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# Annual Report – 30 June 2023

Mayfield Group Holdings Ltd ABN 57 010 597 672





Dear Shareholder

On behalf of my fellow Directors, I am pleased to present the Mayfield Group Annual Report for 2023.

The Group reported a net profit after tax of \$5,797,122, a strong turn-around year after the disappointing results of 2022. This performance has resulted from a disciplined and strategic approach by our management and delivery teams to firm our position as a first-choice, modern manufacturer and service provider to our markets.

Some of the key strategies implemented during the period have been:

- Focus on electrical and telecommunications infrastructure.
- Develop as an Australian manufacturer that services our own and licensed intellectual property.
- Consolidate our Service Centres at our existing telecommunication and electrical manufacturing facilities.

Pleasingly, there have been several highlights this year, including:

- Continued growth in WA and the pipeline of opportunities.
- Expansion into the markets for Defence and Essential Services.
- Completion of the facilities consolidation, with Services now co-located at our engineering and manufacturing facilities for telecommunications and electrical infrastructure.
- A license agreement with Magellan Power, a Western Australian technology company, to manufacture and service their AC and DC critical power products.
- The payment of an interim dividend in February, the first since listing, and a final dividend in July.

These results have significantly strengthened the Mayfield Group balance sheet by significantly reducing borrowings. The results have also allowed additional prior-year tax losses from the Stream acquisition in November 2020 to be recognised as a deferred tax asset.

On behalf of the Board, I would like to thank the shareholders for their support, and our management and employees for their commitment during the year.

Both the Board and management look forward to evolving our strategies, in a thoughtful and deliberate manner, over the years ahead.

Simon Higgins (Chair)

Dated 30 August 2023

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The directors present their report, together with the consolidated financial statements of the Group comprising of Mayfield Group Holdings Ltd (the Company) and its subsidiaries for the financial year ended 30 June 2023 and the auditor's report thereon.

### **Directors**

The following persons were directors of Mayfield Group Holdings Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

SR Higgins - Non-executive Chairperson  
LJ Phillips - Non-executive Director  
AB Steele - Non-executive Director  
JB Hobbs - Executive Director  
SM Chase AM - Non-executive Director

### **Principal activities**

During the financial year the principal continuing activities of the Group consisted of:

- manufacturing of switchboards, transportable switchrooms and electrical protection panels;
- provision of telecommunications and power quality solutions and services; and
- maintenance services of electrical and telecommunication infrastructure.

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

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

### **Review of operations**

The profit for the Group after providing for income tax amounted to \$5,797,122 (30 June 2022: loss of \$1,813,597).

Manufacturing, project and service activities all drove the improved profit performance, although telecommunications and power quality products only recovered in H2 after H1 was impacted by NSW and WA weather events and slower test equipment sales.

Management continued to implement the strategies of investing in local manufacturing, focusing services on owned or licenced intellectual property and co-locating service operations at existing facilities to improve knowledge transfer and reduce overheads. Mayfield Services thus exited the Ballarat, Victoria premises and in SA, the Regency Park property was sublet with staff relocated to Mayfield Industries' Edinburgh SA facility. In addition, Mayfield Services commenced operations in WA, operating from the Mayfield Industries' Henderson facility.

The Group has generated positive operating cash flows due to its profits and diligent cash management, enabling a significant reduction in borrowings. In addition, the strong Group performance and prospects allowed recognition of a further \$3,171,668 deferred tax asset related to prior year tax losses. The accounting policy was changed to recognise land and buildings from cost to fair value, which has resulted in a \$3,301,379 strengthening of the balance sheet. The change to fair value accounting will provide more accurate and relevant information about the assets' current market value.



*Modern, robotic manufacturing*

### **Revenue and activity**

The decrease in revenue from the previous period resulted from a deliberate focus on higher-margin opportunities and discontinuing construction projects. However, revenue was lower than expected due to weather conditions in NSW and WA during the first half of the year.

The Group benefitted from a strong orderbook, although client and supply chain delays impacted activity and caused some congestion. However, this was offset by satisfactory and improving margins through the year. Manufacturing operations in Henderson, WA showed promising growth as demand continued to rise. Further capacity improvement investments are planned in 2024 to meet this demand.



The Group completed the delivery of eight switchrooms for the Lynas Rare Earth processing plant project located in Kalgoorlie, Western Australia. Additionally, ten switchrooms for the Kurri Kurri Gas-fired Power Station situated in New South Wales were delivered.

The Group continues to supply the renewables, utilities, mining and oil & gas sectors, and is now experiencing demand for Defence work, which is expected to grow in the future. Telecommunications and power quality products are also experiencing demand from regional government and essential services, particularly Victoria.

#### *Health, Safety & Environment*

The Group had a recordable injury frequency rate of 2.18, a strong improvement over the rate of 7.72 for the previous year, and retained all external ISO 45001 occupational health and safety certifications in manufacturing and electrical services.

No environmental incidents were recorded, and all ISO 14001 environmental certificates were retained in manufacturing and electrical services. In February 2023 the Board implemented a new Environment Policy that directly acknowledged the human effects of climate change and committed the Group to growing an awareness of the carbon footprint of both its operations and products. In Q4 FY2023, a draft carbon account was produced for internal consideration.

#### *Strategy*

The Group strategy continues to align with the economic trends towards a carbon-neutral future, supply chain security, and increasing digitisation of electrical infrastructure. Implementation has continued on the key strategies.

The Group remains committed to Australian manufacturing and the provision of products and services for critical electrical and telecommunications infrastructure. The key strategies for 2024 are:

- Improving manufacturing excellence with the new copper busbar machining centre now operational at Mayfield Industries.
- Continuing to expand the 3D design software application now that the transition to 3D design software at Mayfield Industries has been completed as planned. This capability continues to improve client/supplier collaboration, speed to market and error reduction.
- Grow the Mayfield Services brand by promoting whole-of-life maintenance services for Mayfield Industries and medium voltage partner products. In particular, expand the Mayfield Services operation into WA with Mayfield Industries Henderson workshops as base.
- Grow market penetration for ATI's battery remote monitoring capability following the execution of a major telco supply contract. Leverage the remote monitoring capability into remote, condition-based maintenance.

#### **Matters subsequent to the end of the financial year**

On 20 July 2023, the directors declared a final dividend for the year ended 30 June 2023 of 1.00 cents per ordinary share which was paid on 14 August 2023. A total distribution of \$905,676 was made based on the number of ordinary shares on issue at 27 July 2023. The dividend paid was fully franked.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

#### **Likely developments and expected results of operations**

There is a continuing challenge in attracting and retaining suitably skilled employees in a highly competitive environment to support revenue and margin growth where management is practising local manufacturing and growing services. The Group seeks to increase its apprentice participation rates and promote diversity.

Digital technology is likely to increase the use of remote, online, condition monitoring maintenance practices. Management plans to proactively embrace this trend by increasing its investment in research and development of synergies between its existing battery system and engineering solutions to broaden its product offering, for example, remote monitoring and its battery management systems, switchboards and switchrooms design and manufacturing capability. In addition, it is also to improve manufacturing efficiencies in South Australian and Western Australia facilities.

Cybercrime is an increasing risk, and management has invested in external penetration testing, in-house IT competencies and IT policy development to mitigate it.

Demand for the Group's products remains strong, and the order book for electrical maintenance services is improving. There is a focus on winning term maintenance contracts in renewables and power quality services. Management is also looking to broaden the range of manufacturing and service license agreements, adding Magellan Power (UPS and inverter products) to Leistung Energie (MV voltage switchgear) and Okken (industrial switchboards of high safety and reliability rating). Management is optimistic the prospects of the Group will continue to improve in the foreseeable future.



## Information on directors

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:                                | SR Higgins                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Title:                               | Non-executive Chairperson                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Experience and expertise:            | Simon is an experienced executive in the mining, industrial and energy markets with expertise in large-scale remote construction projects. Simon was the CEO and Managing Director of multi-discipline contractor ECM until it was acquired by GenusPlus Group (ASX: GNP) in 2019. He later served as an executive for GNP until 2021. He was the past Chairman of the National Electrical and Communications Association (NECA) WA Chapter. Simon has served as non-executive Chairman of Renewable Energy focussed Volt Power Group (ASX: VPR) until 2022 and remains on the VPR board as Non-Executive Director. Simon currently serves as the Chief Operating Officer of Rae Capital, a privately owned investment company with a diverse asset, property and equities portfolio. |
| Other current directorships:         | Non-executive Director Volt Power Group (ASX: VPR)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Former directorships (last 3 years): | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Interests in shares:                 | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Name:                                | LJ Phillips                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Title:                               | Non-executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Qualifications:                      | Bachelor of Commerce and is a Member of the Institute of Chartered Accountants in Australia and New Zealand                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Experience and expertise:            | Lindsay is an experienced private equity investor. His experience includes seven years (1980-87) with Price Waterhouse and over 36 years in investment banking/ private equity commencing in 1987 with M.J.H. Nightingale & Co. Limited in the UK/USA/Europe and then Australia from 1995, including five years (2007-12) as Managing Director of Lazard Australia Private Equity. He is also the Chairman of two private equity investment companies (Nightingale Partners Pty Ltd and Phoenix Development Fund Ltd) and serves as a director on the Boards of a majority of their investee companies.                                                                                                                                                                               |
| Other current directorships:         | Lindsay is a Non-executive Director of Enprise Group Ltd (NZX:ENS).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Former directorships (last 3 years): | Non-executive Director of Control Bionics Ltd (ASX:CBL).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Interests in shares:                 | 695,883 via Ironwood Investments Pty Ltd; 762,011 via Phoenix Development Fund Ltd; and 40,050,597 via Nightingale Partners Pty Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Name:                                | AB Steele                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Title:                               | Non-executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Qualifications:                      | Higher National Certificate in Electrical Engineering                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Experience and expertise:            | Alan is a strategic and innovative thinker with broad-based experience in project and operational management, finance and business growth. Alan was part of the management buy-out of Mayfield in 2012 and served as CEO until January 2019. Drawing on his extensive experience in project and operational management, including 8 years of executive management with Schneider Electric in Australia, Alan excels in setting clear objectives and a vision for the businesses to enable clear market differentiation and market-leading performance.                                                                                                                                                                                                                                |
| Other current directorships:         | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Former directorships (last 3 years): | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Interests in shares:                 | 14,987,275 ordinary shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Name:                                | JB Hobbs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Title:                               | Executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Qualifications:                      | Bachelor of Science in Mechanical Engineering and a Master's in Business Administration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Experience and expertise:            | Jon has 40 years of experience in international manufacturing including as Group CEO of Mayfield since January 2019. His roles include Director & President of Moly-Cop AltaSteel Ltd, Canada (2014 - 2018) and various general management positions with OneSteel/Arrium Ltd, Australia (2005 - 2014) and Siam Strip Mill Plc, Thailand. He is an inclusive, collaborative leader who believes that safety, customer partnerships, organisational excellence and strong governance are key to sustainable growth.                                                                                                                                                                                                                                                                    |
| Other current directorships:         | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Former directorships (last 3 years): | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Interests in shares:                 | 935,948 ordinary shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Interests in options:                | 1,268,905 options over ordinary shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



Name: SM Chase AM  
Title: Non-executive Director  
Experience and expertise: Sue has 42 years of experience, as an employee, then Managing Director and major shareholder of Cowell Electric Supply, principally in the electricity generation, distribution and retailing of electricity in regional and remote areas of Australia, construction of transmission and distribution systems throughout Australia, electrical and general contracting to the mining industry.  
Other current directorships: Not applicable  
Former directorships (last 3 years): Not applicable  
Interests in shares: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

#### Company secretaries

Mr B Crowley is a practising solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong. He is a former Senior Legal Member of the NSW Guardianship Tribunal and the NSW Civil and Administrative Tribunal. Brett has extensive ASX-listed company experience. He is currently chairman of Jatcorp Limited (ASX:JAT) and company secretary of three other ASX-listed companies. He holds a Bachelor of Commerce degree and a Diploma in Law.

Mr C Boshoff has over 26 years of international financial management experience, covering financial services, manufacturing, mining and infrastructure. He holds a Bachelor of Commerce (Honours) and is a member of the Chartered Accountants Australia & New Zealand (CAANZ)

#### Meetings of directors

The full Board assumes the role of the Audit and Risk Committee. The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

|             | Full Board |      | Nomination and Remuneration Committee |      |
|-------------|------------|------|---------------------------------------|------|
|             | Attended   | Held | Attended                              | Held |
| SR Higgins  | 12         | 12   | 2                                     | 2    |
| LJ Phillips | 12         | 12   | -                                     | -    |
| AB Steele   | 12         | 12   | 1                                     | 2    |
| JB Hobbs    | 11         | 12   | -                                     | -    |
| S Chase     | 12         | 12   | 2                                     | 2    |

Held: represents the number of meetings held during the time the director held office.



*1 High-capacity wireless telecommunication installation in Queensland*



### Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

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

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high-performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework seeks to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

### *Non-executive directors remuneration*

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairperson's fees are determined independently of the fees of other non-executive directors based on comparative roles in the external market. The chairperson is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 18 January 2007, where the shareholders approved a maximum annual aggregate remuneration of \$300,000.

### *Executive remuneration*

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.



## Remuneration report (audited) – continued

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- long-term performance incentives
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the Company with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profitability, cash and safety performance goals. A Leadership Team Bonus Pool is established based on 4.57% of the Group's annual Profit Before Tax, and as the Group made a profit in the current year, STI bonuses will be paid. Also, refer to the Service Agreements for key management personnel within this report.

The long-term incentives ('LTI') include long service leave and share-based payments. The Company has an Employee Share Option Plan (ESOP) to attract, motivate and retain eligible employees. These granting of options are at the discretion of the Board of Directors. Refer to note 41 for options issued to employees under the ESOP for the current financial year. There are no other long-term incentive measures in place for executives.

### *Group performance and link to remuneration*

The remuneration of the Executive Director is directly linked to the performance of the Group. A cash bonus (inclusive of superannuation) depends on the net profit before tax target being exceeded. Refer to the section 'Additional information' below for details of the earnings and total shareholders returns.

The Nomination and Remuneration Committee believes that the performance-based compensation is appropriate to increase shareholder wealth over the coming years.

### **Details of remuneration**

#### *Amounts of remuneration*

Details of the nature and amount of each major element of remuneration of each director of the Company, and other key management personnel of the consolidated entity are.

The key management personnel of the Group consisted of the following directors of Mayfield Group Holdings Ltd:

- SR Higgins - Non-Executive Chairperson
- LJ Phillips - Non-executive Director
- AB Steele - Non-executive Director
- SM Chase AM - Non-executive Director
- JB Hobbs - Executive Director

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Remuneration report (audited) – continued

|                                 | Short-term benefits  |            |              | Post-employment benefits | Long-term benefits | Share-based payments** | Other Payments* |         |
|---------------------------------|----------------------|------------|--------------|--------------------------|--------------------|------------------------|-----------------|---------|
|                                 | Cash salary and fees | Cash bonus | Non-monetary | Super-annuation          | Long service leave | Equity-settled         |                 | Total   |
| 30 June 2023                    | \$                   | \$         | \$           | \$                       | \$                 | \$                     | \$              | \$      |
| <i>Non-Executive Directors:</i> |                      |            |              |                          |                    |                        |                 |         |
| SR Higgins                      | 50,000               | -          | -            | -                        | -                  | -                      | -               | 50,000  |
| LJ Phillips                     | 35,000               | -          | -            | -                        | -                  | -                      | -               | 35,000  |
| AB Steele                       | 35,000               | -          | -            | -                        | -                  | -                      | 3,750           | 38,750  |
| SM Chase AM                     | 35,000               | -          | -            | -                        | -                  | -                      | -               | 35,000  |
| <i>Executive Directors:</i>     |                      |            |              |                          |                    |                        |                 |         |
| JB Hobbs                        | 394,245              | 57,324     | -            | 43,367                   | 8,556              | 877                    | -               | 504,369 |
|                                 | 549,245              | 57,324     | -            | 43,367                   | 8,556              | 877                    | 3,750           | 663,119 |

\* The Board approved a 'business review support' fee for services provided by AB Steele.

\*\* The Board approved the issue of 50,000 options for JB Hobbs on 23 February 2023, which requires ratification at the Annual General Meeting in October 2023.

|                                 | Short-term benefits  |            |              | Post-employment benefits | Long-term benefits | Share-based payments | Other Payments |         |
|---------------------------------|----------------------|------------|--------------|--------------------------|--------------------|----------------------|----------------|---------|
|                                 | Cash salary and fees | Cash bonus | Non-monetary | Super-annuation          | Long service leave | Equity-settled       |                | Total   |
| 30 June 2022                    | \$                   | \$         | \$           | \$                       | \$                 | \$                   | \$             | \$      |
| <i>Non-Executive Directors:</i> |                      |            |              |                          |                    |                      |                |         |
| SR Higgins*                     | 18,899               | -          | -            | -                        | -                  | -                    | -              | 18,899  |
| LJ Phillips                     | 30,000               | -          | -            | -                        | -                  | -                    | -              | 30,000  |
| AB Steele                       | 30,458               | -          | -            | -                        | -                  | -                    | -              | 30,458  |
| SM Chase AM                     | 30,000               | -          | -            | -                        | -                  | -                    | -              | 30,000  |
| LE Case*                        | 31,994               | -          | -            | -                        | -                  | -                    | -              | 31,994  |
| <i>Executive Directors:</i>     |                      |            |              |                          |                    |                      |                |         |
| JB Hobbs                        | 381,947              | -          | -            | 40,104                   | 2,758              | -                    | -              | 424,809 |
|                                 | 523,298              | -          | -            | 40,104                   | 2,758              | -                    | -              | 566,160 |

\* LE Case resigned as Non-executive Chairperson on 14 February 2022 and as Non-executive Director on 25 February 2022. SR Higgins was appointed as Non-executive Chairperson on 14 February 2022.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

|                             | Fixed remuneration |              | At risk - STI |              | At risk - LTI |              |
|-----------------------------|--------------------|--------------|---------------|--------------|---------------|--------------|
| Name                        | 30 June 2023       | 30 June 2022 | 30 June 2023  | 30 June 2022 | 30 June 2023  | 30 June 2022 |
| <i>Executive Directors:</i> |                    |              |               |              |               |              |
| JB Hobbs                    | 89%                | 100%         | 11%           | -            | -             | -            |



## Remuneration report (audited) – continued

The proportion of the STI as a cash bonus paid/payable or forfeited is as follows:

| Name                        | Cash bonus paid/payable |              | Cash bonus forfeited |              |
|-----------------------------|-------------------------|--------------|----------------------|--------------|
|                             | 30 June 2023            | 30 June 2022 | 30 June 2023         | 30 June 2022 |
| <i>Executive Directors:</i> |                         |              |                      |              |
| JB Hobbs                    | 100%                    | -            | -                    | 100%         |

### Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

|                      |                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:                | JB Hobbs                                                                                                                                                                                                                                                                                                                                                                                                    |
| Title:               | Executive Director                                                                                                                                                                                                                                                                                                                                                                                          |
| Agreement commenced: | 14 January 2019                                                                                                                                                                                                                                                                                                                                                                                             |
| Term of agreement:   | Indefinite or 4-month termination notice by either party                                                                                                                                                                                                                                                                                                                                                    |
| Details:             | Base salary as at 30 June 2023 of \$377,809, plus a \$19,021 car allowance, plus 11% superannuation (or minimum required), to be reviewed annually by the Nomination and Remuneration Committee. An STI cash bonus (inclusive of all superannuation) representing a 30% share of a Leadership Team Bonus Pool. The Leadership Team Bonus Pool will represent 4.57% of the Group's annual Profit Before Tax. |

### Share-based compensation

#### Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

#### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors in this financial year or future reporting years are as follows:

| Name       | Number of options |            | Vesting date and |             | Exercise price | Fair value per option at grant date |
|------------|-------------------|------------|------------------|-------------|----------------|-------------------------------------|
|            | granted           | Grant date | exercisable date | Expiry date |                |                                     |
| JB Hobbs*  | 1,268,905         | 23/11/2020 | 23/11/2020       | 23/11/2025  | \$0.36124      | \$0.1834                            |
| JB Hobbs** | 50,000            | 24/10/2023 | 27/02/2025       | 27/02/2028  | \$0.32500      | \$0.1035                            |

\* The valuation model inputs used to determine the fair value used a \$0.36 share price at the grant date, expected volatility of 79%, a dividend yield of 2.7%, and a risk-free rate of 0.3%. Options granted carry no dividend or voting rights.

\*\* On 23 February 2023, the Board approved the issue of 50,000 options to JB Hobbs that requires ratification at the Annual General Meeting in October 2023, which will be the grant date. A resolution to waive the service requirement will be put to the Annual General Meeting. The grant date fair value is estimated at 30 June 2023. The valuation model inputs used to determine the fair value used a \$0.415 share price at the grant date, expected volatility of 26%, a dividend yield of 4.66% and a risk-free rate of 3.95%. Options granted carry no dividend or voting rights.

### Additional information

As part of the strategic planning and budget process, the board of directors sets several short-term goals for the Executive Director to achieve. Of these goals, an STI of 1.37% of Profit before Tax (being 30% of 4.57%) is paid to the Executive Director to incentivise decisions in the best interests of shareholders. Any other incentive payments are at the discretion of the Nomination and Remuneration Committee. The Company's Executive Director's service agreement sets out the method of assessing the STI, which is linked to the Group's earnings, subject to a service condition.

Mayfield Group Holdings Ltd acquired Mayfield Group Investments Pty Ltd and its subsidiaries (Mayfield) on 20 November 2020. Before the acquisition of Mayfield, key management personnel did not have STI measures or targets linked to the earnings performance of Mayfield. The table below reflects the consolidated earnings of the Group and Mayfield.



## Remuneration report (audited) – continued

The Group listed for the first time during the year ending 30 June 2021. Consequently, the table below includes the following information:

- 2023 to 2021 - the Group
- 2020 and 2019 - Mayfield Group Investments Pty Ltd and its controlled entities (Mayfield)

|                          | 2023<br>\$ | 2022<br>\$<br>Restated* | 2021<br>\$ | 2020<br>\$ | 2019<br>\$ |
|--------------------------|------------|-------------------------|------------|------------|------------|
| Sales revenue            | 77,815,290 | 82,325,382              | 60,785,046 | 60,334,036 | 65,546,819 |
| Profit/(loss) before tax | 3,904,663  | (1,813,597)             | 3,151,861  | 4,160,673  | 4,987,850  |

The table below summarises the factors that are considered to affect total shareholders return ('TSR') from 30 June 2021 only, as Mayfield was an unlisted private company prior to the acquisition on 20 November 2020.

|                                              | 2023 | 2022<br>Restated* | 2021 |
|----------------------------------------------|------|-------------------|------|
| Share price at financial year end (\$)       | 0.41 | 0.36              | 0.44 |
| Basic earnings per share (cents per share)   | 6.40 | (2.04)            | 3.28 |
| Diluted earnings per share (cents per share) | 6.40 | (2.04)            | 3.24 |

\* Refer to note 3 for detailed information on the Restatement of comparatives.

### Additional disclosures relating to key management personnel

#### Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

|                        | Balance at<br>the start of<br>the year | Received<br>as part of<br>remuneration | Additions | Disposals/<br>other | Balance at<br>the end of<br>the year |
|------------------------|----------------------------------------|----------------------------------------|-----------|---------------------|--------------------------------------|
| <i>Ordinary shares</i> |                                        |                                        |           |                     |                                      |
| LJ Phillips            | 41,508,491                             | -                                      | -         | -                   | 41,508,491                           |
| AB Steele              | 14,987,275                             | -                                      | -         | -                   | 14,987,275                           |
| JB Hobbs               | 935,948                                | -                                      | -         | -                   | 935,948                              |
|                        | 57,431,714                             | -                                      | -         | -                   | 57,431,714                           |

#### Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

|                                     | Balance at<br>the start of<br>the year* | Granted | Exercised | Expired/<br>forfeited/<br>other | Balance at<br>the end of<br>the year |
|-------------------------------------|-----------------------------------------|---------|-----------|---------------------------------|--------------------------------------|
| <i>Options over ordinary shares</i> |                                         |         |           |                                 |                                      |
| JB Hobbs                            | 1,268,905                               | 50,000  | -         | -                               | 1,318,905                            |
|                                     | 1,268,905                               | 50,000  | -         | -                               | 1,318,905                            |

\* These options have fully vested and are exercisable.

#### Other transactions with key management personnel and their related parties

The Board approved a 'business review support' fee of \$3,750 for services provided by AB Steele.

**This concludes the remuneration report, which has been audited.**



### Shares under option

Unissued ordinary shares of Mayfield Group Holdings Ltd under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|------------|-------------|----------------|---------------------|
| 23/11/2020 | 23/11/2025  | \$0.36124      | 3,156,594           |
| 23/02/2022 | 23/02/2027  | \$0.35060      | 185,000             |
| 27/02/2023 | 27/02/2028  | \$0.32500      | 335,000             |
| 24/10/2023 | 27/02/2028  | \$0.32500      | 50,000              |
|            |             |                | <u>3,726,594</u>    |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

### Dividends

Dividends paid during the financial year were as follows:

|                                                                                   | 30 June 2023   | 30 June 2022 |
|-----------------------------------------------------------------------------------|----------------|--------------|
|                                                                                   | \$             | \$           |
| Interim dividend for the year ended 30 June 2023 of 0.71 cents per ordinary share | <u>643,161</u> | <u>-</u>     |

On 20 July 2023, the directors declared a final dividend for the year ended 30 June 2023 of 1.00 cents per ordinary share which was paid on 14 August 2023. A total distribution of \$905,676 was made based on the number of ordinary shares on issue at 27 July 2023. The dividend payment was fully franked.

### Environmental regulation

The Group is not subject to any significant environmental regulation under the Australian Commonwealth or State law. However, the Board Risk appetite statement commits the Group to minimise harm to the environment through the implementation of an ISO14001 management system together with a high standard of operational awareness and performance.

The Company has a common standard for all subsidiary entities that provides a risk management framework, consistent with the Board Risk Policy to ensure risks of environmental impact are assessed and classified in a standardised manner. The standard provides a definition of environmental terminology and risk assessment with clear expectations for reporting and escalation, and set standards for investigating and communicating environmental incidents.

Under the standard, the Executive Director must notify the Board of any significant environmental incidents within set timeframes. There have been no significant impacts or breaches during the period covered by this report.

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#### Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

#### Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

#### Proceedings on behalf of the Company

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

#### Non-audit services

There were no non-audit services provided during the financial year by the auditor.

#### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

#### Auditor

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

JB Hobbs  
Managing Director

30 August 2023  
Adelaide



*Electrical Control Room for a gas gathering stations Queensland*



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

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To the Directors of Mayfield Group Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Mayfield Group Holdings Limited for the 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.



Paul Cenko  
Partner

Adelaide

30 August 2023

**Mayfield Group Holdings Ltd and controlled entities**  
**Contents**  
**30 June 2023**



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**General information**

The financial statements cover Mayfield Group Holdings Ltd as a consolidated entity consisting of Mayfield Group Holdings Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Mayfield Group Holdings Ltd's functional and presentation currency.

Mayfield Group Holdings Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

3 Gidgie Crt, Edinburgh, SA 5111

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2023. The directors have the power to amend and reissue the financial statements.

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Mayfield Group Holdings Ltd and controlled entities  
Consolidated statement of profit or loss and other comprehensive income  
For the year ended 30 June 2023



|                                                                                                          | Note | 30 June 2023<br>\$ | Restated*<br>30 June 2022<br>\$ |
|----------------------------------------------------------------------------------------------------------|------|--------------------|---------------------------------|
| <b>Revenue</b>                                                                                           | 5    | 77,815,290         | 82,325,382                      |
| Share of profits of associates accounted for using the equity method                                     | 14   | -                  | 218,959                         |
| Other income                                                                                             | 6    | 233,675            | 395,731                         |
| Interest income                                                                                          |      | 18,038             | 8,908                           |
| <b>Expenses</b>                                                                                          |      |                    |                                 |
| Raw materials and consumables used                                                                       |      | (36,079,597)       | (45,437,154)                    |
| Employee benefits expense                                                                                |      | (30,950,403)       | (33,287,243)                    |
| Depreciation and amortisation expense                                                                    | 7    | (2,126,787)        | (2,157,748)                     |
| Occupancy expense                                                                                        |      | (631,494)          | (555,833)                       |
| Finance expense                                                                                          | 7    | (337,970)          | (239,837)                       |
| Other expenses                                                                                           |      | (4,036,089)        | (3,877,912)                     |
| <b>Profit/(loss) before income tax benefit</b>                                                           |      | 3,904,663          | (2,606,747)                     |
| Income tax benefit                                                                                       | 8    | 1,892,459          | 793,150                         |
| <b>Profit/(loss) after income tax benefit for the year</b>                                               |      | 5,797,122          | (1,813,597)                     |
| <b>Other comprehensive income</b>                                                                        |      |                    |                                 |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                     |      |                    |                                 |
| Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax | 24   | 3,301,379          | -                               |
| Other comprehensive income for the year, net of tax                                                      |      | 3,301,379          | -                               |
| <b>Total comprehensive income for the year</b>                                                           |      | <u>9,098,501</u>   | <u>(1,813,597)</u>              |
|                                                                                                          |      | <b>Cents</b>       | <b>Cents</b>                    |
| Basic earnings per share                                                                                 | 40   | 6.40               | (2.04)                          |
| Diluted earnings per share                                                                               | 40   | 6.40               | (2.04)                          |

\* Refer to note 3 for detailed information on the Restatement of comparatives.

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

**Mayfield Group Holdings Ltd and controlled entities**  
**Consolidated statement of financial position**  
**As at 30 June 2023**



|                                                   |      |                   | Restated*         |                   |
|---------------------------------------------------|------|-------------------|-------------------|-------------------|
|                                                   | Note | 30 June 2023      | 30 June 2022      | 1 July 2021       |
|                                                   |      | \$                | \$                | \$                |
| <b>Assets</b>                                     |      |                   |                   |                   |
| <b>Current assets</b>                             |      |                   |                   |                   |
| Cash and cash equivalents                         | 9    | 4,945,788         | 2,639,415         | 1,390,825         |
| Trade and other receivables                       | 10   | 11,640,553        | 11,820,028        | 14,265,788        |
| Contract assets                                   | 11   | 4,632,602         | 5,258,291         | 6,816,903         |
| Inventories                                       | 12   | 2,511,655         | 2,550,297         | 1,654,893         |
| Other assets                                      | 13   | 1,025,978         | 944,939           | 1,456,702         |
| Total current assets                              |      | <u>24,756,576</u> | <u>23,212,970</u> | <u>25,585,111</u> |
| <b>Non-current assets</b>                         |      |                   |                   |                   |
| Investments accounted for using the equity method | 14   | -                 | -                 | 1,215,950         |
| Right-of-use assets                               | 15   | 1,609,116         | 2,485,410         | 1,379,464         |
| Property, plant and equipment                     | 16   | 15,789,600        | 11,422,535        | 11,725,775        |
| Intangibles                                       | 17   | 1,698,274         | 1,852,033         | 517,913           |
| Deferred tax                                      | 8    | 5,253,064         | 4,775,483         | 3,992,313         |
| Other assets                                      | 13   | 12,767            | 72,725            | 71,540            |
| Total non-current assets                          |      | <u>24,362,821</u> | <u>20,608,186</u> | <u>18,902,955</u> |
| <b>Total assets</b>                               |      | <u>49,119,397</u> | <u>43,821,156</u> | <u>44,488,066</u> |
| <b>Liabilities</b>                                |      |                   |                   |                   |
| <b>Current liabilities</b>                        |      |                   |                   |                   |
| Trade and other payables                          | 18   | 5,910,460         | 4,995,767         | 9,590,909         |
| Contract liabilities                              | 19   | 6,285,560         | 5,560,947         | 3,492,231         |
| Borrowings                                        | 20   | 147,201           | 257,450           | 448,334           |
| Lease liabilities                                 | 21   | 881,635           | 1,065,654         | 684,756           |
| Income tax                                        | 8    | -                 | 190,916           | 2,444             |
| Provisions                                        | 22   | 3,093,216         | 3,046,390         | 2,510,566         |
| Total current liabilities                         |      | <u>16,318,072</u> | <u>15,117,124</u> | <u>16,729,240</u> |
| <b>Non-current liabilities</b>                    |      |                   |                   |                   |
| Borrowings                                        | 20   | 1,905,173         | 5,552,369         | 5,964,966         |
| Lease liabilities                                 | 21   | 922,987           | 1,675,988         | 771,368           |
| Provisions                                        | 22   | 168,883           | 131,890           | 157,591           |
| Total non-current liabilities                     |      | <u>2,997,043</u>  | <u>7,360,247</u>  | <u>6,893,925</u>  |
| <b>Total liabilities</b>                          |      | <u>19,315,115</u> | <u>22,477,371</u> | <u>23,623,165</u> |
| <b>Net assets</b>                                 |      | <u>29,804,282</u> | <u>21,343,785</u> | <u>20,864,901</u> |
| <b>Equity</b>                                     |      |                   |                   |                   |
| Issued capital                                    | 23   | 10,561,189        | 10,568,133        | 8,278,715         |
| Reserves                                          | 24   | 3,076,193         | (237,287)         | (245,865)         |
| Retained profits                                  |      | <u>16,166,900</u> | <u>11,012,939</u> | <u>12,832,051</u> |
| <b>Total equity</b>                               |      | <u>29,804,282</u> | <u>21,343,785</u> | <u>20,864,901</u> |

\* Refer to note 3 for detailed information on Restatement of comparatives.

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

**Mayfield Group Holdings Ltd and controlled entities**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2023**



|                                                     | Issued<br>capital<br>\$ | Reserves<br>\$ | Retained<br>profit<br>\$ | Total equity<br>\$ |
|-----------------------------------------------------|-------------------------|----------------|--------------------------|--------------------|
| Balance at 1 July 2021                              | 8,278,715               | (119,188)      | 12,759,729               | 20,919,256         |
| Adjustment for change in accounting policy (note 3) | -                       | (126,677)      | 72,322                   | (54,355)           |
| Balance at 1 July 2021 - restated*                  | 8,278,715               | (245,865)      | 12,832,051               | 20,864,901         |
| Loss after income tax benefit for the year          | -                       | -              | (1,813,597)              | (1,813,597)        |
| Other comprehensive income for the year, net of tax | -                       | -              | -                        | -                  |
| Total comprehensive income for the year             | -                       | -              | (1,813,597)              | (1,813,597)        |

*Transactions with owners in their capacity as owners:*

|                                                                               |                   |                  |                   |                   |
|-------------------------------------------------------------------------------|-------------------|------------------|-------------------|-------------------|
| Issue of shares for the full acquisition of ATI Australia Pty Ltd (note 23)   | 2,089,818         | -                | -                 | 2,089,818         |
| Issues of shares for the full acquisition of Walker Control Pty Ltd (note 23) | 199,600           | -                | -                 | 199,600           |
| Share-based payments                                                          | -                 | 3,063            | -                 | 3,063             |
| Transfer from reserves upon the derecognition of subsidiary                   | -                 | 5,515            | (5,515)           | -                 |
| Balance at 30 June 2022                                                       | <u>10,568,133</u> | <u>(237,287)</u> | <u>11,012,939</u> | <u>21,343,785</u> |

\* Refer to note 3 for detailed information on the Restatement of comparatives.

|                                                              | Issued<br>capital<br>\$ | Reserves<br>\$   | Retained<br>profits<br>\$ | Total equity<br>\$ |
|--------------------------------------------------------------|-------------------------|------------------|---------------------------|--------------------|
| Balance at 1 July 2022                                       | 10,568,133              | (237,287)        | 11,012,939                | 21,343,785         |
| Profit after income tax benefit for the year                 | -                       | -                | 5,797,122                 | 5,797,122          |
| Other comprehensive income for the year, net of tax          | -                       | 3,301,379        | -                         | 3,301,379          |
| Total comprehensive income for the year                      | -                       | 3,301,379        | 5,797,122                 | 9,098,501          |
| <i>Transactions with owners in their capacity as owners:</i> |                         |                  |                           |                    |
| Share-based payments                                         | -                       | 12,101           | -                         | 12,101             |
| Share buy-back (note 23)                                     | (6,944)                 | -                | -                         | (6,944)            |
| Dividends paid (note 25)                                     | -                       | -                | (643,161)                 | (643,161)          |
| Balance at 30 June 2023                                      | <u>10,561,189</u>       | <u>3,076,193</u> | <u>16,166,900</u>         | <u>29,804,282</u>  |

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

**Mayfield Group Holdings Ltd and controlled entities**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2023**



|                                                                  | <b>Note</b> | <b>30 June 2023</b> | <b>30 June 2022</b> |
|------------------------------------------------------------------|-------------|---------------------|---------------------|
|                                                                  |             | <b>\$</b>           | <b>\$</b>           |
| <b>Cash flows from operating activities</b>                      |             |                     |                     |
| Receipts from customers (inclusive of GST)                       |             | 87,437,817          | 96,398,505          |
| Payments to suppliers and employees (inclusive of GST)           |             | (78,495,877)        | (94,201,059)        |
|                                                                  |             | 8,941,940           | 2,197,446           |
| Interest received                                                |             | 18,038              | 8,908               |
| Interest and other finance costs paid                            |             | (327,751)           | (239,837)           |
| Income taxes paid                                                |             | -                   | (218,739)           |
| Net cash from operating activities                               | 37          | 8,632,227           | 1,747,778           |
| <b>Cash flows from investing activities</b>                      |             |                     |                     |
| Net cash acquired in a business combination                      | 33          | -                   | 3,171,061           |
| Payments for property, plant and equipment                       |             | (912,924)           | (974,584)           |
| Proceeds from disposal of property, plant and equipment          |             | 48,117              | 286,734             |
| Proceeds from capital investment grant                           |             | 15,997              | -                   |
| Derecognition of subsidiary                                      |             | -                   | (90,133)            |
| Net cash from/(used in) investing activities                     |             | (848,810)           | 2,393,078           |
| <b>Cash flows from financing activities</b>                      |             |                     |                     |
| Payments for share buy-backs                                     |             | (6,944)             | -                   |
| Dividends paid                                                   | 25          | (643,161)           | -                   |
| Repayment of borrowings                                          |             | (3,757,446)         | (1,977,870)         |
| Repayment of principal portion of lease liabilities              |             | (1,069,493)         | (914,396)           |
| Net cash used in financing activities                            |             | (5,477,044)         | (2,892,266)         |
| Net increase in cash and cash equivalents                        |             | 2,306,373           | 1,248,590           |
| Cash and cash equivalents at the beginning of the financial year |             | 2,639,415           | 1,390,825           |
| Cash and cash equivalents at the end of the financial year       | 9           | 4,945,788           | 2,639,415           |

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



## Note 1. Significant accounting policies

### Reporting entity

Mayfield Group Holdings Limited (the 'Company') is domiciled in Australia. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity primarily involved in the provision of electrical and telecommunication infrastructure products and services.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

### Basis of accounting

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board. They were authorised for issue by the Board of Directors on 30 August 2023. Changes to significant accounting policies are described in note 3.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mayfield Group Holdings Ltd ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is Mayfield Group Holdings Ltd's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.



## Note 1. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Goods and Services Tax ('GST') and other similar taxes

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations but they are not expected to have a material impact.

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows as stated in note 17.



## Note 2. Critical accounting judgements, estimates and assumptions (continued)

### *Income tax and Recovery of deferred tax assets*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group makes specific judgments regarding unused tax losses, which are carried as a deferred tax asset to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Refer to note 8.

In determining the recoverability of the deferred tax asset, management has considered historical performance and the probability of utilisation of the next 4-years' tax losses per a forecast approved by management, as well as the risk that the Group will not continue to pass the continuity of ownership test and same business test.

### *Revenue from manufacturing of goods and rendering of services*

A significant portion of the Group's activities is from contracts where revenue is recognised over time. The Group is required to make estimates of sales, costs and extent of progress towards completion. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. Changes in sales or costs, from a change in estimates, are reflected in the profit or loss in the period in which the circumstances become known to management. Refer to note 5 for further details on accounting policies.

## Note 3. Restatement of comparatives

### *Change in accounting policy - laboratory test equipment*

The accounting policy for the laboratory test equipment has changed from fair value to the cost model. The application and purpose of these assets have changed from a discrete set of assets for the calibration and certification of electrical measurement equipment to a broader product support capability associated with products being sold. The change will provide a more accurate representation of the cost to support revenue derived from these assets.

The consequence of changing the accounting policy is that previous revaluations and subsequent depreciation charges are reversed i.e. the effect of the change is calculated retrospectively and the adjustment is recognised by adjusting the opening balance of retained earnings for the earliest prior period presented and restating comparative amounts presented.

Consequently, the July 2021 opening balance sheet has changed by decreasing property, plant and equipment by \$77,650, increasing the deferred tax asset by \$23,295, reversing the previously reported revaluation reserve by \$126,677, and increasing retained earnings by \$72,322.

The 30 June 2022 balance sheet has changed by decreasing property, plant and equipment by \$82,093, increasing the deferred tax asset by \$24,628, reversing the previously reported revaluation reserve by \$126,677, and increasing retained earnings by \$69,212.

In addition, for 30 June 2022, depreciation increased by \$4,443 to \$2,157,748 and the income tax benefit by \$1,333 to \$793,150. Laboratory test equipment has also been reclassified as plant and equipment (refer note 16). These restatements have had no impact on the cash flow statements.

### *Statement of profit or loss and other comprehensive income*

|                                                     | 30 June 2022<br>\$<br>Reported | \$<br>Adjustment | 30 June 2022<br>\$<br>Restated |
|-----------------------------------------------------|--------------------------------|------------------|--------------------------------|
| <b>Extract</b>                                      |                                |                  |                                |
| <b>Expenses</b>                                     |                                |                  |                                |
| Depreciation and amortisation expense               | (2,153,305)                    | (4,443)          | (2,157,748)                    |
| <b>Loss before income tax benefit</b>               | (2,602,304)                    | (4,443)          | (2,606,747)                    |
| Income tax benefit                                  | 791,817                        | 1,333            | 793,150                        |
| <b>Loss after income tax benefit for the year</b>   | (1,810,487)                    | (3,110)          | (1,813,597)                    |
| Other comprehensive income for the year, net of tax | -                              | -                | -                              |
| <b>Total comprehensive income for the year</b>      | <u>(1,810,487)</u>             | <u>(3,110)</u>   | <u>(1,813,597)</u>             |



**Note 3. Restatement of comparatives (continued)**

|                            | <b>Cents<br/>Reported</b> | <b>Cents<br/>Adjustment</b> | <b>Cents<br/>Restated</b> |
|----------------------------|---------------------------|-----------------------------|---------------------------|
| Basic earnings per share   | (2.04)                    | -                           | (2.04)                    |
| Diluted earnings per share | (2.04)                    | -                           | (2.04)                    |

*Statement of financial position at the beginning of the earliest comparative period*

|                               | <b>1 July 2021<br/>\$<br/>Reported</b> | <b>\$<br/>Adjustment</b> | <b>1 July 2021<br/>\$<br/>Restated</b> |
|-------------------------------|----------------------------------------|--------------------------|----------------------------------------|
| <b>Extract</b>                |                                        |                          |                                        |
| <b>Assets</b>                 |                                        |                          |                                        |
| <b>Non-current assets</b>     |                                        |                          |                                        |
| Property, plant and equipment | 11,803,425                             | (77,650)                 | 11,725,775                             |
| Deferred tax                  | 3,969,018                              | 23,295                   | 3,992,313                              |
| Total non-current assets      | 18,957,310                             | (54,355)                 | 18,902,955                             |
| <b>Total assets</b>           | 44,542,421                             | (54,355)                 | 44,488,066                             |
| <b>Net assets</b>             | 20,919,256                             | (54,355)                 | 20,864,901                             |
| <b>Equity</b>                 |                                        |                          |                                        |
| Reserves                      | (119,188)                              | (126,677)                | (245,865)                              |
| Retained profits              | 12,759,729                             | 72,322                   | 12,832,051                             |
| <b>Total equity</b>           | 20,919,256                             | (54,355)                 | 20,864,901                             |

*Statement of financial position at the end of the earliest comparative period*

|                               | <b>30 June 2022<br/>\$<br/>Reported</b> | <b>\$<br/>Adjustment</b> | <b>30 June 2022<br/>\$<br/>Restated</b> |
|-------------------------------|-----------------------------------------|--------------------------|-----------------------------------------|
| <b>Extract</b>                |                                         |                          |                                         |
| <b>Assets</b>                 |                                         |                          |                                         |
| <b>Non-current assets</b>     |                                         |                          |                                         |
| Property, plant and equipment | 11,504,628                              | (82,093)                 | 11,422,535                              |
| Deferred tax                  | 4,750,855                               | 24,628                   | 4,775,483                               |
| Total non-current assets      | 20,665,651                              | (57,465)                 | 20,608,186                              |
| <b>Total assets</b>           | 43,878,621                              | (57,465)                 | 43,821,156                              |
| <b>Net assets</b>             | 21,401,250                              | (57,465)                 | 21,343,785                              |
| <b>Equity</b>                 |                                         |                          |                                         |
| Reserves                      | (110,610)                               | (126,677)                | (237,287)                               |
| Retained profits              | 10,943,727                              | 69,212                   | 11,012,939                              |
| <b>Total equity</b>           | 21,401,250                              | (57,465)                 | 21,343,785                              |



#### Note 4. Operating segments

##### *Accounting policy for operating segments*

The operating segments are identified based on separate financial information, which is reviewed by the Board of Directors, representing the Group's Chief Operating Decision Makers ('CODM'), in assessing performance and in determining the allocation of resources.

The Group operates primarily in one operating segment, namely electrical and telecommunications infrastructure, and one geographical segment, namely Australia. As the Group operates in only one segment, the consolidated results are also its segment results.

Revenue from overseas customers is not material to the Group.

#### Note 5. Revenue

|                                              | 30 June 2023             | 30 June 2022             |
|----------------------------------------------|--------------------------|--------------------------|
|                                              | \$                       | \$                       |
| <i>Revenue from contracts with customers</i> |                          |                          |
| Sales recognised over a period of time       | 74,338,866               | 78,152,359               |
| Sales recognised at a point in time          | 3,241,664                | 3,881,097                |
|                                              | <u>77,580,530</u>        | <u>82,033,456</u>        |
| <i>Other revenue</i>                         |                          |                          |
| Rental income                                | 34,297                   | 26,919                   |
| Sundry revenue                               | 200,463                  | 265,007                  |
|                                              | <u>234,760</u>           | <u>291,926</u>           |
| Revenue                                      | <u><u>77,815,290</u></u> | <u><u>82,325,382</u></u> |

##### *Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

|                                    | 30 June 2023             | 30 June 2022             |
|------------------------------------|--------------------------|--------------------------|
|                                    | \$                       | \$                       |
| <i>Major product lines</i>         |                          |                          |
| Sale of purchased products         | 3,241,664                | 3,881,097                |
| Revenue from rendering of services | 18,300,026               | 19,560,266               |
| Revenue from manufactured products | 56,038,840               | 58,592,093               |
|                                    | <u><u>77,580,530</u></u> | <u><u>82,033,456</u></u> |

##### *Accounting policy for revenue recognition*

The Group recognises revenue as follows:

##### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. The majority of contracts with customers does not include a variable component, and if provided, do not have a significant impact on revenue.

##### *Sale of purchased products*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.



## Note 5. Revenue (continued)

### *Revenue from rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price based on a percentage of costs incurred over expected costs, or an hourly rate as the cost is incurred.

### *Revenue from manufactured products*

Revenue from contracts for the manufacturing of goods is recognised based on a percentage of completion on a cost incurred basis, including a profit margin.

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

## Note 6. Other income

|                                                       | 30 June 2023   | 30 June 2022   |
|-------------------------------------------------------|----------------|----------------|
|                                                       | \$             | \$             |
| Net foreign exchange gain                             | 2,319          | 36,566         |
| Net gain on disposal of property, plant and equipment | -              | 69,529         |
| Apprentices subsidies rebates                         | 231,356        | 266,635        |
| Government grants                                     | -              | 23,001         |
|                                                       | <u>233,675</u> | <u>395,731</u> |
| Other income                                          |                |                |

### *Accounting policy for government grants*

Government grants and subsidies are recognised as income when it is reasonably assured that the condition attached to the subsidies can be complied with and that the subsidies will or have been received.



**Note 7. Expenses**

|                                                                                                                      | 30 June 2023 | Restated*<br>30 June 2022 |
|----------------------------------------------------------------------------------------------------------------------|--------------|---------------------------|
|                                                                                                                      | \$           | \$                        |
| Profit/(loss) before income tax includes the following specific expenses:                                            |              |                           |
| <i>Depreciation</i>                                                                                                  |              |                           |
| Buildings                                                                                                            | 261,466      | 241,689                   |
| Leasehold improvements                                                                                               | 26,689       | 54,298                    |
| Plant and equipment                                                                                                  | 606,590      | 660,837                   |
| Motor vehicles                                                                                                       | 213,619      | 262,031                   |
| Buildings right-of-use assets                                                                                        | 864,664      | 836,384                   |
| Total depreciation                                                                                                   | 1,973,028    | 2,055,239                 |
| <i>Amortisation</i>                                                                                                  |              |                           |
| Development costs                                                                                                    | 153,759      | 102,509                   |
| Total depreciation and amortisation                                                                                  | 2,126,787    | 2,157,748                 |
| <i>Finance costs</i>                                                                                                 |              |                           |
| Interest and finance charges paid/payable on borrowings                                                              | 271,286      | 175,576                   |
| Interest and finance charges paid/payable on lease liabilities                                                       | 66,684       | 64,261                    |
| Finance costs expensed                                                                                               | 337,970      | 239,837                   |
| <i>Net loss on disposal</i>                                                                                          |              |                           |
| Net loss on disposal of property, plant and equipment                                                                | 89,636       | -                         |
| Net loss on derecognition of equity investment in A.T.I. Australia Holdings Pty Ltd (formerly ATI Australia Pty Ltd) | -            | 41,697                    |
| Net loss on derecognition of subsidiaries                                                                            | -            | 89,201                    |
| Net loss on disposal of right-of-use assets                                                                          | 57,324       | 40,719                    |
| <i>Superannuation expense</i>                                                                                        |              |                           |
| Defined contribution superannuation expense                                                                          | 2,307,106    | 2,163,623                 |
| <i>Share-based payments expense</i>                                                                                  |              |                           |
| Share-based payments expense                                                                                         | 12,101       | 3,063                     |
| <i>Research costs</i>                                                                                                |              |                           |
| Research costs                                                                                                       | 16,393       | 92,151                    |
| <i>Write off/(Write back) of assets</i>                                                                              |              |                           |
| Inventories                                                                                                          | 19,868       | 107,040                   |
| Bad and doubtful debts                                                                                               | 20,538       | (105,095)                 |

\* Refer to note 3 for detailed information on Restatement of comparatives.

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**Note 8. Income tax**

|                                                                                      | 30 June 2023<br>\$ | Restated*<br>30 June 2022<br>\$ |
|--------------------------------------------------------------------------------------|--------------------|---------------------------------|
| <i>Income tax expense</i>                                                            |                    |                                 |
| Deferred tax                                                                         | (1,897,527)        | (803,141)                       |
| Adjustment recognised for prior periods                                              | 5,068              | 9,991                           |
|                                                                                      | <u>(1,892,459)</u> | <u>(793,150)</u>                |
| <i>Aggregate income tax benefit</i>                                                  |                    |                                 |
|                                                                                      | <u>(1,892,459)</u> | <u>(793,150)</u>                |
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>  |                    |                                 |
| Profit/(loss) before income tax benefit                                              | 3,904,663          | (2,606,747)                     |
| Tax at the statutory tax rate of 30%                                                 | 1,171,399          | (782,024)                       |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: |                    |                                 |
| Share-based payments                                                                 | 3,630              | 919                             |
| Other non-allowable items                                                            | 99,112             | 43,652                          |
| Share of net profits of associates                                                   | -                  | (65,688)                        |
| Tax losses recognised                                                                | (3,171,668)        | -                               |
|                                                                                      | <u>(1,897,527)</u> | <u>(803,141)</u>                |
| Adjustment recognised for prior periods                                              | 5,068              | 9,991                           |
|                                                                                      | <u>(1,892,459)</u> | <u>(793,150)</u>                |
| Income tax benefit                                                                   |                    |                                 |
|                                                                                      | <u>(1,892,459)</u> | <u>(793,150)</u>                |

Refer to note 3 for detailed information on the Restatement of comparatives.

|                                                                              | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|------------------------------------------------------------------------------|--------------------|--------------------|
| <i>Unused tax losses for which no deferred tax asset has been recognised</i> |                    |                    |
| Opening Balance                                                              | 10,572,227         | 10,572,227         |
| Additional tax losses identified                                             | 10,682,010         | -                  |
| Recognised as a deferred tax asset                                           | (10,572,227)       | -                  |
| Tax losses not recognised                                                    | <u>10,682,010</u>  | <u>10,572,227</u>  |
| Tax losses - potential tax benefit @ 30%                                     | <u>3,204,603</u>   | <u>3,171,668</u>   |

These tax losses can only be utilised in the future if the continuity of ownership test is passed and the same business tests are passed.

The above potential tax benefit for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain. The unrecognised tax losses include \$2,534,236 of transferred tax losses, which can only reduce taxable income at a rate of 5.0% for any income year.

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**Note 8. Income tax (continued)**

|                                                                     | 30 June 2023<br>\$ | Restated*<br>30 June 2022<br>\$ |
|---------------------------------------------------------------------|--------------------|---------------------------------|
| <i>Deferred tax asset</i>                                           |                    |                                 |
| Deferred tax asset comprises temporary differences attributable to: |                    |                                 |
| Amounts recognised in profit or loss:                               |                    |                                 |
| Tax losses carried forward                                          | 3,951,818          | 4,098,998                       |
| R&D tax offsets carried forward                                     | 2,215,605          | -                               |
| Employee benefits                                                   | 1,041,169          | 1,015,361                       |
| Provisions                                                          | 14,588             | 15,131                          |
| Accrued expenses                                                    | 71,794             | 86,583                          |
| Trade receivables                                                   | 14,170             | 42,474                          |
| Property, plant and equipment                                       | (2,089,036)        | (532,220)                       |
| Inventories                                                         | 32,956             | 49,156                          |
| Deferred tax asset                                                  | <u>5,253,064</u>   | <u>4,775,483</u>                |
| Movements:                                                          |                    |                                 |
| Opening balance                                                     | 4,775,483          | 3,992,313                       |
| Credited to profit or loss                                          | 1,897,526          | 803,141                         |
| Charged to equity                                                   | (1,414,877)        | -                               |
| Additions through business combinations (note 33)                   | -                  | (11,200)                        |
| Adjustments recognised for prior periods                            | <u>(5,068)</u>     | <u>(8,771)</u>                  |
| Closing balance                                                     | <u>5,253,064</u>   | <u>4,775,483</u>                |

\* Refer to note 3 for detailed information on the Restatement of comparatives.

The recoverability of the deferred tax assets has been reassessed using the probable cash flow projections. The Company believes that future taxable amounts will be available to utilise the temporary differences and tax losses.

|                                 | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|---------------------------------|--------------------|--------------------|
| <i>Provision for income tax</i> |                    |                    |
| Provision for income tax        | <u>-</u>           | <u>190,916</u>     |

The prior year's provision for income tax relates to the pre-acquisition income tax attributable to ATI Australia Pty Ltd.

**Accounting policy for income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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



## Note 8. Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group, arising under the joint and several liability provisions of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

### Tax Consolidation

The parent entity and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group. This means that:

- each entity recognises its own current and deferred tax amounts in respect of the transactions, events and balances of the entity.
- the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

## Note 9. Cash and cash equivalents

|                       | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|-----------------------|--------------------|--------------------|
| <i>Current assets</i> |                    |                    |
| Cash on hand          | 1,000              | 1,021              |
| Cash at bank          | 4,944,788          | 2,638,394          |
|                       | <u>4,945,788</u>   | <u>2,639,415</u>   |

### Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

## Note 10. Trade and other receivables

|                                            | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|--------------------------------------------|--------------------|--------------------|
| <i>Current assets</i>                      |                    |                    |
| Receivables from contracts with customers  | 11,590,617         | 11,919,336         |
| Less: Allowance for expected credit losses | (47,232)           | (140,995)          |
|                                            | <u>11,543,385</u>  | <u>11,778,341</u>  |
| Other receivables                          | 79,581             | 41,687             |
| Income tax refund due                      | 17,587             | -                  |
|                                            | <u>11,640,553</u>  | <u>11,820,028</u>  |

### Allowance for expected credit losses

The Group has recognised a loss of \$20,538 (2022: gain \$105,095) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.



## Note 10. Trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

|                       | Expected credit loss rate |              | Carrying amount   |                   | Allowance for expected credit losses |                |
|-----------------------|---------------------------|--------------|-------------------|-------------------|--------------------------------------|----------------|
|                       | 30 June 2023              | 30 June 2022 | 30 June 2023      | 30 June 2022      | 30 June 2023                         | 30 June 2022   |
|                       | %                         | %            | \$                | \$                | \$                                   | \$             |
| Not overdue           | 0.04%                     | 0.04%        | 9,505,814         | 9,447,591         | 3,802                                | 3,779          |
| 1 month overdue       | 0.14%                     | 0.14%        | 1,657,071         | 1,594,560         | 2,320                                | 2,232          |
| 2 months overdue      | 1.05%                     | 1.17%        | 236,429           | 161,864           | 2,483                                | 1,894          |
| 3 months overdue      | 3.29%                     | 3.33%        | 98,337            | 509,784           | 3,235                                | 16,976         |
| 4 to 6 months overdue | 11.43%                    | 16.17%       | 154,855           | 156,400           | 17,700                               | 25,290         |
| over 6 months overdue | 100.00%                   | 100.00%      | 17,692            | 90,824            | 17,692                               | 90,824         |
|                       |                           |              | <u>11,670,198</u> | <u>11,961,023</u> | <u>47,232</u>                        | <u>140,995</u> |

Movements in the allowance for expected credit losses are as follows:

|                                                          | 30 June 2023  | 30 June 2022   |
|----------------------------------------------------------|---------------|----------------|
|                                                          | \$            | \$             |
| Opening balance                                          | 140,995       | 40,979         |
| Additional provisions recognised                         | -             | 105,095        |
| Receivables written off during the year as uncollectable | (18,496)      | (5,079)        |
| Unused amounts reversed                                  | (75,267)      | -              |
| Closing balance                                          | <u>47,232</u> | <u>140,995</u> |

The Company has maintained its monitoring of debt recovery resulting in a slight decrease in the expected credit losses as at 30 June 2023 in each category up to 2 months overdue. The Company continues to improve its client mix in dealing with larger reputable companies, coupled with a low level of receivables written off during the last five years.

### Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Note 11. Contract assets

|                                                  | 30 June 2023     | 30 June 2022     |
|--------------------------------------------------|------------------|------------------|
|                                                  | \$               | \$               |
| Current assets                                   |                  |                  |
| Contract assets                                  | <u>4,632,602</u> | <u>5,258,291</u> |
| Contract assets transferred to trade receivables | <u>5,258,291</u> | <u>6,816,903</u> |

The Group has an unconditional right to consideration upon meeting specific contractual obligations as part of various contracts within an original expected duration of one year or less. Contract assets have no exposure to credit losses.

### Accounting policy for contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.



## Note 12. Inventories

|                                | 30 June 2023            | 30 June 2022            |
|--------------------------------|-------------------------|-------------------------|
|                                | \$                      | \$                      |
| <i>Current assets</i>          |                         |                         |
| Raw materials                  | 774,991                 | 880,644                 |
| Less: Provision for impairment | -                       | (54,000)                |
|                                | <u>774,991</u>          | <u>826,644</u>          |
| Work in progress - at cost     | <u>5,451</u>            | <u>45,371</u>           |
| Finished goods                 | 1,841,066               | 1,788,135               |
| Less: Provision for impairment | (109,853)               | (109,853)               |
|                                | <u>1,731,213</u>        | <u>1,678,282</u>        |
|                                | <u><u>2,511,655</u></u> | <u><u>2,550,297</u></u> |

### Accounting policy for inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'weighted average costs' basis. Cost comprises of direct materials and delivery costs, direct labour, and import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Finished goods are stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates, and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Note 13. Other assets

|                           | 30 June 2023            | 30 June 2022            |
|---------------------------|-------------------------|-------------------------|
|                           | \$                      | \$                      |
| <i>Current assets</i>     |                         |                         |
| Prepayments               | 914,099                 | 832,988                 |
| Security deposits         | 17,882                  | 12,436                  |
| Other current assets      | <u>93,997</u>           | <u>99,515</u>           |
|                           | <u>1,025,978</u>        | <u>944,939</u>          |
| <i>Non-current assets</i> |                         |                         |
| Security deposits         | 12,767                  | 17,350                  |
| Other non-current assets  | <u>-</u>                | <u>55,375</u>           |
|                           | <u>12,767</u>           | <u>72,725</u>           |
|                           | <u><u>1,038,745</u></u> | <u><u>1,017,664</u></u> |

## Note 14. Investments accounted for using the equity method

### Interests in associates

Interests in associates are accounted for using the equity method of accounting. The Group acquired the remaining 60% of A.T.I. Australia Holdings Pty Ltd (ATA) (formerly ATI Australia Pty Ltd) on 15 November 2021. Information relating to associates prior to its full acquisition that are material to the Group are set out below.

ATA is an engineering-led business that designs, constructs and supports enterprise-level, wireless telecommunication systems. The business holds a carrier license and provides systems integration services and solar and battery power systems for telecommunication systems. The Company's investment in ATA is driven by the trend towards increasing digitisation of electrical infrastructure and the recognition that data communication is a vital component of this trend.



#### Note 14. Investments accounted for using the equity method (continued)

The following table summarises the financial information of ATA and its subsidiaries as included in its own financial statements, adjusted for fair value adjustments at acquisition. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in ATA. The information for 2022 presented in the table includes the results from 1 July 2021 to 15 November 2021, i.e. up to the of purchasing the remaining 60% in ATA.

##### Summarised financial information

|                                                                               | <b>A.T.I. Australia Holdings Pty Ltd</b> |                     |
|-------------------------------------------------------------------------------|------------------------------------------|---------------------|
|                                                                               | <b>30 June 2023</b>                      | <b>30 June 2022</b> |
|                                                                               | <b>\$</b>                                | <b>\$</b>           |
| <i>Summarised statement of profit or loss and other comprehensive income</i>  |                                          |                     |
| Revenue                                                                       | -                                        | 4,566,537           |
| Expenses                                                                      | -                                        | (3,807,371)         |
| Profit before income tax                                                      | -                                        | 759,166             |
| Income tax expense                                                            | -                                        | (211,768)           |
| Profit after income tax                                                       | -                                        | 547,398             |
| Other comprehensive income                                                    | -                                        | -                   |
| Total comprehensive income                                                    | -                                        | 547,398             |
| <i>Reconciliation of the Group's carrying amount</i>                          |                                          |                     |
| Opening carrying amount                                                       | -                                        | 1,215,950           |
| Share of profit after income tax                                              | -                                        | 218,959             |
| Derecognition upon the acquisition of remaining 60% interest in ATA (note 33) | -                                        | (1,393,212)         |
| Loss on derecognition of equity investment                                    | -                                        | (41,697)            |
| Closing carrying amount                                                       | -                                        | -                   |

##### Accounting policy for associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.



## Note 15. Right-of-use assets

|                                   | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|-----------------------------------|--------------------|--------------------|
| <i>Non-current assets</i>         |                    |                    |
| Land and buildings - right-of-use | 3,253,479          | 3,793,511          |
| Less: Accumulated depreciation    | <u>(1,644,363)</u> | <u>(1,308,101)</u> |
|                                   | <u>1,609,116</u>   | <u>2,485,410</u>   |

The Group leases land and buildings for its offices and warehouses under agreements of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

|                         | Land and<br>Buildings<br>\$ |
|-------------------------|-----------------------------|
| Balance at 1 July 2022  | 2,485,410                   |
| Additions               | 219,253                     |
| Disposals               | (230,883)                   |
| Depreciation expense    | <u>(864,664)</u>            |
| Balance at 30 June 2023 | <u>1,609,116</u>            |

### Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.



**Note 16. Property, plant and equipment**

|                                      | 30 June 2023             | Restated*<br>30 June 2022 |
|--------------------------------------|--------------------------|---------------------------|
|                                      | \$                       | \$                        |
| <i>Non-current assets</i>            |                          |                           |
| Land - at independent valuation      | 4,250,000                | -                         |
| Land - at cost                       | -                        | 1,363,099                 |
|                                      | <u>4,250,000</u>         | <u>1,363,099</u>          |
| Buildings - at independent valuation | 8,150,000                | -                         |
| Buildings - at cost                  | -                        | 7,249,223                 |
| Less: Accumulated depreciation       | (59,606)                 | (826,015)                 |
|                                      | <u>8,090,394</u>         | <u>6,423,208</u>          |
| Leasehold improvements - at cost     | 264,596                  | 252,456                   |
| Less: Accumulated depreciation       | (155,996)                | (152,755)                 |
|                                      | <u>108,600</u>           | <u>99,701</u>             |
| Plant and equipment - at cost        | 7,021,945                | 6,392,305                 |
| Less: Accumulated depreciation       | (4,317,817)              | (3,970,213)               |
|                                      | <u>2,704,128</u>         | <u>2,422,092</u>          |
| Motor vehicles - at cost             | 1,337,651                | 1,101,305                 |
| Less: Accumulated depreciation       | (765,982)                | (595,141)                 |
|                                      | <u>571,669</u>           | <u>506,164</u>            |
| Capital Work in Progress             | <u>64,809</u>            | <u>608,271</u>            |
|                                      | <u><u>15,789,600</u></u> | <u><u>11,422,535</u></u>  |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|                                                   | Land                    | Buildings               | Leasehold<br>improve-<br>ments | Plant and<br>equipment* | Motor<br>vehicles     | Capital<br>Work in<br>Progress | Restated<br>Total        |
|---------------------------------------------------|-------------------------|-------------------------|--------------------------------|-------------------------|-----------------------|--------------------------------|--------------------------|
|                                                   | \$                      | \$                      | \$                             | \$                      | \$                    | \$                             | \$                       |
| Balance at 1 July 2021                            | 1,363,099               | 6,651,404               | 92,114                         | 2,749,909               | 684,631               | 184,618                        | 11,725,775               |
| Additions                                         | -                       | 13,493                  | 25,051                         | 247,096                 | 218,975               | 469,968                        | 974,583                  |
| Additions through business combinations (note 33) | -                       | -                       | 20,086                         | 73,682                  | 64,368                | -                              | 158,136                  |
| Disposals                                         | -                       | -                       | -                              | (15,375)                | (199,779)             | (1,950)                        | (217,104)                |
| Transfers in/(out)                                | -                       | -                       | 16,748                         | 27,617                  | -                     | (44,365)                       | -                        |
| Depreciation expense                              | -                       | (241,689)               | (54,298)                       | (660,837)               | (262,031)             | -                              | (1,218,855)              |
| Balance at 30 June 2022                           | 1,363,099               | 6,423,208               | 99,701                         | 2,422,092               | 506,164               | 608,271                        | 11,422,535               |
| Additions                                         | -                       | 99,297                  | 48,044                         | 396,807                 | 303,967               | 64,809                         | 912,924                  |
| Disposals                                         | -                       | -                       | (12,456)                       | (100,455)               | (24,843)              | -                              | (137,754)                |
| Revaluation increments                            | 2,886,901               | 1,829,355               | -                              | -                       | -                     | -                              | 4,716,256                |
| Capital investment grant                          | -                       | -                       | -                              | (15,997)                | -                     | -                              | (15,997)                 |
| Transfers in/(out)                                | -                       | -                       | -                              | 608,271                 | -                     | (608,271)                      | -                        |
| Depreciation expense                              | -                       | (261,466)               | (26,689)                       | (606,590)               | (213,619)             | -                              | (1,108,364)              |
| Balance at 30 June 2023                           | <u><u>4,250,000</u></u> | <u><u>8,090,394</u></u> | <u><u>108,600</u></u>          | <u><u>2,704,128</u></u> | <u><u>571,669</u></u> | <u><u>64,809</u></u>           | <u><u>15,789,600</u></u> |

\* Refer to note 3 for detailed information on Restatement of comparatives.



## Note 16. Property, plant and equipment (continued)

### *Change in accounting policy*

The Group has changed its accounting policy to recognise land and buildings from cost to fair value. The property located at 3 Gidgie Court, Edinburgh, SA, was purchased in June 2021 and initially recognised at cost, which closely represented fair value. The change to fair value accounting is intended to provide more accurate and relevant information about the assets' current market value.

As a result of the change in accounting policy, the carrying value of the Group's land and building assets has been adjusted to their fair value on 17 April 2023, the valuation date. This adjustment will result in an increase in the value of these assets on the balance sheet. Additionally, the Group will record a corresponding increase in the revaluation reserve and deferred tax liability.

The land and buildings were revalued on 17 April 2023 based on independent assessments by a member of the Australian Property Institute, having recent experience in the location and category of land and buildings being valued. The directors do not believe a material movement in fair value has occurred since the valuation date.

The valuation was based on the Capitalisation of Net Market Income approach, which applies a yield to the property's income to assess its value less any required capital expenditure. This approach comprises estimates of sustainable net income, capitalisation rate and capital adjustments for non-recurring items.

- The sustainable net income was determined by comparing the property with the market rental evidence for similar properties. A rental rate of \$100/m<sup>2</sup> was adopted, reflecting the midpoint of the rental range for similar properties.
- The capitalisation rate was determined by comparing the yield of recent sales of properties with the characteristics of the property. A rate of 6.5% was adopted, which reflects a higher average rate observed for similar properties, but reflects a suitable capitalisation rate for the property in the current market conditions.

The estimated market value is derived by multiplying the gross lettable areas with the sustainable net income rate and dividing it by the capitalisation rate. The estimated market value would increase if the market yield was lower and the potential rental rate was higher.

Refer to note 27 for further information on fair value measurement.

### *Accounting policy for property, plant and equipment*

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

|                     |            |
|---------------------|------------|
| Buildings           | 30 years   |
| Plant and equipment | 3-20 years |
| Motor vehicles      | 5-10 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter. The remaining lease terms range between 2 and 3 years.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Government grants relating to assets are deducted from the carrying amount of those assets.



## Note 17. Intangibles

|                                | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|--------------------------------|--------------------|--------------------|
| <i>Non-current assets</i>      |                    |                    |
| Goodwill - at cost             | 1,390,742          | 1,390,742          |
| Development - at cost          | 563,800            | 563,800            |
| Less: Accumulated amortisation | (256,268)          | (102,509)          |
|                                | 307,532            | 461,291            |
|                                | <u>1,698,274</u>   | <u>1,852,033</u>   |

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 4-year projection period approved by the board and extrapolated for a further year using a steady 3% rate, together with a terminal value.

For the purpose of impairment testing, \$307,337 of goodwill relates to Mayfield Services Pty Ltd, \$210,576 to Walker Control Pty Ltd and \$872,828 to ATI Australia Pty Ltd, and they are separate cash-generating units. Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive.

The following key assumptions were used in the discounted cash flow models:

- Pre-tax discount rates: Mayfield Services 25.6% (2022: 21.8%), Walker Control 27.4% (2022: 23.6%), and ATI Australia 27.8% (2022: 21%);
- 3.0% (2022: 2.0%) per annum revenue and terminal value growth rate;
- Labour can be sourced and increases in labour cost can be recovered from customers;
- There is no significant delay in equipment and materials, and increases in costs can be recovered from customers; and
- Margins achieved on current contracts are sustainable in the current economic climate.

The discount rates reflect the board's estimate of the time value of money, each entity's weighted average cost of capital, and the risk-free rate. Mayfield believes the projected 3.0% revenue growth rate is prudent and justified, based on the general slowing in the market. Based on the calculation, it is not reasonably possible that a change in key assumptions would result in the carrying amount being exceeded.

### Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill 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. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### Research and development

Research costs are expensed in the period in which they are incurred. Development costs for a battery management system are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

## Note 18. Trade and other payables

|                               | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|-------------------------------|--------------------|--------------------|
| <i>Current liabilities</i>    |                    |                    |
| Trade payables                | 2,834,872          | 3,191,279          |
| Sundry creditors and accruals | 3,075,588          | 1,804,488          |
|                               | <u>5,910,460</u>   | <u>4,995,767</u>   |

Refer to note 26 for further information on financial instruments.



## Note 18. Trade and other payables (continued)

### Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## Note 19. Contract liabilities

|                                          | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|------------------------------------------|--------------------|--------------------|
| <i>Current liabilities</i>               |                    |                    |
| Contract liabilities                     | <u>6,285,560</u>   | <u>5,560,947</u>   |
| Contract liabilities transfer to revenue | 5,560,947          | 3,492,231          |

Unsatisfied performance obligations are part of various contracts with an original expected duration of one year or less.

### Accounting policy for contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

## Note 20. Borrowings

|                                | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|--------------------------------|--------------------|--------------------|
| <i>Current liabilities</i>     |                    |                    |
| Equipment finance loans        | <u>147,201</u>     | <u>257,450</u>     |
| <i>Non-current liabilities</i> |                    |                    |
| Bank loans                     | 1,697,500          | 5,197,500          |
| Equipment finance loans        | <u>207,673</u>     | <u>354,869</u>     |
|                                | <u>1,905,173</u>   | <u>5,552,369</u>   |
|                                | <u>2,052,374</u>   | <u>5,809,819</u>   |

Refer to note 26 for further information on financial instruments.

### Total secured liabilities

The total secured liabilities are as follows:

|                         | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|-------------------------|--------------------|--------------------|
| Equipment finance loans | 354,874            | 612,319            |
| Bank loan               | <u>1,697,500</u>   | <u>5,197,500</u>   |
|                         | <u>2,052,374</u>   | <u>5,809,819</u>   |

### Assets pledged as security

The bank overdraft and equipment finance loans are secured by a first-ranking general security interest over the Group's property.



## Note 20. Borrowings (continued)

### Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

|                              | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|------------------------------|--------------------|--------------------|
| Total facilities             |                    |                    |
| Bank overdraft               | 3,000,000          | 3,000,000          |
| Bank loans                   | 5,197,500          | 5,197,500          |
| Bank guarantees              | 9,000,000          | 12,360,970         |
| Equipment finance            | 3,000,000          | 3,000,000          |
|                              | <u>20,197,500</u>  | <u>23,558,470</u>  |
| Used at the reporting date   |                    |                    |
| Bank overdraft               | -                  | -                  |
| Bank loans                   | 1,697,500          | 5,197,500          |
| Bank guarantees              | 6,927,330          | 8,950,713          |
| Equipment finance            | 354,874            | 612,319            |
|                              | <u>8,979,704</u>   | <u>14,760,532</u>  |
| Unused at the reporting date |                    |                    |
| Bank overdraft               | 3,000,000          | 3,000,000          |
| Bank loans                   | 3,500,000          | -                  |
| Bank guarantees              | 2,072,670          | 3,410,257          |
| Equipment finance            | 2,645,126          | 2,387,681          |
|                              | <u>11,217,796</u>  | <u>8,797,938</u>   |

The bank loan is a 3-year variable interest-only loan secured by the first registered mortgage over the property located at 3 Gidgie Court, Edinburgh, South Australia and was repayable on 21 June 2024. The loan was extended in June 2023 for a further 2 years, with a termination date of 31 July 2025.

Bank overdraft is repayable on demand.

In the course of providing goods and services to its customers, the group provides performance and latent defect bank guarantees to third parties. The Group has not had any claims against bank guarantees in the current or prior year up to the signing date of this financial report. The potential exposure is treated as a contingent liability.

Equipment finance loans have loan repayments periods between 2 and 5 years with fixed interest rates established at the commencement of the term.

The current facilities are subject to financial and non-financial covenants.

At 30 June 2023, the corporate entity has an unlimited interlocking corporate Guarantee and Indemnity between its Australian members of the Group.

### Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.



## Note 21. Lease liabilities

|                                | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|--------------------------------|--------------------|--------------------|
| <i>Current liabilities</i>     |                    |                    |
| Lease liability                | 881,635            | 1,065,654          |
| <i>Non-current liabilities</i> |                    |                    |
| Lease liability                | 922,987            | 1,675,988          |
|                                | <u>1,804,622</u>   | <u>2,741,642</u>   |

### Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Note 22. Provisions

|                                | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|--------------------------------|--------------------|--------------------|
| <i>Current liabilities</i>     |                    |                    |
| Employee benefits              | 3,047,223          | 3,005,142          |
| Warranties                     | 45,993             | 41,248             |
|                                | <u>3,093,216</u>   | <u>3,046,390</u>   |
| <i>Non-current liabilities</i> |                    |                    |
| Employee benefits              | 168,883            | 131,890            |
|                                | <u>3,262,099</u>   | <u>3,178,280</u>   |

The aggregate employee benefits liability is \$3,216,106 (2022: \$3,137,032)

### Warranties

The provision represents the estimated warranty claims in respect of sales of products and services which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts. It is expected that the majority of this expenditure will be incurred in the next annual reporting period, and all will be incurred within two years of the reporting date.



## Note 22. Provisions (continued)

### Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

|                                          | Warranty provisions<br>\$ |
|------------------------------------------|---------------------------|
| <b>30 June 2023</b>                      |                           |
| Carrying amount at the start of the year | 41,248                    |
| Additional provisions recognised         | 4,745                     |
| Carrying amount at the end of the year   | <u>45,993</u>             |

### Accounting policy for provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Accounting policy for employee benefits

#### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

## Note 23. Issued capital

|                              | 30 June 2023<br>Shares | 30 June 2022<br>Shares | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|------------------------------|------------------------|------------------------|--------------------|--------------------|
| Ordinary shares - fully paid | <u>90,567,620</u>      | <u>90,585,894</u>      | <u>10,561,189</u>  | <u>10,568,133</u>  |

### Movements in ordinary share capital

| Details                                                                                                          | Date             | Shares            | Issue price    | \$                |
|------------------------------------------------------------------------------------------------------------------|------------------|-------------------|----------------|-------------------|
| Balance                                                                                                          | 1 July 2021      | 85,365,883        |                | 8,278,715         |
| Shares issued for the full acquisition of Walker Control Pty Ltd (a)                                             | 30 July 2021     | 207,916           | \$0.480        | 99,800            |
| Shares issued for the full acquisition of A.T.I. Australia Holdings Pty Ltd (formerly ATI Australia Pty Ltd) (b) | 15 November 2021 | 4,804,179         | \$0.435        | 2,089,818         |
| Shares issued for the full acquisition of Walker Control Pty Ltd (a)                                             | 24 March 2022    | <u>207,916</u>    | <u>\$0.480</u> | <u>99,800</u>     |
| Balance                                                                                                          | 30 June 2022     | 90,585,894        |                | 10,568,133        |
| Share buy-back                                                                                                   |                  | <u>(18,274)</u>   | <u>\$0.380</u> | <u>(6,944)</u>    |
| Balance                                                                                                          | 30 June 2023     | <u>90,567,620</u> |                | <u>10,561,189</u> |



## Note 23. Issued capital (continued)

- (a) On 27 January 2021, the Company issued 623,750 shares at \$0.48 per share, representing 60% of the consideration to purchase the remaining 35% minority interest in Walker Control Pty Ltd. On 30 July 2021 a further 207,916 shares at \$0.48 were issued, with the remaining 207,916 shares issued on 24 March 2022 at \$0.48 per share.
- (b) On 15 November 2021, the Company issued 4,804,179 fully paid ordinary shares at \$0.435 per share for the acquisition of the remaining 60% of A.T.I. Australia Holdings Pty Ltd.

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### Share buy-back

The Company has established an on-market share buy-back scheme under which it may buy-back up to 10% of the Company's issued share capital over the next 12 months. The objective of the buy-back scheme is capital management.

### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

### Accounting policy for issued capital

Ordinary shares are classified as equity.

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

## Note 24. Reserves

|                              | 30 June 2023     | Restated*<br>30 June 2022 |
|------------------------------|------------------|---------------------------|
|                              | \$               | \$                        |
| Revaluation surplus reserve  | 3,301,379        | -                         |
| Share-based payments reserve | 778,901          | 766,800                   |
| Restructure reserve          | (1,004,087)      | (1,004,087)               |
|                              | <u>3,076,193</u> | <u>(237,287)</u>          |

\* Refer to note 3 for detailed information on the Restatement of comparatives.

### Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.



## Note 24. Reserves (continued)

### *Restructure reserve*

During the prior year, an adjustment to the restructure reserve was recognised following the purchase of the remaining minority interest in Walker Control. The reserve is used to record equity restructures, including common control combinations and minority interest acquisitions.

## Note 25. Dividends

### *Dividends*

Dividends paid during the financial year were as follows:

|                                                                                   | 30 June 2023 | 30 June 2022 |
|-----------------------------------------------------------------------------------|--------------|--------------|
|                                                                                   | \$           | \$           |
| Interim dividend for the year ended 30 June 2023 of 0.71 cents per ordinary share | 643,161      | -            |

On 20 July 2023, the directors declared a final dividend for the year ended 30 June 2023 of 1.00 cents per ordinary share which was paid on 14 August 2023. A total distribution of \$905,676 was made based on the number of ordinary shares on issue at 27 July 2023. The dividend payment was fully franked.

### *Franking credits*

|                                                                                                                                    | 30 June 2023 | 30 June 2022 |
|------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                                                    | \$           | \$           |
| Franking credits available at the reporting date based on a tax rate of 30%                                                        | 9,757,092    | 10,032,732   |
| Franking credits available for subsequent financial years based on a tax rate of 30%                                               | 9,757,092    | 10,032,732   |
| Franking debits that will arise from the payment of dividends declared subsequent to the reporting date based on a tax rate of 30% | (388,286)    | -            |
| Net franking credits available based on a tax rate of 30%                                                                          | 9,368,806    | 10,032,732   |

### *Accounting policy for dividends*

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

## Note 26. Financial instruments

### *Financial risk management objectives*

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units and reports to the Board on a regular basis.

### *Market risk*

#### *Foreign currency risk*

The Group purchases inventory and equipment denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.



## Note 26. Financial instruments (continued)

To protect against exchange rate movements, the Group's policy is to enter into foreign exchange contracts for all exposures greater than \$100,000. The Group does not have a material foreign currency exposure at the reporting date, and there were no outstanding forward exchange contracts.

The Group did not maintain any derivative instruments at the end of the current or prior financial years.

### Price risk

The Group is not exposed to any significant price risk.

### Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

|                                              | 30 June 2023                         |                  | 30 June 2022                         |                  |
|----------------------------------------------|--------------------------------------|------------------|--------------------------------------|------------------|
|                                              | Weighted<br>average<br>interest rate | Balance          | Weighted<br>average<br>interest rate | Balance          |
|                                              | %                                    | \$               | %                                    | \$               |
| Bank loans secured by mortgage               | 6.72%                                | 1,697,500        | 2.72%                                | 5,197,500        |
| Equipment finance loans                      | 2.81%                                | 354,874          | 2.68%                                | 612,319          |
| Net exposure to cash flow interest rate risk |                                      | <u>2,052,374</u> |                                      | <u>5,809,819</u> |

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the Group the bank loan outstanding, totalling \$1,697,500 (2022: \$5,197,500), is an interest-only loan. Monthly cash outlays of approximately \$15,266 (2022: \$11,801) per month are required to service the interest payments. An official increase/decrease in interest rates of 3.0% (2022: 3.0%) would have an adverse/favourable effect on profit before tax of \$50,925 (2022: \$155,925) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Equipment finance loans have fixed interest rates.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience and historical collection rates.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to two months. The group has maintained its monitoring of debt recovery resulting in a decrease in the expected credit losses for the category up to 2 months overdue as at 30 June 2023.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Credit risk related to balances with banks and other financial institutions is held with counterparties with a Standard and Poor's rating of at least a BBB rating.

### Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.



## Note 26. Financial instruments (continued)

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| 30 June 2023                         | Weighted<br>average<br>interest rate<br>% | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5 years<br>\$ | Remaining<br>contractual<br>maturities<br>\$ |
|--------------------------------------|-------------------------------------------|----------------------|--------------------------------|--------------------------------|--------------------|----------------------------------------------|
| <b>Non-derivatives</b>               |                                           |                      |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>          |                                           |                      |                                |                                |                    |                                              |
| Trade payables                       | -                                         | 2,834,872            | -                              | -                              | -                  | 2,834,872                                    |
| Other payables                       | -                                         | 3,075,588            | -                              | -                              | -                  | 3,075,588                                    |
| <i>Interest-bearing - variable</i>   |                                           |                      |                                |                                |                    |                                              |
| Bank loans                           | 6.72%                                     | 185,737              | 1,883,237                      | -                              | -                  | 2,068,974                                    |
| <i>Interest-bearing - fixed rate</i> |                                           |                      |                                |                                |                    |                                              |
| Lease liability                      | 2.86%                                     | 919,152              | 632,478                        | 310,078                        | -                  | 1,861,708                                    |
| Equipment finance loans              | 2.81%                                     | 264,749              | 188,000                        | 93,999                         | -                  | 546,748                                      |
| Total non-derivatives                |                                           | 7,280,098            | 2,703,715                      | 404,077                        | -                  | 10,387,890                                   |
| 30 June 2022                         | Weighted<br>average<br>interest rate<br>% | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5 years<br>\$ | Remaining<br>contractual<br>maturities<br>\$ |
| <b>Non-derivatives</b>               |                                           |                      |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>          |                                           |                      |                                |                                |                    |                                              |
| Trade payables                       | -                                         | 3,191,279            | -                              | -                              | -                  | 3,191,279                                    |
| Other payables                       | -                                         | 1,804,488            | -                              | -                              | -                  | 1,804,488                                    |
| <i>Interest-bearing - variable</i>   |                                           |                      |                                |                                |                    |                                              |
| Bank loans                           | 2.72%                                     | 141,372              | 5,338,872                      | -                              | -                  | 5,480,244                                    |
| <i>Interest-bearing - fixed rate</i> |                                           |                      |                                |                                |                    |                                              |
| Lease liability                      | 2.68%                                     | 430,199              | 264,749                        | 281,999                        | -                  | 976,947                                      |
| Equipment finance loans              | 3.30%                                     | 1,120,420            | 888,672                        | 795,335                        | -                  | 2,804,427                                    |
| Total non-derivatives                |                                           | 6,687,758            | 6,492,293                      | 1,077,334                      | -                  | 14,257,385                                   |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.



## Note 27. Fair value measurement

### Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

|                     | Level 1 | Level 2 | Level 3    | Total      |
|---------------------|---------|---------|------------|------------|
|                     | \$      | \$      | \$         | \$         |
| <b>30 June 2023</b> |         |         |            |            |
| Assets              |         |         |            |            |
| Land and buildings  | -       | -       | 12,340,394 | 12,340,394 |
| Total assets        | -       | -       | 12,340,394 | 12,340,394 |

**30 June 2022:** Refer to note 3 for detailed information on the Restatement of comparatives.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

### Valuation techniques for fair value measurements categorised within level 3

The basis of the valuation of land and buildings is fair value. The land and buildings were valued on 17 April 2023 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

### Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

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## Note 28. Key management personnel disclosures

### Compensation

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

|                              | 30 June 2023   | 30 June 2022   |
|------------------------------|----------------|----------------|
|                              | \$             | \$             |
| Short-term employee benefits | 606,569        | 523,298        |
| Post-employment benefits     | 43,367         | 40,104         |
| Long-term benefits           | 8,556          | 2,758          |
| Share-based payments         | 877            | -              |
| Other payments               | 3,750          | -              |
|                              | <u>663,119</u> | <u>566,160</u> |

## Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

|                                             | 30 June 2023   | 30 June 2022   |
|---------------------------------------------|----------------|----------------|
|                                             | \$             | \$             |
| <i>Audit services</i>                       |                |                |
| Audit or review of the financial statements | <u>212,583</u> | <u>144,689</u> |

## Note 30. Contingent liabilities

The group provides performance and latent defect bank guarantees to third parties. The outstanding bank guarantees as at 30 June 2023 were \$6,927,330 (30 June 2022: \$8,950,713). These bank guarantees have varying expiry dates from July 2023 to July 2029. The group has not had any claims against bank guarantees given up to the signing date of this financial report.

## Note 31. Related party transactions

### Parent entity

Mayfield Group Holdings Ltd is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 34.

### Associates

Interests in associates are set out in note 14.

### Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

### Transactions with related parties

The following transactions occurred with related parties:

|                                                     | 30 June 2023 | 30 June 2022 |
|-----------------------------------------------------|--------------|--------------|
|                                                     | \$           | \$           |
| Payment for goods and services:                     |              |              |
| Payment for services from key management personnel* | 3,750        | -            |

\* The Board approved a 'business review support' fee for services provided by AB Steele.

### Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.



## Note 31. Related party transactions (continued)

### Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

### Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

## Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

### Statement of profit or loss and other comprehensive income

|                                | Parent       |              |
|--------------------------------|--------------|--------------|
|                                | 30 June 2023 | 30 June 2022 |
|                                | \$           | \$           |
| Profit/(loss) after income tax | 2,802,015    | (150,174)    |
| Total comprehensive income     | 2,802,015    | (150,174)    |

### Statement of financial position

|                                       | Parent       |              |
|---------------------------------------|--------------|--------------|
|                                       | 30 June 2023 | 30 June 2022 |
|                                       | \$           | \$           |
| Total current assets                  | 10,720,185   | 7,451,792    |
| Total assets                          | 24,873,450   | 19,323,731   |
| Total current liabilities             | 8,168,849    | 4,797,467    |
| Total liabilities                     | 8,190,963    | 4,804,255    |
| Equity                                |              |              |
| Issued capital                        | 11,091,092   | 11,098,036   |
| Reserves                              | 4,041,024    | 4,028,923    |
| Retained profits/(accumulated losses) | 1,550,371    | (607,483)    |
| Total equity                          | 16,682,487   | 14,519,476   |

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its Australian subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

The parent guaranteed the debts of two previous New Zealand subsidiaries. These subsidiaries were placed into liquidation on 27 July 2021 and recognised due to loss of control. No deficiencies of assets exist in these subsidiaries. However, the Parent is responsible for unsettled amounts of those subsidiaries.

### Contingent liabilities

The parent provided bank guarantees to a third party. The outstanding bank guarantees as at 30 June 2023 were \$nil (30 June 2022: \$2,941,226). The group has not had any claims against these bank guarantees.

The parent entity has guaranteed, to an unrelated party, the performance of a subsidiary in relation to a contract for the supply of a switchroom. In the event of default, the terms of the contract contain will include a minimum compensation payment to the unrelated party of an amount to be determined after the completion of the design. Similarly, the fulfillment of the contract will be determined subsequent to the design being completed.

### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.



## Note 32. Parent entity information (continued)

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 33. Business combinations

### Acquisition of remaining 60% of A.T.I. Australia Holdings Pty Ltd (formerly ATI Australia Pty Ltd) - 15 November 2021

On 15 November 2021, Mayfield acquired the remaining 60% of the ordinary shares of A.T.I. Australia Holdings Pty Ltd (ATA) for the total consideration transferred of \$2,089,818. The ATA vendors are entitled to future payments if they remain employees and meet specific revenue and profit targets. The contingent obligation of \$232,686 has been accounted for as an employee expense. ATA was acquired to increase the digitisation of electrical infrastructure capability, of which data communication is a vital component. The goodwill of \$872,828 represents the expected synergies from merging this business with the electrical infrastructure business. The acquired business contributed revenues of \$6,589,778 and profit after tax of \$353,439 to the Group for the period from 15 November 2021 to 30 June 2022. If the acquisition occurred on 1 July 2021, the full-year contributions would have been revenues of \$11,156,315 and profit after tax of \$909,628. The values identified in relation to ATA acquisition are final as at 30 June 2023.

Details of the acquisition are as follows:

|                                                                    | Fair value<br>\$ |
|--------------------------------------------------------------------|------------------|
| Cash and cash equivalents                                          | 3,171,061        |
| Trade receivables                                                  | 779,425          |
| Contract assets                                                    | 1,301,750        |
| Inventories                                                        | 969,957          |
| Other current assets                                               | 106,813          |
| Plant and equipment                                                | 158,135          |
| Right-of-use assets                                                | 1,139,063        |
| Product Development                                                | 563,800          |
| Trade and other payables                                           | (928,531)        |
| Contract liabilities                                               | (954,947)        |
| Provision for income tax                                           | (379,137)        |
| Deferred tax liability                                             | (11,200)         |
| Employee benefits                                                  | (792,535)        |
| Bank loans                                                         | (1,374,389)      |
| Lease liability                                                    | (1,139,063)      |
| Net assets acquired                                                | 2,610,202        |
| Goodwill                                                           | 872,828          |
| Acquisition-date fair value of the total consideration transferred | <u>3,483,030</u> |
| Representing:                                                      |                  |
| Mayfield Group Holding Ltd shares issued to vendor                 | 2,089,818        |
| Fair value of investment in associate                              | <u>1,393,212</u> |
|                                                                    | <u>3,483,030</u> |
| Acquisition costs expensed to profit or loss                       | <u>57,978</u>    |

### Accounting policy for business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.



### Note 33. Business combinations (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

#### *Combinations between entities under common control*

Common control transactions which are business combinations involving entities that are ultimately controlled by the same parent entity are accounted for at book value.

Where the Group acquires, as part of a common control transaction, assets that meet the definition of a business, the assets and liabilities acquired are recorded using the book values included in the consolidated financial statements of the entity having the highest level within the common control group. The Group accounts for the difference between the consideration paid (including any contingent consideration) and the book value of the assets and liabilities acquired as a restructure reserve in equity. To the extent the restructure reserve is recognised against contributed equity, subsequent disposals or realisations of the relevant businesses may result in reclassification of the restructure reserve to retained earnings to reflect the realisation of assets to which the restructure reserve relates.

In the Group's financial statements, to the extent, the common control transaction occurred between entities ultimately controlled by the Company, gains and losses relating to a common control transaction are eliminated against the amount recorded in the acquirer's equity relating to the common control transaction.



#### **Note 34. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

| Name                                                               | Principal place of business / Country of incorporation | Ownership interest |              |
|--------------------------------------------------------------------|--------------------------------------------------------|--------------------|--------------|
|                                                                    |                                                        | 30 June 2023       | 30 June 2022 |
|                                                                    |                                                        | %                  | %            |
| Mayfield Industries Pty Ltd                                        | Australia                                              | 100%               | 100%         |
| ATI Australia Pty Ltd (formerly Power Parameters Pty Ltd)          | Australia                                              | 100%               | 100%         |
| Mayfield Services Pty Ltd                                          | Australia                                              | 100%               | 100%         |
| Walker Control Pty Ltd                                             | Australia                                              | 100%               | 100%         |
| Mayfield Engineering Pty Ltd                                       | Australia                                              | 100%               | 100%         |
| Mayfield Group Investments Pty Ltd                                 | Australia                                              | 100%               | 100%         |
| A.T.I. Australia Holdings Pty Ltd (formerly ATI Australia Pty Ltd) | Australia                                              | 100%               | 100%         |
| ATI Telecom Pty Ltd                                                | Australia                                              | 100%               | 100%         |
| Socius Technologies Pty Ltd                                        | Australia                                              | 100%               | 100%         |

#### **Note 35. Deed of cross guarantee**

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Mayfield Group Holdings Limited (Holding Entity)  
 Mayfield Group Investments Pty Ltd  
 Mayfield Industries Pty Ltd  
 Mayfield Services Pty Ltd  
 Walker Control Pty Ltd  
 ATI Australia Pty Ltd  
 Mayfield Engineering Pty Ltd  
 A.T.I. Australia Holdings Pty Ltd  
 ATI Telecom Pty Ltd  
 Socius Technologies Pty Ltd

\* No entities were added or removed to the deed during the current reporting period.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' reports under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Mayfield Group Holdings Ltd, they also represent the 'Extended Closed Group'.

#### **Note 36. Events after the reporting period**

On 20 July 2023, the directors declared a final dividend for the year ended 30 June 2023 of 1.00 cents per ordinary share which was paid on 14 August 2023. A total distribution of \$905,676 was made based on the number of ordinary shares on issue at 27 July 2023. The dividend paid was fully franked.

Apart from the dividend declared as disclosed in note 25, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



**Note 37. Reconciliation of profit/(loss) after income tax to net cash from operating activities**

|                                                                         | 30 June 2023     | Restated*<br>30 June 2022 |
|-------------------------------------------------------------------------|------------------|---------------------------|
|                                                                         | \$               | \$                        |
| Profit/(loss) after income tax benefit for the year                     | 5,797,122        | (1,813,597)               |
| Adjustments for:                                                        |                  |                           |
| Depreciation and amortisation                                           | 2,126,787        | 2,157,748                 |
| Net loss/(gain) on disposal of non-current assets                       | 147,306          | (28,910)                  |
| Share of profit - associates                                            | -                | (218,959)                 |
| Share-based payments                                                    | 12,101           | 3,063                     |
| Net loss on derecognition of subsidiary                                 | -                | 89,201                    |
| Net loss on derecognition of equity investment in ATI Australia Pty Ltd | -                | 41,697                    |
| Transfer from reserves                                                  | -                | (5,515)                   |
| Change in operating assets and liabilities:                             |                  |                           |
| Decrease in trade and other receivables                                 | 179,475          | 3,083,496                 |
| Decrease in contract assets                                             | 625,689          | 2,860,362                 |
| Decrease in inventories                                                 | 38,644           | 74,553                    |
| Increase in deferred tax assets                                         | (1,892,458)      | (794,370)                 |
| Decrease in other assets                                                | 65,352           | 834,255                   |
| Increase/(decrease) in trade and other payables                         | 914,693          | (5,305,593)               |
| Increase in contract liabilities                                        | 724,613          | 1,113,769                 |
| Decrease in provision for income tax                                    | (190,916)        | (190,665)                 |
| Increase/(decrease) in employee benefits                                | 79,074           | (92,294)                  |
| Increase/(decrease) in other provisions                                 | 4,745            | (60,463)                  |
| Net cash from operating activities                                      | <u>8,632,227</u> | <u>1,747,778</u>          |

\* Refer to note 3 for detailed information on the Restatement of comparatives.

**Note 38. Non-cash investing and financing activities**

|                                                    | 30 June 2023    | 30 June 2022     |
|----------------------------------------------------|-----------------|------------------|
|                                                    | \$              | \$               |
| Additions to the right-of-use assets               | 219,253         | 1,020,132        |
| Shares issued in relation to business combinations | -               | 2,089,818        |
| Disposal of right-of-use assets                    | (230,883)       | (216,865)        |
|                                                    | <u>(11,630)</u> | <u>2,893,085</u> |

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**Note 39. Changes in liabilities arising from financing activities**

|                                                       | Lease<br>liability<br>\$ | Equipment<br>finance<br>\$ | Bank<br>loans<br>\$ | Total<br>\$      |
|-------------------------------------------------------|--------------------------|----------------------------|---------------------|------------------|
| Balance at 1 July 2021                                | 1,456,124                | 1,215,800                  | 5,197,500           | 7,869,424        |
| Net cash used in financing activities                 | (914,396)                | (603,481)                  | (1,374,389)         | (2,892,266)      |
| Acquisition of plant and equipment by means of leases | 1,025,509                | -                          | -                   | 1,025,509        |
| Changes through business combinations (note 33)       | 1,139,063                | -                          | 1,374,389           | 2,513,452        |
| Other changes                                         | 35,342                   | -                          | -                   | 35,342           |
| Balance at 30 June 2022                               | 2,741,642                | 612,319                    | 5,197,500           | 8,551,461        |
| Net cash used in financing activities                 | (1,069,493)              | (257,446)                  | (3,500,000)         | (4,826,939)      |
| Cancellation of leases                                | (107,463)                | -                          | -                   | (107,463)        |
| Acquisition of leases                                 | 238,890                  | -                          | -                   | 238,890          |
| Other changes                                         | 1,046                    | -                          | -                   | 1,046            |
| Balance at 30 June 2023                               | <u>1,804,622</u>         | <u>354,873</u>             | <u>1,697,500</u>    | <u>3,856,995</u> |

**Note 40. Earnings per share**

|                                                                                           | 30 June 2023<br>\$ | Restated*<br>30 June 2022<br>\$ |
|-------------------------------------------------------------------------------------------|--------------------|---------------------------------|
| Profit/(loss) after income tax                                                            | <u>5,797,122</u>   | <u>(1,813,597)</u>              |
|                                                                                           | <b>Number</b>      | <b>Number</b>                   |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>90,584,371</u>  | <u>88,845,890</u>               |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>90,584,371</u>  | <u>88,845,890</u>               |
|                                                                                           | <b>Cents</b>       | <b>Cents</b>                    |
| Basic earnings per share                                                                  | 6.40               | (2.04)                          |
| Diluted earnings per share                                                                | 6.40               | (2.04)                          |

\* Refer to note 3 for detailed information on the Restatement of comparatives.

*Accounting policy for earnings per share*

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Mayfield Group Holdings Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Note 41. Share-based payments**

A share option plan has been established by the Group, approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel and employees of the Group. The options are issued for nil consideration.



#### Note 41. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

##### 30 June 2023

| Grant date                      | Expiry date | Exercise price | Balance at the start of the year | Granted   | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---------------------------------|-------------|----------------|----------------------------------|-----------|-----------|---------------------------|--------------------------------|
| 23/11/2020                      | 23/11/2025  | \$0.36124      | 3,156,594                        | -         | -         | -                         | 3,156,594                      |
| 23/02/2022                      | 23/02/2027  | \$0.35060      | 215,000                          | -         | -         | (30,000)                  | 185,000                        |
| 27/02/2023                      | 27/02/2028  | \$0.32500      | -                                | 335,000   | -         | -                         | 335,000                        |
| 24/10/2023                      | 27/02/2028  | \$0.32500      | -                                | 50,000    | -         | -                         | 50,000                         |
|                                 |             |                | 3,371,594                        | 385,000   | -         | (30,000)                  | 3,726,594                      |
| Weighted average exercise price |             |                | \$0.36056                        | \$0.32500 | \$0.00000 | \$0.35060                 | \$0.35740                      |

The 335,000 options granted in the current year will vest 24 months after the issue date. In addition, the Board approved the issue of 50,000 options to JB Hobbs on 23 February 2023, which requires approval at the Annual General Meeting in October 2023. Therefore, the grant date fair value is estimated at 30 June 2023. To exercise the options, holders must be employed by Mayfield full-time during the vesting period. Options do not entitle holders to dividends until they become vested options and are exercised and issued as ordinary shares.

##### 30 June 2022

| Grant date                      | Expiry date | Exercise price | Balance at the start of the year | Granted   | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---------------------------------|-------------|----------------|----------------------------------|-----------|-----------|---------------------------|--------------------------------|
| 23/11/2020                      | 23/11/2025  | \$0.36124      | 3,156,594                        | -         | -         | -                         | 3,156,594                      |
| 23/02/2022                      | 23/02/2027  | \$0.35060      | -                                | 215,000   | -         | -                         | 215,000                        |
|                                 |             |                | 3,156,594                        | 215,000   | -         | -                         | 3,371,594                      |
| Weighted average exercise price |             |                | \$0.36124                        | \$0.35060 | \$0.00000 | \$0.00000                 | \$0.36056                      |

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 27/02/2023 | 27/02/2028  | \$0.32500                 | \$0.32500      | 31.73%              | 1.61%          | 3.64%                   | \$0.0748                 |
| 30/06/2023 | 27/02/2028  | \$0.41500                 | \$0.32500      | 26.09%              | 4.66%          | 3.95%                   | \$0.1035                 |

#### Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.



**Note 41. Share-based payments (continued)**

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give 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;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 35 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

---

JB Hobbs  
Managing Director

30 August 2023  
Adelaide

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# Independent Auditor's Report

To the shareholders of Mayfield Group Holdings Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Mayfield Group Holdings Limited (*the Company*).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year ended;
- Notes including a summary of significant accounting policies; and
- 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.

### Key Audit Matters

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The **Key Audit Matters** we identified are:

- Project revenue recognised over time.

## Project revenue recognised over time (\$74.3 million)

Refer to Note 5 to the financial report

### The key audit matter

Project revenue recognised over time was a key audit matter due to:

- The quantum of project revenue earned during the year, which comprised 96% of total revenue;
- It is the Group's policy to recognise project revenue on a percentage of completion basis. This requires them to estimate the project cost to complete, as a component of the measurement of the percentage of completion. The estimation of cost to complete is prone to greater risk of bias, error and inconsistent application given the scale, complexity of projects and longer timeframes over which the projects lapse. Additional audit effort was required to evaluate the Group's estimations of project cost to complete, percentage of project completion and therefore revenue recognised.

We involved senior team members who understand the Group's business, industry and relevant economic environment.

### How the matter was addressed in our audit

Our procedures included:

- We considered the appropriateness of the project revenue recognition method applied by the Group against the requirements of the accounting standards and our understanding of the business and industry practice.
- We obtained an understanding and tested controls over the preparation and oversight of forecast cost to complete estimates and controls over the allocation of project related expenses.
- We tested the accuracy of the underlying project revenue data by tracing a sample of project contractual revenue to signed customer contracts.
- We checked a sample of recognised project related expenses to underlying documentation such as invoices and payroll records.
- We compared historical estimates of costs to complete to actuals experienced to assess the Group's historical ability to forecast cost to complete, and therefore inform our assessment of estimations in the current year.
- We compared the forecast cost to complete at 30 June 2023 for a sample of projects to the project budget and made enquires with project managers around project status, challenges and uncertainty.
- We assessed the estimation of total expected costs for contracting risk by challenging the Group's project managers on their assumptions. We also checked a sample of purchase cost assumptions to underlying documentation such as forward purchase orders.
- We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

## Other Information

Other Information is financial and non-financial information in Mayfield Group Holdings Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.



## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Mayfield Group Holdings Limited for the year ended 30 June 2023 complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 4 to 9 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*.



Paul Cenko  
Partner

Adelaide

30 August 2023

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The shareholder information set out below was applicable as at 3 August 2023.

### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

|                                       | Ordinary<br>shares   | Ordinary<br>Shares<br>% of total<br>shares<br>issued | Options over ordinary<br>shares | % of total<br>Number<br>issued |
|---------------------------------------|----------------------|------------------------------------------------------|---------------------------------|--------------------------------|
|                                       | Number<br>of holders |                                                      | Number<br>of holders            |                                |
| 1 to 1,000                            | 75                   | 0.02                                                 | -                               | -                              |
| 1,001 to 5,000                        | 96                   | 0.27                                                 | -                               | -                              |
| 5,001 to 10,000                       | 126                  | 1.03                                                 | -                               | -                              |
| 10,001 to 100,000                     | 71                   | 2.49                                                 | 14                              | 12.55                          |
| 100,001 and over                      | 33                   | 96.19                                                | 5                               | 87.45                          |
|                                       | <b>401</b>           | <b>100.00</b>                                        | <b>19</b>                       | <b>100.00</b>                  |
| Holding less than a marketable parcel | -                    | -                                                    | -                               | -                              |

### Equity security holders

#### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

|                                                       | Ordinary shares<br>% of total<br>shares<br>issued |
|-------------------------------------------------------|---------------------------------------------------|
| Number held                                           |                                                   |
| Nightingale Partners Pty Ltd                          | 40,050,597 44.22                                  |
| Amteal Pty Ltd                                        | 14,987,275 16.55                                  |
| BNP Paribas Nominees Pty Ltd                          | 7,408,354 8.18                                    |
| Lochani Pty Ltd                                       | 4,110,101 4.54                                    |
| Peta Ware + Christopher Ware                          | 3,778,232 4.17                                    |
| Think Pech Pty Ltd                                    | 2,190,152 2.42                                    |
| Dixson Trust Pty Ltd                                  | 1,933,728 2.14                                    |
| Mamol Investments Pty Ltd                             | 1,894,725 2.09                                    |
| Donwood Pty Ltd                                       | 1,217,614 1.34                                    |
| JR & RT Walker Pty Ltd                                | 1,039,582 1.15                                    |
| Reitham Finanz GMBH&Co KG                             | 994,720 1.10                                      |
| Maligne Pty Ltd                                       | 935,948 1.03                                      |
| Dhoo-Gunya Pty Ltd                                    | 851,972 0.94                                      |
| Phoenix Development Fund Ltd                          | 762,011 0.84                                      |
| Ironwood Investments Pty Ltd                          | 620,000 0.68                                      |
| Robert Harris                                         | 503,938 0.56                                      |
| Mr Peter Geoffrey Hollick & Ms Helen Teresa Pattinson | 477,183 0.53                                      |
| Contemplator Pty Ltd                                  | 431,998 0.48                                      |
| Dr Stephanie Phillips                                 | 398,131 0.44                                      |
| Nortron (No91) Pty Ltd                                | 389,048 0.43                                      |
|                                                       | <b>84,975,309 93.83</b>                           |

#### Unquoted equity securities

There are no unquoted equity securities.



### Substantial holders

Substantial holders in the Company are set out below:

|                              | Ordinary shares |                          |
|------------------------------|-----------------|--------------------------|
|                              | Number held     | % of total shares issued |
| Nightingale Partners Pty Ltd | 40,050,597      | 44.22                    |
| Amteal Pty Ltd               | 14,987,275      | 16.55                    |
| BNP Paribas Nominees Pty Ltd | 7,408,354       | 8.18                     |

|                            | Options over ordinary shares |                           |
|----------------------------|------------------------------|---------------------------|
|                            | Number held                  | % of total options issued |
| Maligne Pty Ltd            | 1,268,905                    | -                         |
| Cakoma Pty Ltd             | 511,430                      | -                         |
| Mark Nesbitt               | 509,131                      | -                         |
| Christopher Youels         | 487,997                      | -                         |
| Ryan & Co Holdings Pty Ltd | 464,131                      | -                         |

### Voting rights

The voting rights attached to ordinary shares are set out below:

#### Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

There are no other classes of equity securities.

**Mayfield Group Holdings Ltd and controlled entities**  
**Corporate directory**  
**30 June 2023**



|                                |                                                                                                                                                      |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors                      | SR Higgins<br>LJ Phillips<br>AB Steele<br>JB Hobbs<br>SM Chase AM                                                                                    |
| Company secretaries            | Brett Crowley<br>Carel Boshoff                                                                                                                       |
| Registered office              | 3 Gidgie Court<br>Edinburgh SA 5111<br>Phone: 08 8165 1000                                                                                           |
| Share register                 | Automic Pty Ltd<br>Level 5, 126 Phillip Street<br>Sydney NSW 2000<br><a href="https://investor.automic.com.au/">https://investor.automic.com.au/</a> |
| Auditor                        | KPMG<br>151 Pirie Street<br>Adelaide SA 5000                                                                                                         |
| Stock exchange listing         | Mayfield Group Holdings Ltd shares are listed on the Australian Securities Exchange<br>(ASX code: MYG)                                               |
| Website                        | <a href="https://mayfieldgroup.com.au">https://mayfieldgroup.com.au</a>                                                                              |
| Corporate Governance Statement | <a href="https://mayfieldgroup.com.au/sustainability/">https://mayfieldgroup.com.au/sustainability/</a>                                              |