the construction market with continuing pressure at the contractor and builder level, impact of higher interest rates on consumer confidence and the impact on intercompany sales of the finalisation of the SharkBite Max manufacturing transition to the US.
2. Terminal growth rate: a decrease from 2.5% to 1.25%
3. Post-tax discount rate: an increase from 9.50% to 10.50%

(b) Other intangible assets

Critical accounting estimates and assumptions

At time of acquisitions, management determined that some of the intangible assets (Brand names, trade names and trademarks) recognised as part of business combinations had indefinite useful lives. This means that the value of these assets does not reduce over time and therefore they are not amortised. These assets have no legal or contractual expiry date and are integral to future revenue generation. Management intends to continue to promote, maintain and defend the brands, trade names and trademarks to the extent necessary to maintain their values for the foreseeable future. Management assesses the useful lives of the Group's intangible assets at the end of each reporting period. If an intangible asset is no longer considered to have an indefinite useful life, this change is accounted for prospectively.

Accounting Policy

Other intangible assets are non-physical assets held by the Group in order to generate revenue and profit. These assets include brand names, trade names, trademarks, intellectual property and licences and software and website development. They are recognised either at the cost the Group has paid for them or at their fair value if they are acquired as part of a business combination. They are amortised over their expected useful life unless they are considered to have an indefinite useful life.

Type of intangible asset	Valuation method	Amortisation method	Estimated useful life
Brand names, trade names and trademarks	Initially at cost, or fair value if acquired as part of a business combination	Indefinite life brands not amortised, reviewed for impairment at least annually	n/a
Intellectual property, software and licence fees	Initially at cost and subsequently at cost less accumulated amortisation	Straight-line	Up to 10 years
Product technology	Initially at cost and subsequently at cost less accumulated amortisation	Straight-line	Up to 20 years
Customer relationship and distribution agreements	Initially at fair value at date of business combination	Straight-line	Up to 20 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

12. Goodwill and other intangible assets (continued)

(i) Brand names, trade names and trademarks

Brand names, trade names and trademarks are registered names, symbols, words or other devices used in trade to indicate the source of a product and distinguish it from other products.

(ii) Intellectual property, software and licence fees

Intellectual property consists of technical drawings and certifications. Software and licence fees mainly relate to the accounting and reporting platform being implemented throughout the Group.

(iii) Product technology

Technology based intangible assets relate to innovations or technological advances, such as patented technology.

(iv) Customer relationships and distribution agreements

Customer relationship-based intangibles assets relate to established customer relationships and distribution agreements for the supply of product.

(v) Research and development

Research costs are charged to the profit or loss account as incurred. Development expenditure is only capitalised if it can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. The amortisation of development expenditure is allocated to other expenses as inventory is sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

12. Goodwill and other intangible assets (continued)

	Intellectual Property, Brand Names and Trademarks			Product Technology			Customer Relationships			Licence Fees, Software and Other			Total	
	2023	2022		2023	2022		2023	2022		2023	2022		2023	2022
	US\$000	US\$000		US\$000	US\$000		US\$000	US\$000		US\$000	US\$000		US\$000	US\$000
<i>Cost:</i>														
Opening balance	226,661	194,855		21,100	23,192		77,257	21,791		29,987	30,952		355,005	270,790
Additions	52	10		–	–		–	–		6,804	1,330		6,856	1,340
Acquired through business combinations	–	53,000		–	–		–	57,100		–	–		–	110,100
Disposals	–	(1,630)		–	(2,092)		–	–		(1,423)	(989)		(1,423)	(4,711)
Transfers from PP&E	–	604		–	–		–	–		1,993	238		1,993	842
Net effect of change in exchange rates	6,412	(20,178)		–	–		519	(1,634)		240	(1,544)		7,171	(23,356)
Closing balance at 30 June	233,125	226,661		21,100	21,100		77,776	77,257		37,601	29,987		369,602	355,005
<i>Accumulated Depreciation and Impairment:</i>														
Opening balance	(4,539)	(6,083)		(5,919)	(6,839)		(6,093)	(3,521)		(16,029)	(14,009)		(32,580)	(30,452)
Amortisation	(49)	(94)		(1,172)	(1,172)		(5,649)	(2,791)		(4,297)	(3,351)		(11,167)	(7,408)
Disposals	–	1,630		–	2,092		–	–		1,409	989		1,409	4,711
Net effect of change in exchange rates	(3)	8		–	–		(229)	219		(64)	342		(296)	569
Closing balance at 30 June	(4,591)	(4,539)		(7,091)	(5,919)		(11,971)	(6,093)		(18,981)	(16,029)		(42,634)	(32,580)
Net carrying value at 30 June	228,534	222,122		14,009	15,181		65,805	71,164		18,620	13,958		326,968	322,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

13. Net debt

Accounting Policy

Borrowings are initially recognised net of transaction costs incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs where it is probable that some or all of the facility will be drawn down. The fee is deferred until the drawdown occurs and is amortised on a straight-line basis over the entire life of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(a) Borrowings

	Current		Non-current		Total	
	2023 US\$000	2022 US\$000	2023 US\$000	2022 US\$000	2023 US\$000	2022 US\$000
Bank borrowings - Unsecured	–	–	201,665	328,737	201,665	328,737
Guaranteed Senior Notes/US Private Placement (USPP) - Unsecured	–	–	250,000	250,000	250,000	250,000
			451,665	578,737	451,665	578,737
Less: Transaction costs capitalised	–	–	(1,500)	(2,143)	(1,500)	(2,143)
Total borrowings	–	–	450,165	576,594	450,165	576,594

(b) Net debt

	Facility Limit US\$000	Borrowings US\$000	Cash US\$000	Net cash /(debt) Balance US\$000
At 30 June 2023				
Syndicated Loan Facility (Tranche A)	(435,000)	(176,665)	–	(176,665)
Syndicated Loan Facility (Tranche B)	(290,000)	–	–	–
Bilateral US Dollar Facility (Tranche A)	(45,000)	(25,000)	–	(25,000)
Bilateral US Dollar Facility (Tranche B)	(30,000)	–	–	–
Guaranteed Senior Notes/US Private Placement (USPP)	(250,000)	(250,000)	–	(250,000)
Cash and cash equivalents	–	–	16,617	16,617
Total RWC Group	(1,050,000)	(451,665)	16,617	(435,048)

	Facility Limit US\$000	Borrowings US\$000	Cash US\$000	Net cash /(debt) Balance US\$000
At 30 June 2022				
Syndicated Loan Facility (Tranche A)	(435,000)	(254,475)	–	(254,475)
Syndicated Loan Facility (Tranche B)	(290,000)	(17,262)	–	(17,262)
Bilateral US Dollar Facility (Tranche A)	(45,000)	(45,000)	–	(45,000)
Bilateral US Dollar Facility (Tranche B)	(30,000)	(12,000)	–	(12,000)
Guaranteed Senior Notes/ US Private Placement (USPP)	(250,000)	(250,000)	–	(250,000)
Cash and cash equivalents	–	–	27,679	27,679
Total RWC Group	(1,050,000)	(578,737)	27,679	(551,058)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

13. Net debt (continued)

In November 2021, the Company has established committed borrowing facilities with a group of lenders totalling \$800 million which comprise:

- a \$725 million syndicated multi-currency facility; and
- a \$75 million bilateral US dollar facility.

The facilities are governed by a Common Terms Deed and are unsecured. Both facilities have maturity dates apportioned between 3 years and 5 years, with:

- \$480 million to mature on 30 November 2024 (Tranche A); and
- \$320 million to mature on 30 November 2026 (Tranche B).

The facilities have a variable interest rate based on a variable base rate plus a margin. The facilities contain financial covenants which the Company is in compliance with.

In April 2022, the Group completed a \$250 million unsecured note issuance in the US Private Placement (USPP) market. The notes have fixed coupon rates and the following maturities from date of inception:

- 7 years – \$55 million
- 10 years – \$65 million
- 12 years – \$65 million
- 15 years – \$65 million

Key terms of the USPP notes are consistent with the Common Terms Deed which governs RWC's existing borrowing facilities. The USPP issuance provides the Group with long term debt funding. RWC's weighted average debt maturity was 5.4 years at 30 June 2023

(c) Changes in liabilities arising from financing activities

The table below shows cash and non-cash changes in borrowings for which cash flows were, or will be, classified as financing activities in the Consolidated Statement of Cash Flows.

	Borrowings		Lease liabilities	
	2023 US\$000	2022 US\$000	2023 US\$000	2022 US\$000
Opening balance	576,594	150,591	116,714	77,420
<i>Changes from financing cash flows:</i>				
Proceeds from drawdowns on Facility	75,092	770,168	–	–
Repayments of Facility	(202,680)	(338,238)	–	–
Principal portion of lease payments	–	–	(11,349)	(10,267)
Total changes from financing cash flows	449,006	582,521	105,365	67,153
<i>Other changes:</i>				
New leases and lease modifications	–	–	–	54,991
Interest expense	28,898	12,529	3,790	3,317
Interest paid	(28,303)	(8,446)	(3,790)	(3,317)
Amortisation of prepaid line fees	(706)	(984)	–	–
Other including foreign exchange movement	1,270	(9,026)	1,490	(5,430)
Closing balance	450,165	576,594	106,855	116,714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

13. Net debt (continued)

(d) Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the Consolidated Statement of Cash Flows can be reconciled to the related items in the Consolidated Statement of Financial Position as follows:

		2023 US\$000	2022 US\$000
Cash on hand and at bank comprises:			
AUD	Australian dollar	1,924	5,068
USD	United States dollar	5,997	8,441
GBP	Pound sterling	112	2,022
EUR	Euro	3,659	4,531
CAD	Canadian dollar	769	4,440
NZD	New Zealand dollar	1,403	763
CNY	Chinese Yuan	1,344	968
	Other	1,409	1,446
Cash and cash equivalents in the Consolidated Statement of Cash Flows		16,617	27,679

(e) Reconciliation of cash flow from operations with profit from operations after income tax

	2023 US\$000	2022 US\$000
Profit/(loss) from operations after income tax	139,650	137,443
Depreciation expense	41,474	39,800
Amortisation expense	11,167	7,408
(Profit)/loss on disposal of non-current assets	(14,337)	(642)
Impairment expense	1,259	36
Share-based payments	5,815	4,916
Net interest expense accounted for as financing cash flows	28,614	11,438
Other finance costs	3,728	4,363
Changes in operating assets and liabilities		
Trade and other receivables	2,261	(26,451)
Inventories	32,344	(75,369)
Prepayments	2,838	(4,322)
Trade and other payables	(10,202)	(15,210)
Tax balances	9,110	15,002
Employee entitlements	1,675	(3,699)
Other assets and liabilities	(5,136)	(5,431)
Net cash from operating activities	250,260	89,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

14. Financial risk management

The Group maintains a capital structure for the business to ensure sufficient liquidity and support to fund business operations, position the business for future growth and provide adequate funding for the Group's potential acquisition and investment strategies. The Group's capital structure, global operations and the nature of business activities result in exposure to operational risks and a range of financial risks, including market risk (which includes foreign currency risk, interest rate risk and commodity price risk), liquidity risk and credit risk arising from its operating activities. The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same.

The Group's financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. The Audit and Risk Committee has the primary responsibility of overseeing and reporting to the Board on the Group's risk management systems and strategies. Various strategies and methods are used to manage different types of risks that the Group is exposed to, including:

Market risk

Group financial performance is largely dependent on activity in the residential and commercial repair and renovation and new construction end-markets. Activities in these end-markets are impacted by changes in general economic conditions such as movements in inflation and interest rates, the level of business spending and consumer confidence and changes to fiscal or monetary policies, legislation and regulation (including plumbing codes, tariff rates and import duties). Activities in the repair end-market are also impacted by extreme weather events.

The Group operates in different global regions which diversifies these risks.

Foreign exchange risk

Foreign exchange risk relates to the risk that the fair value of future cash flows of a financial instrument or a highly probable transaction will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk through operating activities (sales and purchases made or derived in currencies other than the functional currency), intercompany financing activities and investment in foreign subsidiaries (which transact in the local currency). The Group does not typically hedge its foreign exchange exposures but may selectively utilise foreign exchange forward contracts to mitigate fluctuations in foreign exchange rates.

The Group's balance sheet exposures of cash, external receivables and payables balances for the major currency exposures at 30 June 2023 are set out below in US dollar equivalents.

	USD		GBP		EUR		Other	
	2023	2022	2023	2022	2023	2022	2023	2022
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Cash	876	4,988	1	3	127	1,938	14	21
Trade and other receivables	1,856	3,363	–	–	264	552	117	–
Trade and other payables	(1,861)	(6,619)	(30)	(36)	(3,089)	(4,604)	–	(601)
Net external exposure	870	1,732	(29)	(33)	(2,698)	(2,114)	131	(580)

The table below shows the effect on profit after income tax expense and total equity from major currency exposures, had the exchange rates been 5% higher or lower than the year end rate.

	Increase/(decrease) in profit after income tax US\$000		Increase/(decrease) in equity US\$000	
	2023	2022	2023	2022
At relevant 30 June 2023 rates				
If foreign exchange rate +5%	82	47	–	–
If foreign exchange rate – 5%	(86)	(50)	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

14. Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the Group will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt. The Group is exposed to cash flow interest rate risk as it borrows funds at floating rates and interest is received on cash deposits at floating rates. The Group's borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At reporting date, the interest rate profile of the Group's interest-bearing debt was:

	2023 Carrying Amount US\$000	2022 Carrying Amount US\$000
Fixed rate debt instruments		
Guaranteed Senior Notes – US Private Placement	250,000	250,000
Lease liabilities	106,855	116,714
Variable rate debt instruments		
Bank loan facilities – USD	197,000	259,000
Bank loan facilities – AUD	4,665	69,737

If the current interest rate was 100 basis points higher the interest expense for the year would have increased by \$2.0 million (FY2022: \$3.5 million).

The Group's exposure to interest rate risk on the cash and cash equivalents listed in the Consolidated Statement of Financial Position and the interest-bearing borrowings is disclosed in Note 13.

The Group has determined that if interest rates were to increase or decrease by 100 basis points it would have an immaterial impact on the Group's interest income on cash deposits.

Commodity price risk

Commodity price risk is the risk the cost of some key raw material inputs required for the Group's products are correlated with the underlying commodity price and, as such, fluctuates over time. The most material exposures for the Group are to the market price of copper, which is used in the production of brass and to the cost of resins used in the production of plastics. The Group does not typically hedge its commodity price risk exposures but seeks to manage changing input prices through price negotiations with customers following changes in the underlying commodity prices, working with suppliers to achieve the maximum level of stability in their costs and related pricing and seeking alternative supply sources when necessary.

Liquidity risk

Liquidity risk arises from the ability of the Group to meet its financial liabilities and obligations as and when they fall due. The Group monitors future financial commitments and intends to maintain sufficient cash reserves and headroom in its committed banking facilities to meet these objectives on an on-going basis.

The Group prepares regular cash flow forecasts and monitors its liquidity to ensure it will always have sufficient cash to allow it to meet liabilities as they fall due.

The completion of the \$250 million unsecured note issuance in the US Private Placement (USPP) market in April 2022 provided the Group with long term debt funding and extended RWC's debt maturity profile (weighted average debt maturity was 5.4 years at 30 June 2023).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

14. Financial risk management (continued)

The Group had cash and cash equivalents of \$16.6 million at 30 June 2023 (30 June 2022 - \$27.7 million). In addition to its operating cash at bank the Group has undrawn committed borrowing facilities available. Details of the borrowing facilities in place and their terms are disclosed at Note 13.

	2023 US\$000	2022 US\$000
Total facilities available	1,050,000	1,050,000
Amount drawn at 30 June	451,665	578,737
Available at 30 June	598,335	471,263

The contractual maturity of the Group's financial liabilities based on the financing arrangements in place at period end date are shown in the table below:

2023 Financial liabilities	Carrying amount US\$000	Less than 1 year US\$000	1 to 2 years US\$000	2 to 5 years US\$000	More than 5 years US\$000	Total US\$000
Trade and other payables	166,451	166,451	–	–	–	166,451
Lease liabilities	106,855	15,458	15,082	39,498	52,548	122,586
Bank borrowings	200,165	13,384	206,163	–	–	219,547
Guaranteed Senior Notes/US Private Placement Notes (USPP)	250,000	9,797	9,770	29,338	301,911	350,816
Total	723,471	205,090	231,015	68,836	354,459	859,401

2022 Financial liabilities	Carrying amount US\$000	Less than 1 year US\$000	1 to 2 years US\$000	2 to 5 years US\$000	More than 5 years US\$000	Total US\$000
Trade and other payables	173,166	173,166	–	–	–	173,166
Lease liabilities	116,714	16,279	15,929	45,071	60,532	137,811
Bank borrowings	326,594	9,329	8,389	333,262	–	350,980
Guaranteed Senior Notes/US Private Placement Notes (USPP)	250,000	9,770	9,797	29,311	311,708	360,586
Total	866,474	208,544	34,115	407,644	372,240	1,022,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

14. Financial risk management (continued)

Credit risk

Credit risk relates to the potential failure of the Group's counterparties (such as customers or financial institutions) to meet their obligations at the appropriate time. The maximum exposure at any time is equal to the carrying value of the financial assets.

The business seeks to monitor and manage counterparty risk through internal controls and protocols, including customer credit policies and performing banking and financial activities with financial institutions. As such the Group does not seek collateral in respect of its trade and other receivables.

At 30 June, the maximum exposure to credit risk for trade and other receivables by geographic region is as follows:

	2023 Carrying amount US\$000	2022 Carrying amount US\$000
Americas	176,433	190,556
Asia Pacific	22,112	24,723
EMEA	47,499	50,944
Total	246,044	266,223

At 30 June 2023, the Group's most significant customer accounted for \$66.0 million (FY2022: \$53.3 million) of the trade debtors and receivables amount. Further details of the Group's trade receivables are included in Note 9.

15. Share Capital

Share Capital

	Number of shares		Amount	
	2023 Number	2022 Number	2023 US\$	2022 US\$
<i>Ordinary shares:</i>				
Opening balance	790,094,765	790,094,765	1,738,845,646	1,738,067,404
Treasury shares	—	—	3,232,517	778,242
Total	790,094,765	790,094,765	1,742,078,163	1,738,845,646

The total acquisition cost of treasury shares held at 30 June 2023 was \$15,340,846 (30 June 2022 – \$18,573,363).

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

16. Reserves

	2023 US\$000	2022 US\$000
<i>Foreign currency translation reserve:</i>		
Opening balance	(71,750)	60,202
Movement resulting from translation of financial statements of foreign subsidiaries net of tax impacts	33,592	(131,952)
	(38,158)	(71,750)
<i>Merger reserve:</i>		
Opening balance	(840,544)	(840,544)
	(840,544)	(840,544)
<i>Share-based payments reserve:</i>		
Opening balance	18,195	14,331
Share-based payments expense	34	3,864
	18,229	18,195
<i>Hedging reserve:</i>		
Opening balance	(8,190)	(8,190)
Hedging loss during the year	—	—
	(8,190)	(8,190)
Total reserves	(868,663)	(902,289)

The movement in the foreign currency translation reserve of \$33.6 million (FY2022: (\$132.0 million)) relates to the translation of the Group's non-U.S. dollar operations into the Group's presentation currency and primarily reflects the exchange rate movements of the Australian dollar and U.K. pound sterling against the U.S. dollar in the respective period.

Nature and purpose of reserves

(a) 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 and the translation of foreign currency monetary items forming part of a net investment in a foreign operation.

(b) Merger reserve

The Company, through a wholly owned subsidiary, acquired the entities that carry on the operations of Reliance Worldwide Corporation in April and May 2016 ("Restructure"). The Directors elected to account for the effect of the Restructure as a common control transaction in accordance with the provisions of AASB 3: Business Combinations. Consequently, the net assets acquired were recorded at the carrying values that existed at the time of the transaction. The excess consideration over book value at acquisition date is recorded in the Merger reserve.

(c) Share-based payments reserve

The share-based payments reserve is used to record the value of share based payments provided to employees, including Key Management Personnel, as part of their remuneration.

(d) Hedging reserve

The hedging reserve records the effective portion of the cumulative change in the fair value of the hedging instruments used in cash flow hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

17. Employee benefits

Accounting Policy

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees render the service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Restructuring provisions

A provision is made for restructuring where the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Share-based payments

The fair value of equity settled share-based payment awards granted to employees is recognised as an expense with a corresponding increase in equity over the vesting period of the grant.

Short and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of leave entitlements in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Current:

Current employee entitlements include benefits for wages, salaries and annual leave that are expected to be settled within twelve months of the reporting date. The amounts represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted rates based on current remuneration and wage rates including related on-costs such as workers compensation, insurance and payroll tax.

Non-current:

Non-current employee entitlements include leave benefits which employees have earned in return for their continued service, pursuant to the Legislation and Regulations in the relevant jurisdictions. The entitlement is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted back to present value.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

17. Employee benefits (continued)

(a) Employee benefits expenses

Employee benefits expenses recognised in the profit or loss account are:

	2023 US\$000	2022 US\$000
Wages and salaries	148,701	151,172
Severance and restructuring costs	4,659	1,422
Employee leave entitlements	4,912	3,984
Workers compensation premiums	706	879
Superannuation contributions	8,671	8,151
Payroll related taxes	11,452	11,491
Contract labour	13,220	15,684
Share-based payment expense	5,815	4,916
Other payroll related expenses	264	293
	198,400	197,992
Recovered in costs of goods sold	(37,964)	(40,616)
	160,436	157,376

(b) Employee benefits provisions

	Current		Non-current		Total	
	2023 US\$000	2022 US\$000	2023 US\$000	2022 US\$000	2023 US\$000	2022 US\$000
<i>Employee entitlements:</i>						
Opening balance	6,414	9,053	4,865	5,087	11,279	14,140
Charged to profit or loss	9,409	3,202	1,348	299	10,757	3,501
Paid during the period	(7,089)	(5,811)	(140)	75	(7,229)	(5,736)
Foreign currency exchange differences	(43)	(688)	(105)	(449)	(148)	(1,137)
Other	(372)	658	(1,465)	(147)	(1,837)	511
Closing balance	8,319	6,414	4,503	4,865	12,822	11,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

18. Share-based payments

Accounting Policy

Employee equity incentive plans are accounted for as share based payments, whereby employees render services in exchange for the awards. The cost of share-based payments is recognised by expensing the fair value of the options or rights granted, over the period during which the employees become unconditionally entitled to these benefits. Where the plan will be settled by issuing equity, the corresponding entry is an increase in the share-based payments reserve. The fair value of rights granted is determined by reference to observed market values. The fair value of the Total Shareholder Return ("TSR") component of performance rights is independently determined at grant date by an external valuer using a Monte-Carlo simulation. For the non-market component, Earnings per Share ("EPS"), the fair value is independently determined using a Monte-Carlo and an additional EPS forecast simulation.

Non-market performance conditions do not impact the value of shares and performance rights, but rather the estimate of the number of shares to vest. At each reporting date the Company revises the estimate of the number of non-market component of performance rights that are expected to vest, and the employee benefits expense recognised each period incorporates this change in estimate. An expense is recognised for the TSR component of performance rights whether or not the TSR hurdle is met. No expense is recognised if these rights do not vest due to cessation of employment. No expense is recognised for non-market components of performance rights that do not ultimately vest.

The Company has established an Equity Incentive Plan ("Plan") to assist in the motivation, retention and reward of eligible executives. The Plan is designed to align the interests of employees with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company. The Plan provides flexibility for the Company to grant rights, options and/or restricted shares as incentives, subject to the terms of individual offers and the satisfaction of performance conditions determined by the Board from time to time.

Options

	Vested (#)	Unvested (#)	Total (#)
Balance at 30 June 2022	4,300,000	–	4,300,000
Exercised during the reporting period	–	–	–
Vested during the reporting period	–	–	–
Cancelled, forfeited or lapsed	–	–	–
Balance at 30 June 2023	4,300,000	–	4,300,000
Expiry date	5 December 2024 – 300,000 options		
Expiry date	30 June 2031 – 4,000,000 options		
Exercise price	A\$2.88 – 300,000 options		
Exercise price	A\$2.32 – 4,000,000 options		

Each option provides an entitlement to acquire an ordinary share in Reliance Worldwide Corporation Limited upon payment of the exercise price and meeting certain vesting criteria. These options are equity settled. The Company has not granted any other options.

Rights to shares

The Board has approved that nominated, eligible executives and employees be invited to participate in the Plan. Participants are granted rights to be awarded fully paid ordinary shares in the Company ("Rights") in accordance with the rules of the Plan and subject to the offer terms ("Offer"). An Offer constitutes a long-term incentive component of the participant's remuneration from the grant date until the end of the vesting period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

18. Share-based payments (continued)

At 30 June 2023, the number of unvested Rights which had been granted by the Company to all participants was 8,197,016 (30 June 2022 – 7,707,471). The opening and closing balances of all unvested Rights granted are reconciled as follows:

	Number of Rights
Granted and unvested at 30 June 2022	7,707,471
Granted during FY2023	3,876,942
Vested during FY2023	(2,667,209)
Forfeited, Cancelled or Lapsed during FY2023	(720,188)
Unvested at 30 June 2023	8,197,016

Subsequent to 30 June 2023 through to the date of this report:

- No additional Rights have vested or been granted; and
- A further 80,669 Rights have lapsed or been forfeited or cancelled.

Vesting conditions for all granted Rights include a continuous service period ranging between two and five years.

Unless the Board determines otherwise, if a participant ceases employment with the Group prior to the vesting date and any of the following has occurred then a pro rata portion of unvested Rights will remain on foot and vest in the ordinary course as though the participant had not ceased employment:

- The participant's employment is terminated by the Company without cause; or
- The participant terminates employment for good reason.

The remainder of the Rights will lapse.

The Company has established a subsidiary, Reliance Employee Share Investments Pty Ltd ("Trustee") to act as trustee of the Reliance Employee Share Investments Trust. The Trustee will acquire Reliance shares on-market on behalf of the Trust to meet any obligations to deliver shares to a participant who satisfies the vesting conditions. The movement in the number of shares held during the reporting period is:

	Total
Shares held at 30 June 2022	6,616,830
Acquired during FY2023 (at an average cost of A\$3.013 per share)	650,000
Allocated property transferred to participants	(1,831,781)
Shares held at 30 June 2023	5,435,049

Share Match Plan

The Group has a share match plan to encourage employees to own shares in the Company. Eligible employees can acquire up to A\$5,000 of shares in RWC per plan year from post-tax income with contributions made via a regular salary deduction ("Purchased Shares"). The Company will match the shares acquired on a 1:2 basis up to a cap A\$2,500 of Purchased Shares subject to the terms of the Share Match Plan ("Matching Rights"). There is a minimum holding period for Purchased Shares of 2 years and a continuous service obligation for Matching Rights to convert into shares on a 1:1 basis. There are no performance conditions. Participants receive dividends and have voting rights on their Purchased Shares. Matching Rights have no voting or dividend entitlements prior to vesting. The total number of Matching Rights granted at 30 June 2023 was 183,673.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

19. Group entities

Reliance Worldwide Corporation Limited was incorporated on 19 February 2016 and is the parent, and ultimate controlling entity of the Group. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1 and 26.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2023	Equity Holding 2022	Functional Currency
Reliance Worldwide Group Holdings Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Corporation (Aust.) Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Employee Share Investments Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Holdings (NZ) Limited	New Zealand	Ordinary	–	100%	NZD
Reliance Worldwide Corporation (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Worldwide Corporation (Canada) Inc	Canada	Ordinary	100%	100%	CAD
Reliance Worldwide Holdings (USA) Corporation	America	Ordinary	100%	100%	USD
Reliance Worldwide International Group Holdings Corporation	America	Ordinary	100%	100%	USD
Reliance Worldwide Corporation	America	Ordinary	100%	100%	USD
EZ-FLO International, LLC	America	Ordinary	–	100%	USD
Rockwall Mission, LLC	America	Ordinary	–	100%	USD
Rockwall Manufacturing International, Inc.	British Virgin Islands	Ordinary	100%	100%	USD
Reliance Worldwide Corporation (Europe) S.L.U.	Spain	Ordinary	100%	100%	EUR
Reliance Worldwide Holdings (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Corporation Underfloor Heating Limited (in liquidation)	United Kingdom	Ordinary	–	100%	GBP
Reliance Worldwide Finance Limited	United Kingdom	Ordinary	100%	100%	USD
Reliance Worldwide Holdings (International) LLC	America	Ordinary	100%	100%	USD
Reliance Worldwide Corporation Holdings (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
John Guest International Ltd	United Kingdom	Ordinary	100%	100%	GBP
John Guest Speedfit Ltd (in liquidation)	United Kingdom	Ordinary	–	100%	GBP
John Guest Engineering Ltd (in liquidation)	United Kingdom	Ordinary	–	100%	GBP
Reliance Worldwide Corporation (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Distribution (Europe) Ltd	United Kingdom	Ordinary	100%	100%	EUR
John Guest Automotive GmbH	Germany	Ordinary	100%	100%	EUR
John Guest GmbH	Germany	Ordinary	100%	100%	EUR
Rockwall Europe Cooperative U.A.	Netherlands	Ordinary	–	100%	EUR
Reliance Worldwide Corporation France SAS	France	Ordinary	100%	100%	EUR
John Guest SRL	Italy	Ordinary	100%	100%	EUR
John Guest Korea Ltd	Korea	Ordinary	100%	100%	KRW
John Guest (Shanghai) Trading Co. Ltd	China	Ordinary	100%	100%	CNY
Ningbo Rockwall Manufacturing International, Co Ltd	China	Ordinary	100%	100%	CNY
John Guest Czech S.R.O	Czech Republic	Ordinary	100%	100%	CZK
John Guest Sp zoo	Poland	Ordinary	100%	100%	PLN

EZ FLO International LLC merged into Reliance Worldwide Corporation effective 31 October 2022.

Reliance Worldwide Holdings (NZ) Limited was amalgamated into Reliance Worldwide Corporation (NZ) Limited effective 30 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

20. Commitments and contingencies

(a) Expenditure commitments

Capital expenditure commitments contracted for at balance date but not provided for in respect of plant and equipment:

	2023 US\$000	2022 US\$000
Payable not later than one year	12,165	19,755
Payable later than one year and not later than five years	348	95
	12,513	19,850

Details of the Group's lease commitments are captured in lease liabilities in Note 14.

(b) Contingencies

Financial guarantees

The Company has agreed to provide guarantees to third parties for certain commitments made or entered into by subsidiary entities in the ordinary course of business. The Company does not consider these guarantees to be material in the context of the Group's business.

The Group has provided bank guarantees at 30 June 2023 totalling \$0.8 million (2022: \$0.9 million).

General contingencies

The Group may be involved in legal claims, administrative actions and proceedings related to the normal conduct of its business including, among other things, general liability, commercial, employment, intellectual property, and products liability matters such as the proceeding listed below. Based upon existing information, it is not possible to predict with certainty the outcome or cost of current legal claims, actions and proceedings. The Group establishes accruals for estimated costs associated with such matters in a manner which complies with applicable accounting standards. The Directors believe that current matters of which they are aware should not significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

As disclosed in last year's financial statements, Reliance Worldwide Corporation ("RWC USA"), a member of the Group, is a party to a putative class action filed in the U.S. federal district court in Atlanta, Georgia, in connection with alleged product liability claims. RWC USA recently reached a settlement in principle to resolve the pending class action and is currently finalising the terms of a class action settlement agreement, which will require court approval. The expected financial impact has been recognised in the Group's Consolidated Financial Statements, and is not material to the Group's financial position, results of operations or cash flows.

The Directors are not aware of any other material contingent liabilities at balance date or arising since the end of the financial period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

21. Key Management Personnel and related party transactions

Under Australian Accounting Standards, the term Key Management Personnel refers to directors (both non-executive directors and executive directors) and those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Key Management Personnel of the Group during the reporting period until the date of this report are set out below. All Key Management Personnel held their positions for the entire reporting period unless otherwise noted.

Stuart Crosby	Independent Non-Executive Chairman
Russell Chenu	Independent Non-Executive Director
Sharon McCrohan	Independent Non-Executive Director
Christine Bartlett	Independent Non-Executive Director
Ian Rowden	Independent Non-Executive Director
Darlene Knight	Independent Non-Executive Director
Brad Soller	Independent Non-Executive Director (from 1 November 2022)
Heath Sharp	Managing Director and Chief Executive Officer
Andrew Johnson	Group Chief Financial Officer

(a) Key Management Personnel compensation

Details of the total remuneration of Key Management Personnel of the Group during the reporting period are:

	2023 US\$	2022 US\$
Short-term employee benefits	3,515,975	3,793,699
Post-employment benefits	90,801	73,438
Termination benefits	—	—
Share-based payments	1,190,857	1,285,367
Total	4,797,633	5,152,504

(b) Key Management Personnel transactions in shares and options

The total direct and indirect interests of Key Management Personnel, including their related parties, in the share capital and options of the Company at 30 June 2023 are:

	Shares		Options		Rights	
	2023 Number	2022 Number	2023 Number	2022 Number	2023 Number	2022 Number
Stuart Crosby	201,756	150,506	—	—	—	—
Russell Chenu	170,217	155,217	—	—	—	—
Sharon McCrohan	52,000	30,000	—	—	—	—
Christine Bartlett	50,000	30,000	—	—	—	—
Ian Rowden	35,000	22,000	—	—	—	—
Darlene Knight	37,000	10,000	—	—	—	—
Brad Soller	15,000	—	—	—	—	—
Heath Sharp	1,423,397	1,423,397	4,000,000	4,000,000	1,570,855	927,191
Andrew Johnson	171,236	55,629	—	—	768,757	682,978
Total	2,155,606	1,876,749	4,000,000	4,000,000	2,339,612	1,610,169

At 30 June 2023, no Key Management Personnel had been offered or held any rights to be awarded shares other than as disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

21. Key Management Personnel and related party transactions (continued)

(c) Transactions with other related parties

There were no material contracts between a KMP or a related party and the Company or any of its subsidiaries entered into during the reporting period.

No KMP has entered into a loan made, guaranteed or secured, directly or indirectly, with or by the Company or any of its subsidiaries during the reporting period.

22. Auditor's remuneration

KPMG are the auditors of the Company. The total remuneration received, or due and receivable by KPMG from the Group is:

	2023 US\$	2022 US\$
KPMG Australia		
Audit services	738,264	773,334
Other assurance and non-audit services		
▪ Tax services	32,846	31,754
▪ Other services	-	-
Total remuneration paid to KPMG Australia	771,110	805,088
Overseas KPMG offices		
Audit services	268,989	321,574
Tax services	45,684	138,572
Total remuneration paid to KPMG overseas	314,673	460,146
Total remuneration to KPMG	1,085,783	1,265,234
Total remuneration for audit services	1,007,253	1,094,908
Total remuneration for non-audit services	78,530	170,326

23. Deed of cross guarantee

The wholly owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and Directors' reports following the execution of a Deed of Cross Guarantee ("Deed") on 29 June 2016. The Deed complies with the relevant ASIC instrument/class order.

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 six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event the Company is wound up.

The holding entity for the purpose of the Deed is Reliance Worldwide Corporation Limited.

The subsidiaries who are parties to the Deed are:

- Reliance Worldwide Group Holdings Pty Ltd; and
- Reliance Worldwide Corporation (Aust.) Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

23. Deed of cross guarantee (continued)

A consolidated statement of profit or loss and other comprehensive income, comprising the Company and controlled entities which are party to the Deed and after eliminating all transactions between those entities, for the year ended 30 June 2022 and a Statement of Financial Position for the same group for entities at balance date are set out below.

Statement of profit or loss and other comprehensive income

	2023 US\$000	2022 US\$000
Revenue from sale of goods	173,720	198,472
Cost of sales	(137,173)	(149,894)
Gross profit	36,547	48,578
Other income	318	99
Product development expenses	(2,300)	(2,162)
Selling, warehousing and marketing expenses	(11,894)	(13,435)
Administration expenses	(18,441)	(17,272)
Other expenses	(276)	(294)
Operating profit	3,954	15,514
Finance income	179	1
Finance costs	(3,564)	(6,368)
Net finance costs	(3,385)	(6,367)
Dividend income	117,609	47,977
Profit before tax	118,178	57,124
Income tax expense (benefit)	2,276	(4,175)
Profit for the period attributable to the Owners of the Company	120,454	52,949
Other comprehensive profit		
Items that may be classified to profit or loss:		
Foreign currency translation differences	—	—
Total comprehensive profit for the period attributable to the Owners of the Company	120,454	52,949

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

23. Deed of cross guarantee (continued)

Statement of financial position at 30 June 2023

	2023 US\$000	2022 US\$000
Assets		
Current Assets		
Cash and cash equivalents	2,399	5,849
Trade and other receivables	26,234	26,744
Inventories	53,267	66,868
Current tax assets	7,201	6,646
Other current assets	1,954	7,634
Total Current Assets	91,055	113,741
Non-current Assets		
Property, plant and equipment	28,544	30,984
Right-of-use assets	25,855	27,359
Investment in subsidiaries	1,571,605	1,571,605
Deferred tax assets	5,398	5,401
Goodwill	37,194	38,537
Other intangible assets	3,136	5,425
Other non-current assets	11,310	10,869
Total Non-current assets	1,683,042	1,690,180
Total Assets	1,774,097	1,803,921
Liabilities		
Current Liabilities		
Trade and other payables	16,758	28,387
Employee benefits	2,413	2,841
Other current liabilities	4,205	4,292
Total Current Liabilities	23,376	35,520
Non-current Liabilities		
Borrowings	3,235	69,737
Deferred tax liabilities	3,482	2,955
Employee benefits	3,073	3,820
Other non-current liabilities	24,322	25,155
Total Non-current Liabilities	34,112	101,667
Total Liabilities	57,488	137,187
Net Assets	1,716,609	1,666,734
Equity		
Share capital	1,494,339	1,491,106
Reserves	7,168	5,779
Retained earnings	215,102	169,849
Total Equity	1,716,609	1,666,734

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

24. Parent entity disclosure

As at, and throughout, the financial year ended 30 June 2023, the parent entity of the Group was Reliance Worldwide Corporation Limited.

(a) Result of the parent entity

	2023 US\$000	2022 US\$000
Profit/(loss) for the period	123,272	23,948
Other comprehensive income	–	–
Total comprehensive profit/(loss) for the period	123,272	23,948

(b) Statement of financial position of the parent entity at 30 June

	2023 US\$000	2022 US\$000
Assets		
Current assets	18,901	17,129
Non-current assets	1,882,578	1,882,356
Total Assets	1,901,479	1,899,485
Liabilities		
Current liabilities	2,497	3,264
Non-current liabilities	4,862	58,564
Total Liabilities	7,359	61,828
Net Assets	1,894,120	1,837,657
Equity		
Share capital	1,732,879	1,729,647
Reserves	59,332	53,222
Retained earnings	101,909	54,788
Total Equity	1,894,120	1,837,657

(c) Parent entity contingent liabilities

The Company has agreed to provide guarantees for certain commitments made or entered into by subsidiary entities in the ordinary course of business. The Company does not consider these guarantees to be material in the context of the Group's business. Refer to Note 20.

(d) Parent entity capital commitments for acquisition of property, plant and equipment

The Company did not enter into any material contracts to purchase plant and equipment during the year.

(e) Parent entity guarantees in respect of the debts to its subsidiaries

The Company has entered into a Deed of Cross Guarantee with the effect that it guarantees liabilities and obligations in respect of some Australian subsidiaries in certain circumstances. Refer to Note 23.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

25. Subsequent events

On 21 August 2023, the Directors resolved to declare a final dividend for the 2023 financial year of 5.0 cents per share. The dividend will be unfranked. The aggregate dividend payment amount is \$39.5 million. The dividend will be paid to eligible shareholders on 6 October 2023. The Company does not have a dividend reinvestment plan.

The Directors are not aware of any other matters or circumstances that have occurred since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

26. Other accounting policies

(a) Basis of consolidation

This note sets out details of accounting policies which aid the understanding of the financial statements as a whole. Accounting policies which are specific to a particular income, expense or account balance are described in the note to which that policy relates.

(i) Principles of consolidation

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 has the ability to 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.

(ii) Transactions eliminated on consolidation

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

(b) Foreign currency

The individual financial statements of each entity comprising the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of these consolidated financial statements, US dollar is the presentation currency and Australian dollar is the functional currency of the Company. The functional currency of each subsidiary is provided in Note 19.

(i) Foreign currency transactions

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

(ii) Foreign operations

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at average exchange rates. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated within Foreign Currency Translation Reserve ("FCTR"). The FCTR comprises all foreign currency differences arising from the translation of the financial statements of the foreign operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

26. Other accounting policies (continued)

(c) Financial instruments

Non-derivative financial instruments: Recognition, Measurement, Classification and De-recognition

Non-derivative financial assets are classified into the following categories: (a) cash and cash equivalents and (b) trade and other receivables. Non-derivative financial liabilities are classified into the following categories: (a) trade and other payables and (b) borrowings.

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through the profit and loss (FVTPL), transaction costs attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows and;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies and measures financial assets it has recognised at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire or when the financial asset and all the substantial risks and benefits are transferred. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(d) Fair value measurement

The fair values of the Group's financial assets and financial liabilities reflect the amounts that would be received to sell the assets or paid to transfer the liabilities in an orderly transaction between market participants at the measurement date (exit price). The Group determines fair value based on a three-tiered fair value hierarchy. The hierarchy consists of:

- Level 1: fair value measurements represent exchange-traded securities which are valued at quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date;
- Level 2: fair value measurements are determined using input prices that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data; and
- Level 3: fair value measurements are determined using unobservable inputs, such as internally developed pricing models for the asset or liability due to little or no market activity for the asset or liability.

(e) Goods and services tax (GST)/Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/ VAT except where the amount of GST/ VAT incurred is not recoverable from the Australian Taxation Office and other tax authorities. In these circumstances, the GST/ VAT is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST/ VAT. Cash flows are presented on a gross basis. The GST/ VAT components arising from investing and financing activities are presented as operating activities. Any commitments are disclosed net of GST/ VAT.

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DIRECTORS' DECLARATION

For the year ended 30 June 2023

In the opinion of the Directors of the Reliance Worldwide Corporation Limited ("the Company"):

1. the consolidated financial statements and notes set out on pages 79 to 122, 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, other mandatory professional reporting requirements and the *Corporations Regulations 2001*.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. there are reasonable grounds to believe that the Company and the Group entities identified in Note 23 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 described in Note 23.

The Directors draw attention to Note 1 to the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

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

Signed in accordance with resolution of the Directors.



Stuart Crosby
Chairman
Melbourne
21 August 2023



Heath Sharp
Chief Executive Officer
and Managing Director

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Independent Auditor's Report

To the shareholders of Reliance Worldwide Corporation Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Reliance Worldwide Corporation 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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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 (\$780.7m) and indefinite life intangible assets (\$208.2m)

Refer to Note 12 *Goodwill and other intangible assets*

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill and indefinite life intangible assets for impairment, given the size of the balance (being 48% of total assets). We focused on the significant forward-looking assumptions the Group applied in their value in use models, including: • forecast operating cash flows – the Group has experienced a market of continued global supply chain disruptions and uncertainty around inflation expectations and commodity prices in the current year. These conditions increase the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider, leading to the possibility of goodwill and indefinite life intangible assets being impaired. • terminal growth rates – in addition to the uncertainties described above, the Group's models are sensitive to changes in terminal growth rates, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • discount rates – these are complicated in nature and vary according to the conditions and environment of each Cash Generating Unit (CGU), and the models approach to incorporating risks into the cash flows or discount rates. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual impairment test of goodwill and indefinite life intangible assets against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • We considered the interdependencies of key assumptions when performing the sensitivity analysis of the models by varying key assumptions, such as forecast operating cash flows, terminal growth rates 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. • 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 and the industry it operates in. • We challenged the Group's significant forecast operating cash flows and terminal growth rate assumptions in light of the expected continuation of global supply chain disruptions and uncertainty around inflation expectations and commodity prices. We compared key events to the Board approved plan and strategy. We applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. We

	compared terminal growth rates to published studies of industry trends and expectations and considered differences for the Group's operations. We compared the forecast commodity prices to published views of market commentators on future trends seeking authoritative and credible sources. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.
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Other Information

Other Information is financial and non-financial information in Reliance Worldwide Corporation 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
- 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.

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. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Reliance Worldwide Corporation 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 53 to 77 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



Tony Romeo

Partner

Melbourne

21 August 2023

SHAREHOLDER INFORMATION

The information set out below was applicable at 1 August 2023.

Distribution of Equities – Ordinary Shares

Range	Total holders	Number of shares	% of issued shares
1 – 1,000	2,666	1,310,050	0.17
1,001 – 5,000	4,237	11,643,969	1.47
5,001 – 10,000	1,708	12,637,990	1.60
10,001 – 100,000	1,342	31,154,987	3.94
100,001 and over	83	733,347,769	92.82
Total	10,036	790,094,765	100.00

The number of shareholders holding less than a marketable parcel of shares was 299.

Largest Shareholders

The names of the 20 largest registered holders of ordinary shares are listed below.

Name	Number of shares held	% of issued shares
HSBC Custody Nominees (Australia) Limited	295,328,489	37.38
Jp Morgan Nominees Australia Pty Limited	200,875,345	25.42
Citicorp Nominees Pty Limited	98,659,262	12.49
National Nominees Limited	36,022,846	4.56
BNP Paribas Nominees Pty Ltd	30,999,263	3.92
BNP Paribas Noms Pty Ltd	15,894,974	2.01
HSBC Custody Nominees (Australia) Limited	12,377,449	1.57
Reliance Employee Share Investments Pty Limited	5,435,656	0.69
Netwealth Investments Limited	4,103,817	0.52
First Samuel Ltd	2,631,313	0.33
Sandhurst Trustees Ltd	2,493,573	0.32
BNP Paribas Nominees Pty Ltd	2,290,045	0.29
HSBC Custody Nominees (Australia) Limited	2,075,786	0.26
Citicorp Nominees Pty Limited	2,038,110	0.26
HSBC Custody Nominees (Australia) Limited	1,792,797	0.23
Mr Heath Graham Sharp	1,423,397	0.18
Broadgate Investments Pty Ltd	1,247,264	0.16
BNP Paribas Noms Pty Ltd	1,220,908	0.15
East Consolidated Pty Ltd	1,081,011	0.14
Edward Zorn + Co Pty Limited	722,458	0.09

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Substantial Shareholders

The number of shares held by substantial shareholders at 1 August 2023 was:

Name	Number of shares held	%
AustralianSuper Pty Ltd	78,218,339	9.90
Aware Super Pty Ltd	67,762,867	8.58
Yarra Capital Management Limited	66,489,120	8.42
The Capital Group Companies Inc.	40,262,226	5.10
Vanguard Group	39,515,562	5.00

Buy-back

The Company does not have a current on-market buy-back.

Voting rights

The Company conducts voting at general meetings by poll. Every shareholder present at a general meeting has one vote for every fully paid share held when a poll is conducted. Shareholders entitled to cast two or more votes may appoint up to two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific number or proportion of the shareholder's votes. If the appointment does not specify the proportion or number of votes that each proxy may exercise, each proxy may exercise half of the shareholder's votes.

Shareholder enquiries

Shareholders with enquiries about their shareholding should contact the Company's share registry:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford Vic 3067
T: 1300 850 505 (within Australia)
T: +61 3 9415 4000 (International)

Please mail all share registry correspondence to:
Computershare Investor Services Pty Ltd
GPO Box 2975
Melbourne VIC 3001

Please include your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) in all correspondence to the share registry.

Shareholder Communications

Receiving your shareholder communications electronically is the best way to stay informed. To change your preferences or contact details, please go to www.computershare.com.au and click on the "Login to Investor Centre" icon. Then follow the prompts.

It is important for shareholders to notify the share registry in writing promptly of any change of address. As an added security measure, please quote your Shareholder Reference Number and your old address.

Investor information

The Company maintains a website at www.rwc.com where company information is available and a service for any queries is provided. For further queries, please email the Company at investorrelations@rwc.com or call +61 3 8352 1400.

Stock Exchange listing

Reliance Worldwide Corporation Limited's ordinary shares are quoted on the Australian Securities Exchange under the code "RWC".

Annual General Meeting

Details of the 2023 Annual General Meeting of Reliance Worldwide Corporation Limited will be advised in the Notice of Meeting.

CORPORATE DIRECTORY

Board of Directors

Stuart Crosby, Chair
Heath Sharp, Chief Executive Officer
Christine Bartlett
Russell Chenu
Darlene Knight
Sharon McCrohan
Ian Rowden
Brad Soller

Company Secretary

David Neufeld

Registered Office

28 Chapman Place
Eagle Farm, QLD 4009
T: +61 7 3018 3400
F: +61 7 3105 8130

Principal Place of Business

Level 26, 140 William Street
Melbourne, VIC 3000
T: +61 3 8352 1400
F: +61 3 8080 9128

Auditor

KPMG
Tower Two
Collins Square
727 Collins Street
Melbourne Vic 3008

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford Vic 3067
T: 1300 850 505 (within Australia)
T: +61 3 9415 4000 (International)
W: www.computershare.com.au

Please mail all share registry correspondence to:
Computershare Investor Services Pty Ltd
GPO Box 2975
Melbourne VIC 3001

Website address

www.rwc.com

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**Reliance Worldwide
Corporation Limited**
28 Chapman Place
Eagle Farm, QLD 4009

ACN 610 855 877