Appendix 4E

Under ASX Listing Rule 4.3A

Wagners Holding Company Limited (ABN 49 622 632 848) & controlled entities

Current period	1 July 2020 to 30 June 2021
Prior corresponding period	1 July 2019 to 30 June 2020

Results for announcement to the market	30 Jun 2021 $'000	30 Jun 2020 $'000	Change $'000	Change %
Revenue from ordinary activities	320,650	249,668	70,982	28.4
Net profit after tax from ordinary activities	10,001	(17)	10,018	-
Net profit attributable to members	10,001	(17)	10,018	-

For further information refer to the '*Operating and Financial Review*' section contained within the Directors' report of the Annual financial report.

Dividend information	Cents per security	Franking % per security
2021 interim dividend – no dividend declared	0.0	
2021 final dividend – no dividend declared	0.0	
2020 interim dividend – no dividend declared	0.0	
2020 final dividend – no dividend declared	0.0	

There were no dividend reinvestment plans in operation during the current or prior corresponding periods.

Net tangible assets per security	30 Jun 2021 $	30 Jun 2020 $
Net tangible assets per ordinary shares	0.59	0.53

Control gained or lost over entities during the year

No entities were gained or lost in the current financial year.

Status of audit

The 30 June 2021 financial statements and accompanying notes for Wagners Holding Company Limited have been audited and are not subject to any disputes or qualifications. Refer to pages 90 to 92 of the financial report for a copy of the auditor's report.

This Appendix 4E should be read in conjunction with Wagners Holding Company Limited Financial Report for the year ended 30 June 2021.

Wagners Holding Company Limited

ABN 49 622 632 848

Annual financial report

for the year ended 30 June 2021

Wagners Holding Company Limited
Financial Report
for the year ended 30 June 2021

Contents to financial report

Wagners Holding Company Limited
Corporate Directory
30 June 2021

Directors	Denis Wagner, Non-executive chairman John Wagner, Non-executive director Lynda O'Grady, Non-executive director Ross Walker, Non-executive director
Company secretary	Karen Brown
Registered office	Level 10, 12 Creek Street, Brisbane QLD 4000
Principal place of business	11 Ballera Ct, 1511 Toowoomba-Cecil Plains Rd, Wellcamp QLD 4350
Share register	Computershare Investor Services Ltd
Auditor	BDO Audit Pty Ltd
Solicitors	McCullough Robertson Lawyers
Bankers	National Australia Bank Limited HSBC Bank Australia Limited Australian and New Zealand Banking Group Limited
Stock exchange listing	Wagners Holding Company Limited shares are listed on the ASX (code: WGN)
Website	www.wagner.com.au

Wagners Holding Company Limited

Directors' Report

The Directors of Wagners Holding Company Limited (Wagners, the 'Company') and its controlled entities (the 'Group'), present their report together with the consolidated financial statements for the year ended 30 June 2021.

Directors

The following persons were directors of the Group during the period and until the date of this report, unless otherwise stated:

Director	Role	Date of Appointment	Date of Retirement
Denis Wagner	Non-executive chairman	2 November 2017	
John Wagner	Non-executive director	2 November 2017	
Lynda O'Grady	Non-executive director	8 November 2017	
Ross Walker	Non-executive director	2 November 2017	

Alternate Director	Role	Date of Appointment
Joseph Wagner	Non-executive director	13 March 2018

Principal activities

The principal activities of the Group consist of construction materials and services and new generation building materials.

Construction materials and services supplies a large range of construction materials and services to customers in the construction, infrastructure and resources industries. Key products include cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel. Services include project specific mobile and on-site concrete batching, contract crushing and haulage services.

New generation building materials provides innovative and environmentally sustainable building products and construction materials through Composite Fibre Technologies (CFT) and Earth Friendly Concrete (EFC).

Significant changes in the state of affairs

The appeal judgement with respect to the ‘Cement Supply Agreement’ with Boral Limited was handed down on 23 April 2021. The Cement Supply Agreement remains binding on both parties until 2031, requiring Boral to take a contracted volume of cement in the form of a take-or-pay arrangement, on an annual basis.

There are no other significant changes in the state of affairs that impact the Consolidated Entity for the year ended 30 June 2021.

Dividends

	Consolidated Group	
	30 Jun 2021 $’000	**30 Jun 2020 $’000**
No final fully franked dividend paid during period (2020: Nil)	-	-
No interim dividend paid during period (2020: Nil)	-	-
	-	**-**

Operating and financial review

Group financial results

Statutory net profit after tax (NPAT) of $10,001,000 increased compared to the 2020 result (30 June 2020: $17,000 loss).

Non-IFRS measures

Throughout this report, Wagners has included certain non-IFRS financial information, including Earnings before Interest, Depreciation & Amortisation (EBITDA), and pro forma equivalents of IFRS measures such as net profit after tax. These non-IFRS measures may provide useful information to recipients for measuring the underlying operating performance of the Group.

Statutory results

Statutory results are provided for the financial year ended 30 June 2021 to allow shareholders to make a meaningful comparison with the results for the year ended 30 June 2020 and to assess the Group's performance as a listed company.

Table 1: Statutory results actual compared to the prior financial year

	30 June 2021 $'000	30 June 2020 $'000
Revenue	320,650	249,668
Direct material and cartage costs	(136,326)	(108,073)
Gross profit	**184,324**	**141,595**
Other income	2,446	2,311
Operating expenses	(138,490)	(116,292)
Earnings before interest, tax, depreciation, and amortisation	**48,280**	**27,614**
Depreciation & amortisation	(22,882)	(18,987)
Earnings before interest and tax	**25,398**	**8,627**
Net finance costs	(10,950)	(8,840)
Net profit before tax	**14,448**	**(213)**
Income tax expense	(4,447)	196
Net profit after tax	**10,001**	**(17)**

Operating and financial review (continued)

Group financial results (continued)

Statutory results (continued)

Statutory results 2021 vs 2020

FY21 experienced increased cement sales with a full year of stable volumes following the resolution of a dispute with a major cement customer. The performance of the Cross River Rail tunnel segment project, strong volumes across our long-term bulk haulage contracts, increased quarry and contract crushing volumes as well as increased concrete volumes have contributed to the higher revenue in 2021. This increased activity has resulted in higher direct material and cartage costs and increased operating expenses reflecting the scope and scale of the work involved.

CFT crossarm sales have increased by 4.2%. However, sales have decreased in the pedestrian infrastructure and road bridge segment, which has been impacted by delays in customer spend and market activity due to the impacts of COVID-19. The combined impact is a decrease 6.6% in overall sales in the CFT division.

Depreciation expense has been impacted by accelerated depreciation rates on bulk haulage and contract crushing equipment in line with the increased utilisation of these assets.

Operating results by segment

	30 June 2021		30 June 2020		Change	
Segment ($'000)	**Revenue**	**EBIT**	**Revenue**	**EBIT**	**Revenue**	**EBIT**
Construction, Materials and Services	288,519	33,407	215,836	18,646	72,683	14,761
Composite Fibre Technologies	31,438	2,683	33,659	3,460	(2,221)	(777)
EFC - Carbon Reducing Technologies	306	(1,985)	143	(1,282)	163	(703)
Other/Eliminations	387	(8,707)	30	(12,197)	357	3,490
Total	**320,650**	**25,398**	**249,668**	**8,627**	**70,982**	**16,771**

Construction Materials and Services

Construction Materials and Services revenue growth of 33.7% includes increased revenues across cement, precast (Cross River Rail tunnel segments), bulk haulage, concrete and quarry operations.

Cement volumes have increased as result of the higher concrete volumes in our fixed concrete plants, growth of existing and new customers and the return to contracted volumes for a major cement customer.

Precast has benefited from the Cross River Rail tunnel segment project, with approximately 75% of the projected volumes delivered in 2021.

Transport revenue increased from long term bulk haulage contracts in the North West mineral province of Queensland and Northern Territory in the resources sector.

Concrete revenues have increased with the expansion of the south east Queensland fixed plant network and growth in volumes.

Increased supply of quarry materials, as a result of the project at the Carmichael mine, the acquisition of the Shepton Quarry near Emerald in June 2020 and ongoing supply from the Wellcamp and Castlereagh quarries.

EBIT growth in the year resulted from the increased activity in these business units.

Operating and financial review (continued)

Operating results by segment (continued)

Composite Fibre Technologies

The crossarms business achieved an increase in revenue of 4.2% and increase in EBIT of over 29% due to manufacturing efficiencies resulting in lower production costs.

The Composite Fibre Technologies revenue decrease of 6.6% is due to decreased sales of pedestrian infrastructure, short span road bridge and marine infrastructure which had a 14.8% decrease in revenue in FY21. This was mainly due to deferred customer projects and general lack of activity as a result of the impacts of COVID-19. The business development investment in Australia, USA, UK, Middle East and New Zealand was maintained throughout the year.

EFC – Carbon Reducing Technologies

There has been increased demand for EFC globally throughout FY21 with EFC being deployed in projects or trials in London, Germany, Netherlands, India and South East Queensland.

EBIT was impacted by increased investment in research and development and business development costs in Australia, UK, Europe and India.

Other/Eliminations

The difference in EBIT is mainly due to lower legal costs following the appeal judgement in FY21 and award of costs. These were partially offset by increased insurance costs during the 2021 financial year.

Financial position

	30 Jun 2021 $'000	30 Jun 2020 $'000	Change $'000
Current assets	97,181	84,552	12,629
Non-current assets	244,601	245,438	(837)
Total assets	341,782	329,990	11,792
Current liabilities	72,317	64,295	8,022
Non-current liabilities	156,512	163,288	(6,776)
Total liabilities	228,829	227,583	1,246
Net assets/(liabilities)	**112,953**	**102,407**	**10,546**

The group increased its Net asset position in 2021 due to the improved performance of the business.

Increased cash as a result of timing of creditor payments at 30 June 2021 has driven the increase in Current assets.

Non-current assets have decreased due to the investment in plant and equipment being lower than the depreciated portion of assets.

Total liabilities have increased slightly, with the increase in Current liabilities due to the timing of the trade creditor payment being made after the balance date, the decrease in the Non-current liabilities is due to the company continuing to reduce debt partially offset by increased right of use asset liabilities due to new leases and a calculation change.

Operating and financial review (continued)

Strategy and future prospects

Wagners remains focused on delivering future growth through the following strategies:

- **Composite Fibre Technologies (CFT):** the Group will continue to focus in domestic and international markets leveraging opportunities for a broad range of applications, particularly in the US, UK, New Zealand, Europe and Middle Eastern markets. Revenue growth is expected from:
  - USA **–** Wagners US CFT facility in Texas is currently under construction with manufacturing expected to commence later this year. With an operational manufacturing facility in the USA, combined with increased investment in our CFT international operations, marketing and sales team, increased demand is expected from local US utility providers for crossarms and power poles and customized solutions provided to pedestrian infrastructure and warehouse asset owners.
  - Australia / New Zealand Custom Build – while we saw a decrease in committed funding for these assets during FY21, increased tendering activity in the later months of FY21 indicates that activity in this sector is set to rebound in FY22 as COVID-19 restrictions ease and public sector funding is directed to state and local infrastructures. A full sales complement is in place across all states to respond to these opportunities.
  - Manufacturing Optimisation – the Group continues to invest in automation and increased production capacity at the Group's CFT facilities resulting in higher productivity and lower costs of production. An additional three pultrusion machines will be commissioned during FY22 (1 in Texas USA and 2 in Toowoomba Australia) positioning the Group to manufacture new products developed by the R&D team, including power poles.
  - Research and Development – continued investment in R&D will continue to identify new products, leverage new markets and yield production efficiencies.

- **Earth Friendly Concrete (EFC):**
  - EFC is now being employed in domestic construction in Australia in FY21, in residential and commercial applications.
  - Domestically, the Group will continue to increase the sales focus to leverage the Group's concrete batch plant network to supply EFC throughout South East Queensland. The Group will also look for opportunities to service new markets, throughout Australia and New Zealand and supply EFC through third party owned concrete plants.
  - Successful trials have been performed with roof tile manufacturers, pipe manufacturers and precast manufacturers across Europe. The technology has also been successfully used in many projects in London, England including the HS2 project.
  - The Group is committing significant funds to the expansion of the EFC operations globally. While some revenue growth is expected in FY22 as demand increases for the technology and a presence is established in these international markets, the initial expansion into these markets is going to require significant investment of funds. The funds will predominantly be used to establish manufacturing capabilities and engage along with operational and marketing staff in the UK.
  - The Group will continue its investment in R&D to enable a broader application of EFC.
  - With increasing international demand for the technology, the Group has commenced a process to identify a strategically compatible investment partner to assist with the further development of the technology and scaling of operational capacity in its identified global markets. If successful, the investment is not likely to result in a significant increase in revenue in FY22 due to the timing of any transaction. However, any investment is expected to deliver significant medium and long term benefits to the Group.
  - Irrespective of any third party investment, the global EFC strategy will progress during FY22.

Operating and financial review (continued)

Strategy and future prospects (continued)

- **Quarries:** continued growth is expected in the quarry business with five (5) quarries now operational and contributing to the Group's financial performance. There are also a number of contracts secured for the Group's contract crushing services business. The Group's fixed quarry operations and available mobile crushing equipment position means the Group is well positioned to increase activity in the construction materials and services market. The Group will continue to explore investment opportunities that will add long term value to the fixed quarry operations including the development of existing greenfield sites.

- **Transport:** while there are a number of longer term contracts secured in the Group's bulk haulage business, additional contracts are expected over time in line with the significant activity in the resources sector. The Group will continue to invest in assets to service existing and new contracts that will deliver increased productivity and resulting margins.

- **Cement:** Strong cement volumes are expected throughout FY22 in line with the current activity in the SEQ construction sector. With a dedicated sales team in the region, the Group will continue to expand its customer base in South East Queensland and to develop new product offerings and service new geographical markets.

- **Continued expansion of ready-mix concrete plants:** as previously reported, the Group will continue to expand its ready-mix concrete plant network, providing the Group's cement and quarry businesses with a secure and growing sales channel. This will also provide additional exposure to the increased activity in South East Queensland's construction materials and services market with current strong activity expected to continue into FY22.

Environment regulation

The Group is subject to particular and significant environmental regulations. All relevant authorities have been provided with regular updates, and to the best of the directors' knowledge all activities have been undertaken in compliance with or in accordance with a process agreed with the relevant authority.

Wagners recognises and accepts that proper care of the environment is a fundamental part of its corporate business strategy and concerns for the environment must be integrated into all management programs. Wagners employs a number of substantial internal environmental policies, procedures and monitoring processes, including the Board participation in monthly Environmental Quality and Safety reviews with a large number of employee participants from throughout the Group.

Wagners believes that it must conduct business in an environmentally responsible manner that leaves the environment healthy, safe and does not compromise the ability of future generations to sustain their needs. Our environmental performance is assured annually by SAI Global through our compliance to ISO 14001:2015. Wagners is also subject to the *National Greenhouse and Energy Reporting Act 1997* and is required to report on the energy consumption and greenhouse gas emissions of its Australian operations.

Corporate governance

Wagners Holding Company Limited is committed to achieving and demonstrating the effective standards of corporate governance. The Group has reviewed its corporate governance practices against the *Corporate Governance Principles and Recommendations (3rd edition)* published by the ASX Corporate Governance Council.

A description of Wagners Holding Company Limited's current corporate governance practices is set out in the Wagners Holding Company Limited's corporate governance statement, which can be viewed on the Wagners website at https://investors.wagner.com.au/corporate-governance/.

Indemnities and insurance of officers and auditors

Indemnification

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001* every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as officer or agent of the Company in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Group has not entered into any agreement to indemnify their auditor, BDO Audit Pty Ltd for any liabilities to another person (other than the Company) that may arise from their position as auditor.

Insurances

During the reporting period and since the end of the reporting period, the Company has paid premiums in respect of a contract insuring directors and officers of the Group in relation to certain liabilities. In accordance with normal commercial practices under the terms of the insurance contracts, the nature of liabilities insured against and the amounts of premiums paid are confidential.

Auditor's independence declaration

A copy of the lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 33 and forms part of the Directors' Report for financial year ended 30 June 2021.

Non-audit services

The following non-audit services were provided by the Group's auditor, BDO Audit Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. This assessment has been confirmed to the Board by the Audit & Risk Committee.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related firms:

	2021 $	2020 $
Tax compliance, advisory and other services	-	13,000
Due diligence services	-	-
	-	13,000

Rounding

The Company is a kind referred to in *Australian Securities & Investment Commission (ASIC) Legislative Instrument 2016/191*, and in accordance with that instrument all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company, or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Events occurring after the reporting date

The directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the financial year ended 30 June 2021.

In addition, while the COVID-19 situation remains concerning, between 30 June 2021 the date of this report, there has been no COVID-19 impacts on the operations of the Group. However, due to the fluid nature of this pandemic the Group will continue to monitor the unfolding situation and adjust operations for minimal impacts where required.

Likely developments and expected results of operations

Construction Materials and Services

The Group is in a strong position to benefit from the large pipeline of infrastructure work in South East Queensland over the coming decade. This will provide significant benefit to the construction materials and services offered by the Group, and will also provide opportunities for the use of the New Generation Building Materials.

The continual establishment of permanent concrete plants in South East Queensland, with six currently operational, with two additional sites identified, delivers on the strategy outlined in the prospectus. This, together with the development of a greenfield quarry site acquired in South East Queensland, which, unless the market improves is not expected to be operational within the next year, strengthens the Group's position as a preferred supplier of construction materials in this market.

Composite Fibre Technologies

The international expansion of CFT into USA, currently constructing the Groups first US CFT facility in Texas is expected to further increase the demand for CFT products. Considerable interest has also been received for the Groups newest product, CFT Power Poles, which is expected to contribute significantly in the growth of CFT in the coming years. The increased production capacity as a result of the automation will also allow the Group to competitively tender for international contracts, with supply into Asia an area of potential growth.

Earth Friendly Concrete

Regardless of any investment that may be secured from a third party investor the Group is committing significant funds to the expansion of the EFC operations globally. While some revenue growth is expected in FY22 as demand increases for the technology and a presence is established in these international markets, the initial expansion into these markets is going to require significant investment of funds. The funds will predominantly be used to establish manufacturing capabilities and engage operational and marketing staff in the UK.

Information on Directors and Company Secretary

Name	**Denis Wagner**.
Title	Non-executive Chairman.
Qualifications	FAICD
Experience and expertise	Denis is one of the co-founders of Wagners and has been involved in the business since its inception and has been instrumental in developing Wagners into one of the leading construction materials producers in South East Queensland. Denis brings over 30 years' experience in the construction materials industry and is a Fellow of the Australian Institute of Company Directors.
Other current directorships	None.
Former directorships (last 3 years)	None.
Special responsibilities	Chair of Nomination Committee and Member of Remuneration Committee.
Interests in shares	36,324,048 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.

Name	**John Wagner**.
Title	Non-executive Director.
Experience and expertise	John is one of the co-founders of Wagners and has been involved in the business since its inception and has been instrumental in developing Wagners into one of the leading construction materials producers in South East Queensland. John brings over 30 years' experience in the construction materials industry and was the inaugural Chair of both Darling Downs Tourism and Toowoomba and Surat Basin Enterprises boards.
Other current directorships	None.
Former directorships (last 3 years)	None.
Special responsibilities	Member of Audit and Risk Committee.
Interests in shares	36,614,431 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.

Name	**Ross Walker**.
Title	Independent, Non-executive Director.
Qualifications	BCom, FCA.
Experience and expertise	Ross is a Chartered Accountant, with more the 30 years' corporate and accounting experience, and a former managing partner of accounting and consulting firm, Pitcher Partners Brisbane.
Other current directorships	RPM Global Limited (ASX: RUL) (Appointed in 2008), Sovereign Cloud Holdings Limited (ASX: SOV) (Appointed in 2017)
Former directorships (last 3 years)	None.
Special responsibilities	Chair of Audit and Risk Committee and Member of Nomination Committee.
Interests in shares	117,713 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.

Information on Directors and Company Secretary (continued)

Name	**Lynda O'Grady**.
Title	Independent, Non-executive Director.
Qualifications	BCom(Hons), FAICD.
Experience and expertise	Lynda has held Executive/Managing Director roles at Telstra, including Chief of Product. Prior to this Lynda was Commercial Director of Australian Consolidated Press (PBL) and General Manager of Alcatel Australia. She was Chairman of the Aged Care Financing Authority until her retirement effective 30 April 2018 and is a member of the Advisory Board of Jamieson Coote Bonds and Council of Southern Cross University.
Other current directorships	Domino's Pizza Enterprises Limited (ASX: DMP) (Appointed in 2015), AVANT Group (Appointed in 2019) & Musica Vivi (Appointed in 2018)
Former directorships (last 3 years)	National Electronic Health Transition Authority – NEHTA
Special responsibilities	Member of Nomination Committee and Audit and Risk Committee and Chair Remuneration Committee.
Interests in shares	50,000 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.

Name	**Karen Brown**.
Title	Company Secretary.
Qualifications	LLB, BCom.
Experience and expertise	Karen is a solicitor of the Supreme Court of Queensland and was appointed as General Counsel and Company Secretary to Wagners in December 2017. Karen has over 20 years' experience in the legal sector, and is a former partner of Carter Newell Lawyers.
Other current directorships	None.
Former directorships (last 3 years)	None.
Special responsibilities	None.
Interests in shares	15,808 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to 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.

'Interests in shares' refers to shareholdings as at the date of the financial report.

Directors’ meetings

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full board meetings		Audit & risk committee meetings		Remuneration committee meetings		Nomination committee meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Denis Wagner	11	11	-	-	3	3	-	-
John Wagner*	11	10	2	2	-	-	-	-
Ross Walker	11	11	2	2	3	3	-	-
Lynda O’Grady	11	11	2	2	3	3	-	-
Joseph Wagner*	11	1	-	-	-	-	-	-

* John Wagner appointed Joseph Wagner as his alternate Director for an interim period where he could not attend to his full duties as a Director of the Company.

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The Directors of Wagners Holding Company Limited are pleased to present the Remuneration Report (the 'Report') for the Company and its subsidiaries (together, the 'Group') for the financial year ended 30 June 2021.

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

The Report consists of the following sections:

1. Remuneration report overview
2. Remuneration governance
3. Executive remuneration policy and practices
4. Non-executive Director remuneration policy and practices
5. Overview of Group performance
6. Employment contracts of key management personnel
7. Details of remuneration
8. Equity instruments held by key management personnel
9. Other transactions with key management personnel

1 Remuneration report overview

For the purposes of this Report, the Group's key management personnel ('KMP') are its Non-executive Directors and executives who have been identified as having authority and responsibility for planning, directing and controlling the major activities of the Group.

The table below outlines the KMP of Wagners and their movement during the financial year end 30 June 2021:

Name	Role	Terms as KMP
Non-executive Directors		
Denis Wagner	Non-executive Chairman	Full financial year
John Wagner	Non-executive Director	Full financial year
Lynda O'Grady	Non-executive Director	Full financial year
Ross Walker	Non-executive Director	Full financial year
Senior executives		
Cameron Coleman	Chief Executive Officer ('CEO')	Full financial year
Fergus Hume	Chief Financial Officer ('CFO')	Full financial year

2 Remuneration governance

Ultimately, the Board is responsible for the Group's remuneration policies and practices. The role of the Remuneration Committee (the 'Committee') is to assist the Board to ensure that appropriate and effective remuneration packages and policies are implemented within the Company and Group in relation to the KMP and those reporting directly to the CEO.

Remuneration report (audited)

2 Remuneration governance (continued)

Wagners has several policies to support a strong governance framework. These policies include a Diversity Policy, Continuous Disclosure Policy, Whistle-blower Policy and Securities Trading Policy, and they have been implemented to promote responsible management and conduct. Further information is available on the Group's website https://investors.wagner.com.au/corporate-governance/

The Remuneration Committee's functions include:

- Review and evaluation of market practices and trends on remuneration matters;
- Recommendations to the Board about the Group's remuneration policies and procedures;
- Recommendations to the Board about remuneration of senior management; and
- Reviewing the Group's reporting and disclosure practices in relation to the remuneration of senior executives.

The Committee's Charter allows the Committee access to specialist external advice about remuneration structure and levels, which it intends to utilise periodically in support of its remuneration decision making process.

3 Executive remuneration policy and practices

The Group's remuneration framework is designed to attract, retain, motivate and reward employees for performance that is competitive and appropriate for the results delivered. The framework aligns remuneration with the achievement of strategic goals and the creation of value for shareholders.

The key criteria supporting the Group's remuneration framework are:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation; and
- Transparency.

Wagner's Executive KMP remuneration consists of fixed remuneration, short-term incentives and long-term incentives plans. Executive KMP remuneration includes both fixed and variable components, with variable rewards consisting of short and long term incentives that are based on Group performance outcomes.

(a) Fixed remuneration

Fixed remuneration for employees reflects the complexity of the individual's role and their experience, knowledge and performance. Internal and external benchmarking is regularly undertaken, and fixed remuneration levels are set with regards to comparable market remuneration.

Fixed remuneration is comprised of base salary, salary sacrificed non-monetary benefits and employer superannuation contributions, in line with statutory obligations.

Fixed remuneration is reviewed annually, taking into consideration the performance of the individual, business unit, and the Group as a whole.

Remuneration report (audited)

3 Executive remuneration policy and practices (continued)

(b) Short-term incentive plan

The Company has adopted a short-term incentive (STI) plan for key employees, and is designed to motivate and align employees with the Group's financial and strategic objectives.

Non-executive Directors are not entitled to participate in the STI. Key employees identified by the Board are entitled to receive STI payments, calculated as a percentage of base salary, subject to achieving performance targets against key performance indicators agreed with the Board.

The Group's Earnings before Interest and Taxes (EBIT) has been assessed as the most suitable measure of financial performance for the STI, as EBIT aligns the Groups operating profit performance to the incentive attainable.

The following table outlines the key features of the STI Plan for the financial year ended 30 June 2021:

Participants	All KMP executives	
Performance period	Financial year ending 30 June 2021	
Performance target	Performance was measured against a target EBIT, being the Groups operational budgeted EBIT, approved and ratified by the Board.	
Opportunity[1]	**Target EBIT Achieved**	**% of Base Salary**
	<90%	0%
	90%	12.5%
	100%	25%
	110%	37.5%
	120%	50%
Performance results	The Group did achieve the reported EBIT result for the financial period, satisfying the Group STI performance target.	
Payment method	100% of STI earned will be payable by way of cash in two equal tranches, over one year. Other than in certain circumstances, if the employee ceases employment with the Group, any tranches earned that have not yet been paid will be forfeited.	

1 Where EBIT falls between target EBIT ranges, then % of Base Salary will be calculated on a pro rata basis between the upper and lower percentages of that range. Note that the STI payments are capped at a maximum of 50% of base salary.

Remuneration report (audited)

3 Executive remuneration policy and practices (continued)

(c) Long-term incentive plan

The Company adopted a new long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (LTI).

Performance rights are issued under the LTI, and it provides for KMP to receive a number of performance rights, as determined by the Board, over ordinary shares. Performance rights issued under the LTI will be subject to performance conditions that are detailed below.

The Remuneration Committee consider this equity performance-linked remuneration structure to be appropriate as KMP only receive a benefit when there is a corresponding direct benefit to shareholders.

Details of Key Management Personnel performance rights issued, vested and expired during the financial year are set out below:

					Movements				
Year Issued	Tranche	Vesting Date	Vesting Conditions	Performance Period[1]	1 July 2020	Issued	Exercised	Expired/ Forfeited	30 June 2021
2020	1	31 August 2021	EPS	1 year	-	120,120	-	-	120,120
2020	2	31 August 2022	EPS	2 years	-	120,120	-	-	120,120
2020	3	31 August 2023	EPS	3 years	-	120,120	-	-	120,120
2019	1	31 August 2020	EPS	1 year	74,075	-	-	-	74,075
2019	2	31 August 2021	EPS	2 years	74,074	-	-	-	74,074
2019	3	31 August 2022	EPS	3 years	74,074	-	-	-	74,074
					222,223	360,360	-	-	582,583

1 Represents the relevant period of time to which both the performance vesting condition is measured and the period of time the recipient must remain employed with the Group.

Remuneration report (audited)

3 Executive remuneration policy and practices (continued)

(c) Long-term incentive plan (continued)

Vesting Conditions

<table>
<tr><th colspan="3">2020 Issued Performance Rights</th></tr>
<tr><td>1</td><td>Vesting Dates</td><td>Tranche 1 – 31 August 2021
Tranche 2 – 31 August 2022
Tranche 3 and Remainder Performance rights – 31 August 2023</td></tr>
<tr><td>2</td><td>Vesting Conditions</td><td>Offer Earnings Per Share (Offer EPS) of 4.9c

Tranche 1
On the Tranche 1 Vesting Date, if the earnings per share (EPS) of the Company as at 30 June 2021 (Tranche 1 EPS) is:
(a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or
(b) at least 10% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or
(c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest.
Tranche 2
On the Tranche 2 Vesting Date, if the earnings per share (EPS) of the Company as at 30 June 2022 (Tranche 2 EPS) is:
(d) at least 5% (but less than 10%) higher than the Tranche 1 EPS, 50% of the Tranche 2 Performance rights shall Vest; or
(e) at least 10% (but less than 15%) higher than the Tranche 1 EPS, 75% of the Tranche 2 Performance rights shall Vest; or
(f) at least 15% higher than the Tranche 1 EPS, 100% of the Tranche 2 Performance rights shall Vest.
Tranche 3
On the Tranche 3 Vesting Date, if the earnings per share (EPS) of the Company as at 30 June 2023 (Tranche 3 EPS) is:
(g) at least 5% (but less than 10%) higher than Tranche 2 EPS, 50% of the Tranche 3 Performance rights shall Vest; or
(h) at least 10% (but less than 15%) higher than the Tranche 2 EPS, 75% of the Tranche 3 Performance rights shall Vest; or
(i) at least 15% higher than the Tranche 2 EPS, 100% of the Tranche 3 Performance rights shall Vest.
Additional vesting terms
Any Tranche 1 or 2 Performance rights which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively (Remainder Performance rights) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Tranche 2 EPS.</td></tr>
<tr><td>3</td><td>Expiry Date</td><td>5 years from the date the Performance rights were issued.</td></tr>
</table>

Remuneration report (audited)

3 Executive remuneration policy and practices (continued)

(c) Long-term incentive plan (continued)

Vesting Conditions (continued)

2019 Issued Performance Rights		
1	**Vesting Dates**	Tranche 1 – 31 August 2020 Tranche 2 – 31 August 2021 Tranche 3 and Remainder Performance rights – 31 August 2022
2	**Vesting Conditions**	**Offer Earnings Per Share (Offer EPS) of 7.9c** **Amended Earnings Per Share (Amended EPS) of 4.5c** **Tranche 1** On the Tranche 1 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2020 (**Tranche 1 EPS**) is: (a) at least 10% (but less than 12.5%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or (b) at least 12.5% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or (c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest. **Tranche 2** On the Tranche 2 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2021 (**Tranche 2 EPS**) is: (a) at least 10% (but less than 12.5%) higher than the Amended EPS, 50% of the Tranche 2 Performance rights shall Vest; or (b) at least 12.5% (but less than 15%) higher than the Amended EPS, 75% of the Tranche 2 Performance rights shall Vest; or (c) at least 15% higher than the Amended EPS, 100% of the Tranche 2 Performance rights shall Vest. **Tranche 3** On the Tranche 3 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2022 (**Tranche 3 EPS**) is: (a) at least 10% (but less than 12.5%) higher than Amended EPS, 50% of the Tranche 3 Performance rights shall Vest; or (b) at least 12.5% (but less than 15%) higher than the Amended EPS, 75% of the Tranche 3 Performance rights shall Vest; or (c) at least 15% higher than the Amended EPS, 100% of the Tranche 3 Performance rights shall Vest. **Additional vesting terms** Any Tranche 1 or 2 Performance rights which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively (**Remainder Performance rights**) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Amended EPS.
3	**Expiry Date**	5 years from the date the Performance rights were issued.

Remuneration report (audited)

3 Executive remuneration policy and practices (continued)

(c) Long-term incentive plan

Fair value of performance rights granted

The assessed fair value at the date of grant of performance rights issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of performance right, the underlying share's expected volatility, expected dividends and risk free interest rate for the expected life of the instrument.

Details of performance rights over ordinary shares in the company provided as remuneration to each of the key management personnel of the group are set out below. When exercisable, each performance right is convertible into one ordinary share of Wagners Holding Company Limited.

The value of the performance rights were calculated using the inputs shown below:

2020 Issued Performance Rights			
Inputs into pricing model	**Tranche 1**	**Tranche 2**	**Tranche 3**
Grant Date	19 November 2020	19 November 2020	19 November 2020
Exercise Price	$0.00	$0.00	$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	$1.59	$1.59	$1.59
Expiry date	19 November 2025	19 November 2025	19 November 2025
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	$1.41	$1.39	$1.34

Remuneration report (audited)

3 Executive remuneration policy and practices (continued)

(c) Long-term incentive plan

Fair value of performance rights granted (continued)

2019 Issued Performance Rights			
Inputs into pricing model	**Tranche 1**	**Tranche 2**	**Tranche 3**
Grant Date	20 November 2019	20 November 2019	20 November 2019
Exercise Price	$0.00	$0.00	$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	$2.10	$2.10	$2.10
Expiry date	20 November 2024	20 November 2024	20 November 2024
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	$1.88	$1.83	$1.78

4 Non-executive Director remuneration policy and practices

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 Remuneration Committee, and reflects the market salary for a position and individual of comparable responsibility and experience whilst considering the Group's stage of development.

Non-executive Directors' fees were fixed, and they did not receive any performance based remuneration. Under the Company's Constitution the amount paid or provided for payments to Directors as a whole must not exceed the maximum aggregate amount of $750,000. The current Independent Non-executive Directors fees are $100,000 per annum and Directors may also be reimbursed for all travelling and other expenses incurred in connection with their Company duties. Non-executive Chairman fees are $200,000 per annum.

Remuneration report (audited)

5 Overview of group performance

Since the Company was not a disclosing entity prior to the financial year ended 30 June 2018, the relationship between remuneration policy and Group performance is only assessed for the prior three and the current financial year.

	30 Jun 2021	30 Jun 2020	30 Jun 2019	30 Jun 2018
Revenue ($'000)	320,650	249,668	236,888	231,530
EBITDA ($'000)	48,280	27,614	37,893	48,824
EBIT ($'000)	25,398	8,627	24,850	38,005
NPAT ($'000)	10,001	(17)	12,779	24,807
Dividends paid (cents per share)	0.0	0.0	5.7	1.5
Basic Earnings per share (cents)	5.3	(0.0)	7.9	17.1
Share price movement (cents per share)	111	(69)	(254)	164

6 Employment contracts of key management personnel

The Company has entered into standard employment agreements (fixed remuneration and equity-based incentives) with all senior management. None of the Non-executive directors have employment contracts with the Company.

Key terms of the employment agreements for the executive KMP members are as follows:

Executive KMP	Role	Contract duration	Notice period	Termination payments applicable	Annual base salary (exclusive of superannuation) $
Cameron Coleman	CEO	Unlimited	12 months (Wagner's notice) / 6 months (employee's notice)	Applicable notice period	500,000
Fergus Hume	CFO	Unlimited	6 months	Notice period	300,000

7 Details of remuneration

(a) Performance against STI plan

For the executive KMP members, the applicable STI award payable against the performance of the Group's EBIT for the financial year ended 30 June 2021 was:

Executive KMP	Maximum 'at-risk'	% of maximum STI awarded / payable	% of STI forfeited	Estimate of maximum total value $
Cameron Coleman	50% of base salary	55.9%	44.1%	139,733
Fergus Hume	50% of base salary	55.9%	44.1%	83,840

Remuneration report (audited)

7 Details of remuneration (continued)

(b) Director & executive KMP remuneration

Details of the remuneration of Directors and other key management personnel of the Company in respect to their terms as a KMP outlined above, for the financial years ended 30 June 2021 & 30 June 2020 are set out in the tables on the following pages:

Remuneration report (audited)

(b) Director & executive KMP remuneration (continued)

	Short-term			Post-employment	Long term	Equity based benefits		
Financial year ended	**Salary and fees[1]**	**STI awarded[2]**	**Non-cash benefits**	**Super-annuation**	**Long service leave[3]**	**Share based payments[5]**	**Total remuneration**	**Performance related**
30 June 2021	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Non-executive Directors								
Denis Wagner[5]	200,000	-	-	-	-	-	200,000	-
John Wagner	100,000	-	-	-	-	-	100,000	-
Lynda O'Grady	100,000	-	-	-	-	-	100,000	-
Ross Walker	100,000	-	-	-	-	-	100,000	-
Executive KMP's								
Cameron Coleman	538,438	139,733	7,682	25,000	10,278	100,039	821,171	29.2
Fergus Hume	328,225	83,840	10,718	25,000	2,450	60,024	510,257	28.2
Total Directors' and Executive remuneration	**1,366,663**	**223,573**	**18,400**	**50,000**	**12,728**	**160,063**	**1,831,427**	**20.9**

Notes:

1 Amount includes the value of annual leave accrued during the year.

2 STI bonus is for performance during the respective financial year using the criteria set out on page 20. STI's awarded is paid in two equal tranches over a one-year period, with outstanding amounts forfeited should the employee terminate their contract.

3 Amount includes the value of long service leave accrued during the year.

4 Increased rate of Directors fees for the role of Chairman.

5 This reflects the value of performance rights issued in 2019 & 2020 expected to meet the hurdle rates.

Remuneration report (audited)

(b) Director & executive KMP remuneration (continued)

	Short-term			Post-employment	Long term	Equity based benefits		
Financial year ended	Salary and fees[1]	STI awarded[2]	Non-cash benefits	Super-annuation	Long service leave[3]	Share based payments	Total remuneration	Performance related
30 June 2020	$	$	$	$	$	$	$	%
Non-executive Directors								
Denis Wagner[4]	200,000	-	-	-	-	-	200,000	-
John Wagner	100,000	-	-	-	-	-	100,000	-
Peter Crowley[5]	25,000	-	-	-	-	-	25,000	-
Lynda O'Grady	100,000	-	-	-	-	-	100,000	-
Ross Walker	100,000	-	-	-	-	-	100,000	-
Executive KMP's								
Cameron Coleman	501,899	-	8,028	25,000	9,641	23,586	568,154	4.2%
Fergus Hume	303,389	-	16,433	24,452	2,051	14,152	360,477	3.9%
Total Directors' and Executive remuneration	**1,330,288**	**-**	**24,461**	**49,452**	**11,692**	**37,738**	**1,453,631**	**2.6%**

Notes:

1 Amount includes the value of annual leave accrued during the year.
2 STI bonus is for performance during the respective financial year using the criteria set out on page 20. STI's awarded is paid in two equal tranches over a one-year period, with outstanding amounts forfeited should the employee terminate their contract.
3 Amount includes the value of long service leave accrued during the year.
4 Increased rate of Directors fees for the role of Chairman.
5 Peter Crowley resigned on 24th September 2019.
6 This reflects the value of performance rights earnt in Tranche 2 and 3 as the Tranche 1 performance rights did not meet the hurdle rate of the performance rights issued in 2020.

Remuneration report (audited)

8 Equity instruments held by key management personnel

(a) Ordinary shares

The movement in number of ordinary shares in Wagners Holding Company Limited held directly, indirectly, or beneficially, by each key management person during the 2021 financial year, is as follows:

Key management person	Opening balance	Purchases on market	Purchases off market	Rights Issue	Share disposals	Closing balance
Denis Wagner	36,324,048	-	-	-	-	36,324,048
John Wagner	36,614,431	-	-	-	-	36,614,431
Lynda O'Grady[1]	50,000	-	-	-	-	50,000
Ross Walker	117,713	-	-	-	-	117,713
Cameron Coleman	83,223	-	-	-	-	83,223
Fergus Hume	1,713	-	-	-	-	1,713

Notes:

1 The closing balance includes 28,598 shares held by Lynda O'Grady's spouse.

(b) STI/LTI instrument granted and issued during the year

The following LTI performance rights were issued during the financial year ended 30 June 2021 (2020: 222,223).

	Movements				
Key Management Person	1 July 2020	Granted	Exercised	Expired/ Forfeited	30 June 2021
Cameron Coleman	138,889	225,225	-	-	364,114
Fergus Hume	83,334	135,135	-	-	218,469

No performance rights were exercisable at 30 June 2021 (2020: none).

The total values of the LTI performance rights granted during the financial year for the key management personnel were as follows:

Key Management Person	30 Jun 2021 $	30 Jun 2020 $
Cameron Coleman	310,811	254,167
Fergus Hume	186,486	152,501

9 Other transactions with key management personnel and their related parties

(a) Loans to key management personnel and their related parties

There were no loans issued to any key management personnel, or their related parties during the financial year ended 30 June 2021.

Remuneration report (audited)

9 Other transactions with key management personnel and their related parties (continued)

(b) Other transactions with key management personnel and their related parties (continued)

Directors and related parties

All transactions between the Group and any Director and their related parties are conducted on the basis of normal commercial trading terms and conditions as agreed upon between the parties as per normal arms-length business transactions. Such transactions with Director and their related parties are detailed as follows:

Description	2021 Revenue/(Cost) $	2020 Revenue/(Cost) $
Sale of materials and services[1]	1,147,166	7,937,690
On charge of costs processed by the Group	109	5,342
Indemnity of losses on prior onerous contract[2]	(1,411,888)	-
Payments for rent of property and plant, material royalties and other costs	(9,297,456)	(8,083,706)

1 The sale of materials and services includes amounts recognised over time under AASB 15 for contracts to fabricate, construct and install concrete batch plants on sites owned by related parties.
2 This amount was re-distributed to the related party as part of the onerous contract indemnity agreement noted in the prospectus after a dispute settlement was reached with the third-party client. The cumulative effect of these transactions therefore made no change to both the Groups profit or loss and cash position.

This ends the Audited Remuneration Report.

The Directors' Report is signed in accordance with a resolution of the directors made pursuant to s298(2) of the *Corporations Act 2001*.

Mr Denis Wagner

Chairman

Dated at Toowoomba, Queensland on 25 August 2021.

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DECLARATION OF INDEPENDENCE BY C K HENRY TO THE DIRECTORS OF WAGNERS HOLDING COMPANY LIMITED

As lead auditor of Wagners Holding Company Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Wagners Holding Company Limited and the entities it controlled during the period.

C K Henry
Director

BDO Audit Pty Ltd

Brisbane, 25 August 2021

Wagners Holding Company Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

		Consolidated Group	
	Note	30 Jun 2021 $'000	30 Jun 2020 $'000
Revenue from contracts with customers	3(a)	320,650	249,668
Other income	3(b)	2,446	2,311
Direct material and cartage costs		(136,326)	(108,073)
Employee benefits expense	4	(58,505)	(48,069)
Depreciation – right-of-use assets	10(a)	(5,875)	(4,821)
Depreciation and amortisation expense - other	9(a)+11(a)	(17,007)	(14,166)
Finance costs – lease liabilities	15	(4,208)	(3,636)
Net finance cost – other	4(b)	(6,742)	(5,204)
Fuel		(5,390)	(3,799)
Contract work and purchased services		(13,869)	(10,918)
Freight and postal		(1,619)	(1,876)
Legal and professional		(928)	(2,374)
Rent and hire		(6,367)	(5,293)
Repairs and maintenance		(38,502)	(27,245)
Travel and accommodation		(6,585)	(6,218)
Utilities		(4,217)	(3,380)
Fair value adjustment on derivative instruments	16	1,133	(1,065)
Impairment of trade receivables – gain/(loss)	7(a)	(270)	(545)
Other expenses		(3,371)	(5,510)
Profit/(Loss) before income tax		**14,448**	**(213)**
Income tax (expense)/credit	5	(4,447)	196
Profit/(Loss) attributable to equity holders of the parent		**10,001**	**(17)**
Other comprehensive income (net of tax)			
Items that may be reclassified to profit or loss			
Adjustment from translation of foreign controlled entities, net of tax	19	11	126
		11	126
Total comprehensive income attributable to equity holders of the parent		**10,012**	**109**
Earnings per share		**Cents**	**Cents**
Basic earnings per share	21	5.3	(0.0)
Diluted earnings per share	21	5.3	(0.0)

The accompanying notes form part of these financial statements

Wagners Holding Company Limited

Consolidated Statement of Financial Position

as at 30 June 2021

	Note	Consolidated Group 30 Jun 2021 $'000	Consolidated Group 30 Jun 2020 $'000
Current Assets			
Cash and cash equivalents	6	22,240	3,436
Trade and other receivables	7	50,015	55,586
Inventories	8	24,308	21,755
Derivative instruments	16	-	216
Current tax assets		-	2,986
Other assets		618	573
Total Current Assets		**97,181**	**84,552**
Non-current Assets			
Other financial assets		7	7
Property, plant and equipment	9	141,508	143,702
Right-of-use assets	10	93,739	92,489
Intangible assets	11	2,402	2,521
Deferred tax assets	12	6,945	6,719
Total Non-current Assets		**244,601**	**245,438**
Total Assets		**341,782**	**329,990**
Current Liabilities			
Trade and other payables	13	43,077	33,575
Borrowings	14	8,450	18,715
Lease liabilities	15	6,666	2,372
Derivative instruments	16	3,849	3,215
Current tax liabilities		1,105	-
Provisions	17	9,170	6,418
Total Current Liabilities		**72,317**	**64,295**
Non-current Liabilities			
Borrowings	14	62,638	67,759
Lease liabilities	15	93,269	93,061
Derivative instruments	16	46	2,029
Provisions	17	559	439
Total Non-current Liabilities		**156,512**	**163,288**
Total Liabilities		**228,829**	**227,583**
Net Assets		**112,953**	**102,407**
Equity			
Issued capital	18	410,915	410,915
Pre IPO distributions to related entities		(354,613)	(354,613)
Reserves	19	386	(159)
Retained earnings		56,265	46,264
Total Equity		**112,953**	**102,407**

The accompanying notes form part of these financial statements

Wagners Holding Company Limited

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Note	Share capital $'000	Pre IPO distributions to related entities $'000	Reserves $'000	Retained earnings $'000	Total $'000
		Consolidated Group				
Balance at 1 July 2019		371,334	(354,613)	(397)	46,281	62,605
Profit for the financial year		-	-	-	(17)	(17)
Exchange differences from translation of foreign controlled entities, net of tax		-	-	126	-	126
Total comprehensive income for the financial year		**-**	**-**	**126**	**(17)**	**109**
Transactions with owners in their capacity as owners:						
Recognition of share-based payments	19	-	-	112	-	112
New shares issued (net of share issue costs)		39,581	-	-	-	39,581
Balance at 30 June 2020		410,915	(354,613)	(159)	46,264	102,407
Profit for the financial year		-	-	-	10,001	10,001
Exchange differences from translation of foreign controlled entities, net of tax		-	-	11	-	11
Total comprehensive income for the financial year		**-**	**-**	**11**	**10,001**	**10,012**
Transactions with owners in their capacity as owners:						
Recognition of share-based payments	19	-	-	534	-	534
Balance at 30 June 2021		**410,915**	**(354,613)**	**386**	**56,265**	**112,953**

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Consolidated Statement of Cash Flows
for the year ended 30 June 2021

	Note	Consolidated Group 30 Jun 2021 $'000	Consolidated Group 30 Jun 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		359,676	260,554
Payments to suppliers and employees (inclusive of GST)		(295,962)	(247,647)
Interest received		102	71
Dividends received		1,005	967
Finance costs		(11,139)	(5,123)
Income tax paid		(582)	(7,681)
Net cash provided by operating activities	22(a)	**53,100**	**1,141**
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		1,230	900
Payments for property, plant and equipment		(15,480)	(30,536)
Payments for acquired businesses		(2,050)	(2,050)
Net cash used in investing activities		**(16,300)**	**(31,686)**
Cash flows from financing activities			
Proceeds from borrowings	22(b)	3,845	16,943
Proceeds from share issue		-	40,023
Share issue costs		-	(442)
Repayment of lease liabilities	22(b)	(2,623)	(1,877)
Repayment of borrowings	22(b)	(19,231)	(26,891)
Net cash (used in)/provided by financing activities		**(18,009)**	**27,756**
Net increase/(decrease) in cash and cash equivalents		**18,791**	**(2,789)**
Cash at beginning of financial year		3,436	6,101
Effect of currency translation on cash and cash equivalents		13	124
Cash at end of financial year	6	**22,240**	**3,436**

The accompanying notes form part of these financial statements

1 Statement of Significant Accounting Policies

The consolidated financial statements of Wagners Holding Company Limited and its subsidiaries (together, the 'Group') for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 24 August 2021.

Wagners Holding Company Limited (the 'Company') is a for-profit company limited by shares incorporated on 2 November 2017 and domiciled in Australia.

The principal activities of the Group during the year consisted of the production and sale of construction materials and its new generation building materials, including the provision of ancillary services.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

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

(i) Basis of measurement and reporting convention

Except for cash flow information, the consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(ii) Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. Areas where assumptions and estimates are significant to the financial statements, or involving a higher degree of judgement due to complexity are as follows:

- The determination of revenue recognition on contract with customers (Note 3);
- The determination of long service leave provision (Note 17 and Note 1(i));
- The determination of depreciation rates on property, plant and equipment (Note 9 and Note 1(h)); and
- The incremental borrowing rate and estimated exercise of option terms in relation to the calculations of right-of-use assets (Note 10) & lease liabilities (Note 15); and
- The assessment of any impairment indications and calculation of CGU's value in use.

(iii) New and revised accounting standards adoption

There were no new or revised accounting standards adopted that had any impact on the group's accounting policies and required retrospective adjustments.

1 Statement of Significant Accounting Policies (continued)

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate all of the assets, liabilities and results of the Group and all of its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(c) Revenue recognition

Sale of materials and goods

The Group derives revenue from the sale of cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel.

Sale of construction and new generation building materials contains only one performance obligation, with revenue recognised at the point in time when the material or good is transferred to the customer.

Provision of services

The Group derives revenue from the provision of services including project specific mobile and on-site concrete batching, contract crushing and haulage services.

Infrastructure & mining project services

Revenue from infrastructure and mining project services is recognised when the performance obligation to the customer has been satisfied, which is generally when the service is performed on site.

Construction contracts

For fixed-price construction contracts, mainly concerning the Group's New Generation Building Materials division and the construction of concrete batch plants, revenue is recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is measured by reference to actual labour hours incurred and actual costs incurred, relative to the total expected inputs to the satisfaction of the individual performance obligations. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Dividends and interest

Dividend revenue is recognised when the right to receive a dividend has been established, and interest revenue is recognised using the effective interest method.

1 Statement of Significant Accounting Policies (continued)

(c) Revenue recognition (continued)

All revenue is stated net of the amount of goods and services tax.

Contract assets and contract liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract assets are balances due from customers under contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the entity's right to consideration for the services transferred to date. Amounts are generally reclassified to contract receivables when these have been certified or invoiced to a customer. Contract liabilities arise where payment is received prior to work being performed.

(d) Financial instruments

Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value through Other Comprehensive Income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value through Profit or Loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Measurement of cash and cash equivalents and trade and other receivables are measured at amortised cost.

1 Statement of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.
- Fair Value through Profit or Loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Group's accounting for impairment losses relating to financial assets is on a forward looking basis using the Expected Credit Losses (ECL) approach. For trade receivables and contract assets, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the Group's historical credit losses against the receivables ageing profile.

Derivatives

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction where the Company's subsidiaries operate and generate taxable income, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and prior period adjustments (where applicable).

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income. In which case, the tax is also recognised in other comprehensive income.

1 Statement of Significant Accounting Policies (continued)

(e) Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, at the tax rates expected to apply when the asset is realised or the liability is settled, 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 other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss; or
- When the taxable temporary differences relate to interests in subsidiaries, associates or joint ventures, and the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; or

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

Tax consolidation group

Wagners Holding Company Limited, the ultimate Australian controlling entity, and its Australian subsidiaries, have implemented the tax consolidation legislation.

Wagners Holding Company Limited and its subsidiaries in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Wagners Holding Company Limited, the ultimate Australian controlling entity, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated Group.

Assets or liabilities arising under tax funding arrangements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Under the tax funding arrangement, the members of the tax consolidated Group compensate Wagners Holding Company Limited for any current tax payable assumed, and are compensated by Wagners Holding Company Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Wagners Holding Company Limited.

(f) Earnings per share

(i) Basic earnings per share

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

1 Statement of Significant Accounting Policies (continued)

(f) Earnings per share (continued)

(ii) 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.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of manufactured products includes direct costs & direct labour, costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the necessary costs to make the sale.

(h) Intangibles

Licenses and accreditations acquired as part of a prior business combination are recognised separately from goodwill. The licenses and accreditations are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which was estimated at 23 years.

(i) Property, plant and equipment

All property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised through profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

1 Statement of Significant Accounting Policies (continued)

(i) Property, plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets including land improvements & buildings, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Estimated useful lives for each class of depreciable asset are as follows:

Land improvements & buildings	5 – 30 years
Plant and equipment	2 – 30 years
Motor vehicles	4 – 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

(j) Impairment of non-financial assets

Non-financial assets are tested at the end of each reporting period for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment test is carried out on an asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(k) Business combinations and goodwill

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The consideration transferred for the acquisition of a business comprises of the:

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the Group;
- Fair value of any asset or liability resulting from a contingent consideration arrangement; and
- Fair value of any pre-existing equity interest in the business.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

1 Statement of Significant Accounting Policies (continued)

(k) Business combinations and goodwill (continued)

The excess of the consideration transferred and the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(l) Foreign currency transactions and balances

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars, which is Wagners Holding Company Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(iii) Group companies

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

- Assets and liabilities in the statement of financial position are translated at the closing exchange rate at the reporting date of the reporting period; and
- Income and expenses in the statement of profit or loss and other comprehensive income are translated at average exchange rates for the reporting period.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

1 Statement of Significant Accounting Policies (continued)

(m) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is presented as provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefits

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

The Group's obligations for long-term employee benefits are presented as non-current provision for employee benefits the consolidated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as a current provision for employee benefits.

(iii) Retirement benefit obligations

All Australian-resident employees of the Group are entitled to receive a superannuation guarantee contribution, currently 9.5% of the employee's average ordinary salary, to the employee's superannuation fund of choice. All superannuation guarantee contributions are recognised as an expense when they become payable. All obligations for unpaid superannuation guarantee contributions at the end of the reporting period are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Other amounts charged to the financial statements in this respect represents the contribution made by the consolidated entity to employee retirement benefit funds in other jurisdictions.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

1 Statement of Significant Accounting Policies (continued)

(m) Employee benefits (continued)

(v) Short-term incentive scheme

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the earnings of the Group after certain adjustments, subject to Board approval.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) 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, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(p) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows where those cashflows represent solely payments of principal and interest and therefore measures them subsequently at amortised cost using the effective interest method.

(q) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. Trade and other payables are presented as current liabilities and are normally paid within 45 days of recognition, unless payment is not due within 12 months after the reporting period where they are recognised as non-current liabilities.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

1 Statement of Significant Accounting Policies (continued)

(r) Borrowings (continued)

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs not previously mentioned are expensed as incurred.

(s) Contributed equity

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.

(t) Dividends

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 reporting period but not distributed at the end of the reporting period.

(u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(v) Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest thousand dollars where noted ($'000), or in certain cases the nearest dollar, under the option available to the Company under *ASIC Legislative (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

1 Statement of Significant Accounting Policies (continued)

(w) Parent entity financial information

The financial information for the parent entity, Wagner Holding Company Limited, has been prepared on the same basis as the consolidated financial statements. Investments in subsidiaries are carried at cost.

(x) Leases

As a lessee, the Group recognises right-of-use assets and lease liabilities for most leases in the Consolidated Statement of Financial Position, representing its obligation to make lease payments.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in a rate, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use asset is initially measured at the amount of lease liability plus any lease payments made before commencement less any lease incentives received. It also includes and direct costs and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases with terms less than twelve months with no renewal options, and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

(y) New accounting standards for application in future periods

New accounting standards and interpretations have been issued by the AASB that are not yet mandatory for the 30 June 2021 reporting periods and have not been early adopted by the Group. The Group has assessed the impact of these new standards and interpretations and does not expect that there would be any material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 Segment reporting

AASB 8 Operating Segments requires the Group to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the Group to allocate resources and assess performance. In the case of the Group, the chief operating decision maker is the Board of Directors.

An operating segment is a component of the Group that engages in business activity from which it may earn revenues or incur expenditure, including those that relate with other Group components. Each operating segment's results are reviewed regularly by the Board to make decisions about resources to be allocated to the segments and assess its performance. The Board monitors the operations of the Group based on the following three segments:

- ***Construction Materials & Services (CMS)***: supplies a range of construction materials and services predominantly to customers in the construction, infrastructure, and resources industries. Key products include cement, flyash, ready-mix concrete, precast concrete products, aggregates and reinforcing steel. Services include mobile concrete, crushing and haulage services, and are typically provided via medium to long-term contracts both domestically and internationally.
- ***Composite Fibre Technology (CFT)***: provides an innovative and environmentally sustainable new generation building material, Composite Fibre Technology (CFT).
- ***Earth Friendly Concrete (EFC)***: provides an innovative and environmentally sustainable new generation building material, Earth Friendly Concrete (EFC) technology.

Corporate amounts reflect corporate costs incurred by the Group, as well as the financing and investment activities of the Group.

Segment performance is evaluated based on profit before interest and tax. Inter-segment pricing is determined on an arm's length basis and inter-segment revenue is generated from the sales of materials and services between operations.

Operating segments have changed due to the increased investment and focus on our New Generational Building Materials CFT & EFC, with the Board monitoring the performance of these segments now individually (rather than collectively as prior). Comparative disclosures have been restated to align with the current reportable segment presentation.

Allocations of assets and liabilities are not separately identified in internal reporting so are not disclosed in this note.

2 Segment reporting (continued)

Reconciliations of reportable segment revenues & profit or loss

Year ended 30 June 2021	CMS $'000	CFT $'000	EFC $'000	Corporate[1] $'000	Total $'000
Segment revenue	289,329	31,443	424	1,369	**322,565**
Inter-segment elimination	(810)	(5)	(118)	(982)	**(1,915)**
Revenue from contracts with customers	**288,519**	**31,438**	**306**	**387**	**320,650**
Other income	1,278	93	-	1,075	**2,446**
Total revenue for the year	**289,797**	**31,531**	**306**	**1,462**	**323,096**
Profit/(loss) before interest & income tax	**33,407**	**2,683**	**(1,985)**	**(8,707)**	**25,398**
Finance costs					(11,052)
Interest income					102
Income tax expense					(4,447)
Profit for the year					**10,001**

Year ended 30 June 2020	CMS $'000	CFT $'000	EFC $'000	Corporate $'000	Total $'000
Segment revenue	217,054	33,665	170	988	**251,877**
Inter-segment elimination	(1,218)	(6)	(27)	(958)	**(2,209)**
Revenue from contracts with customers	**215,836**	**33,659**	**143**	**30**	**249,668**
Other income	1,678	(4)	243	394	**2,311**
Total revenue for the year	**217,514**	**33,655**	**386**	**424**	**251,979**
Profit/(loss) before interest & income tax	**18,646**	**3,460**	**(1,282)**	**(12,197)**	**8,627**
Finance costs					(8,911)
Interest income					71
Income tax expense					196
Profit for the year					**(17)**

1 The considerably lower Corporate segment loss in the current financial year was significantly impacted from a positive costs order from the 'Cement Supply Agreement' appeal judgement and accrual reversal of legal fees from the original judgement recognised in the prior financial year. The prior financial year also had substantial legal costs from the prior mentioned dispute, which are not regular recurring operational costs.

Major customers

The Group has a number of customers to whom it provides both materials and services. The Group supplies three external customers (2020: two) in the CMS segment who account for 33% of external revenue (2020: 27%).

Geographical information

Refer to note 3(c) for disclosure of geographical information on revenue.

3 Income

(a) Revenue from contracts with customers

	Note	Consolidated Group 30 Jun 2021 $'000	Consolidated Group 30 Jun 2020 $'000
Sale of goods		209,548	163,899
Sale of services		111,102	85,769
Total revenue from contracts with customers		**320,650**	**249,668**

There were no partly satisfied performance obligations at the end of the previous reporting period for which revenue was recognised in the current period.

(b) Other income

	Note	Consolidated Group 30 Jun 2021 $'000	Consolidated Group 30 Jun 2020 $'000
Profit on sale of property, plant and equipment		443	321
Dividends received		1,005	967
Rent and hire received		159	458
Gain on bargain purchase		-	355
Other income		839	210
Total other income		**2,446**	**2,311**

(c) Disaggregation of revenue

The Group earns revenue from several geographical location, the net revenue presented below is based on the selling entity.

	30 June 2021				30 June 2020			
	CMS $'000	CFT $'000	EFC $'000	Corporate $'000	CMS $'000	CFT $'000	EFC $'000	Corporate $'000
Australia[1]								
Point-in-time	286,469	17,616	306	387	206,209	16,986	143	30
Over-time	1,751	13,086	-	-	9,098	16,244	-	-
United States of America								
Over-time	-	206	-	-	-	240	-	-
New Zealand								
Point-in-time	-	455	-	-				
Over-time	-	75	-	-	-	189	-	-
PNG & Malaysia								
Point-in-time	299	-	-	-	529	-	-	
Total point-in-time	**286,768**	**18,071**	**306**	**387**	**206,738**	**16,986**	**143**	**30**
Total over-time	**1,751**	**13,367**	**-**	**-**	**9,098**	**16,673**	**-**	**-**

1 Australia NGBM has also earned export revenue from several geographical locations in 2021, including United Arab Emirates $2,282,000 (2020: $2,148,000).

4 Profit or loss items

Profit for the following year included the following specific items:

(a) Expenses

	Note	Consolidated Group 30 Jun 2021 $'000	Consolidated Group 30 Jun 2020 $'000
Employee benefits expense (i)		53,729	44,276
Defined contributions plans (ii)		4,242	3,681
Performance rights expense (iii)	26	534	112
Business combination costs (iv)		-	216

(i) Employee benefits has increased in the period. This excludes the Groups defined contributions paid for its employees (ii) and performance rights (iii).
(ii) Defined contributions plan is the compulsory superannuation payable on employee salaries and wages.
(iii) Performance rights expense is recognised based on probability of vesting conditions being met.
(iv) Costs associated to acquire the Shepton Quarry were recognised in the profit or loss in FY20.

(b) Net finance costs

	Consolidated Group 30 Jun 2021 $'000	Consolidated Group 30 Jun 2020 $'000
Interest income	(102)	(71)
Interest costs and facility fees	5,798	5,468
Other finance costs/(income)	1,046	(193)
	6,742	**5,204**

5 Income tax

(a) Income tax expense

	Consolidated Group 30 Jun 2021 $'000	Consolidated Group 30 Jun 2020 $'000
The components of income tax expense comprise:		
Current tax on profits for the year	4,452	1,165
Adjustments for current tax of prior periods	221	5
Deferred tax expense/(benefit)	(226)	(1,366)
	4,447	**(196)**

5 Income tax (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Profit from continuing activities before income tax expense	**14,448**	**(213)**
Prima facie tax payable using Australian tax rate of 30% (2020: 30%)	4,334	(64)
Adjusted for:		
Foreign tax rate differential	62	43
Current year tax losses and temporary differences not brought to account	330	78
Business combination tax impacts	-	(43)
Other net non-deductible/(non-assessable) items	(278)	(122)
Under/(over) provision from prior years	(1)	(88)
Income tax expense	**4,447**	**(196)**

(c) Tax amounts recognised directly in equity

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
The following deferred tax amounts were (charged)/credited directly to equity during the year in respect of:		
Net exchange difference taken to equity	-	-
Listing costs attributed to share capital	-	189
Recognised in comprehensive income	**-**	**189**

6 Cash and cash equivalents

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Cash on hand	8	6
Cash at bank	22,232	3,430
	22,240	**3,436**

7 Trade and other receivables

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Current		
Trade receivables	49,985	48,050
Provision for expected credit loss of trade receivables	(759)	(844)
	49,226	**47,206**
Contract assets (i)	767	1,110
Other receivables	22	7,270
	50,015	**55,586**

(i) Contract assets has decreased due to the Group's recognition of revenue over time under AASB 15 *Revenue from contracts with customers* and the completion of those contracts in the financial year ended 30 June 2021.

(a) Provision for expected credit losses of trade receivables

Movement in the allowance for expected credit losses of trade receivables is as follows:

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Balance at beginning of period	844	299
Impairment expense/(credit) recognised during the year	270	545
Receivables (written off)/recouped during the year as uncollectable	(355)	-
Balance at end of period	**759**	**844**

7 Trade and other receivables (continued)

(b) Ageing of trade receivables and contract assets

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

The Group has considered the collectability and recoverability of trade receivables and contract assets. An allowance for expected credit loss is recognised for the specific irrecoverable trade receivable amounts. The ageing of trade receivables are outlined for the current and prior financial periods as follows:

		Consolidated Group	
Trade receivable ageing as at 30 June 2021	**Expected loss rate**	**Gross trade receivable and contract asset $'000**	**Loss Allowance $'000**
Current	0.5%	41,605	183
1 to 30	1.0%	5,632	56
31 to 60	5.0%	1,283	64
61 to 90	20.0%	922	184
90+	50.0%	543	272
Contract assets	0%	767	-
Balance at end of period		**50,752**	**759**

		Consolidated Group	
Trade receivable ageing as at 30 June 2020	**Expected loss rate**	**Gross trade receivable and contract asset $'000**	**Loss Allowance $'000**
Current	0.5%	42,734	214
1 to 30	1.0%	3,458	35
31 to 60	5.0%	530	26
61 to 90	20.0%	314	62
90+	50.0%	1,014	507
Contract assets	0 %	1,110	-
Balance at end of period		**49,160**	**844**

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to the Group's right to consideration for performance complete to date before payment is due and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

7 Trade and other receivables (continued)

(b) Ageing of trade receivables and contract assets (continued)

The expected loss rates are based on the payment profiles of sales over the last 3 years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, country specific unemployment rates and the outlook for customer industries as the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

While the COVID-19 situation remains fluid and has seen a number of industries severely economically impacted, the Group has not adjusted its expected loss rate in the financial year ended 30 June 2021 due to it seeing no current trend with its customers extending outside payment terms. In addition, the Group foresees significant Government backed spending in the construction and infrastructure sectors in the coming financial periods.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses. Subsequent recoveries of amounts previously written off are credited against the same line item.

8 Inventories

	Consolidated Group	
	30 Jun 2021 $'000	**30 Jun 2020 $'000**
At cost		
Raw materials and stores	11,894	19,725
Work in progress	747	940
Finished goods	11,667	1,090
	24,308	**21,755**

The Group recognised $104,494,000 of inventory through profit or loss for the financial year ending 30 June 2021 (2020: $77,365,000).

9 Property, plant & equipment

	Consolidated Group 30 Jun 2021 $'000	30 Jun 2020 $'000
Land improvements & buildings		
Land improvements & buildings – at cost	22,231	19,722
Less accumulated depreciation	(5,722)	(5,014)
	16,509	14,708
Plant & equipment		
Plant & equipment – at cost	159,203	155,570
Less accumulated depreciation	(78,059)	(68,398)
	81,144	87,172
Motor vehicles		
Motor vehicles – at cost	50,422	52,272
Less accumulated depreciation	(24,829)	(21,296)
	25,593	30,976
Assets under construction – at cost	**18,262**	10,846
Total property, plant & equipment	**141,508**	143,702

(a) Movements in carrying amounts

Financial year ended 30 June 2021 $'000	**Land improvements & buildings**	**Plant & equipment**	**Motor vehicles**	**Assets under construction**	**Total**
Opening net book value	14,708	87,172	30,976	10,846	143,702
Additions	2,508	3,588	1,968	7,416	15,480
Transfers	-	(116)	116	-	-
Exchange differences	-	8	-	-	8
Depreciation	(707)	(9,177)	(7,005)	-	(16,889)
Disposals	-	(331)	(462)	-	(793)
Closing net book value	**16,509**	**81,144**	**25,593**	**18,262**	**141,508**

9 Property, plant & equipment (continued)

(a) Movements in carrying amounts (continued)

Financial year ended 30 June 2020 $'000	Land improvements & buildings	Plant & equipment	Motor vehicles	Assets under construction	Total
Opening net book value	14,776	76,543	26,289	5,912	123,520
Additions	406	13,935	10,369	5,826	30,536
Transfers from under construction	42	850	-	(892)	-
Business combination assets	155	4,052	67	-	4,274
Depreciation	(671)	(7,784)	(5,594)	-	(14,049)
Disposals	-	(424)	(155)	-	(579)
Closing net book value	**14,708**	**87,172**	**30,976**	**10,846**	**143,702**

As at 30 June 2021 the value of the Group's assets pledged as security was $22,521,000 (2020: $31,083,000).

10 Right-of-use assets

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Land & buildings	104,315	97,310
Less accumulated depreciation	(10,576)	(4,821)
Total right-of-use assets	**93,739**	**92,489**

(a) Movements in carrying amounts

Financial year ended 30 June 2021 $'000	Land & buildings	Total
Opening net book value 1 July 2020	**92,489**	**92,489**
Additions	4,719	4,719
Modifications	2,406	2,406
Depreciation to profit or loss	(5,875)	(5,875)
Closing net book value	**93,739**	**93,739**

Financial year ended 30 June 2020 $'000	Land & buildings	Total
Opening net book value 1 July 2019	-	-
Recognition on initial application	76,484	76,484
Additions	20,826	20,826
Depreciation to profit or loss	(4,821)	(4,821)
Closing net book value	**92,489**	**92,489**

11 Intangible assets

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Licenses		
Licenses – at cost	2,740	2,740
Less accumulated amortisation	(338)	(219)
	2,402	**2,521**
Total intangible assets	**2,402**	**2,521**

(a) Movements in carrying amounts

Financial year ended 30 June 2021

$'000	Licenses	Total
Opening net book value	2,521	2,521
Amortisation	(119)	(119)
Closing net book value	**2,402**	**2,402**

Financial year ended 30 June 2020

$'000	Licenses	Total
Opening net book value	2,638	2,638
Amortisation	(117)	(117)
Closing net book value	**2,521**	**2,521**

12 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

$'000	Assets 30 Jun 2021	Assets 30 Jun 2020	Liabilities 30 Jun 2021	Liabilities 30 Jun 2020	Net assets/(liabilities) 30 Jun 2021	Net assets/(liabilities) 30 Jun 2020
Inventories	98	38	(216)	(233)	(118)	(195)
Property, plant & equipment	-	1,123	(554)	-	(554)	1,123
Expected credit loss	227	253	-	-	227	253
Employee benefits	2,444	1,978	-	-	2,444	1,978
Derivative financial instruments	1,169	1,573	(183)	(427)	986	1,146
Provisions	799	65	-	-	799	65
Leases	29,981	28,630	(28,122)	(27,747)	1,859	883
Contract liabilities	839	500	-	-	839	500
Contract assets	-	-	(230)	(297)	(230)	(297)
Other items	879	1,496	(186)	(233)	693	1,263
Deferred tax assets/(liabilities)	36,436	35,656	(29,491)	(28,937)	6,945	6,719
Set off deferred taxes	(29,491)	(28,937)	29,491	28,937	-	-
Net deferred tax assets	**6,945**	**6,719**	**-**	**-**	**6,945**	**6,719**

(b) Movement in temporary difference during the year

The movement in deferred tax balances for the Group are shown in the tables below:

Year ended 30 June 2021 $'000	Opening balance	Charged to income	Charged to equity	Exchange differences	Closing balance
Inventories	(195)	77	-	-	(118)
Property, plant & equipment	1,123	(1,677)	-	-	(554)
Expected credit loss	253	(26)	-	-	227
Employee benefits	1,978	466	-	-	2,444
Derivative financial instruments	1,146	(160)	-	-	986
Provisions	65	734	-	-	799
Leases	883	976	-	-	1,859
Contract liabilities	500	339	-	-	839
Contract assets	(297)	67	-	-	(230)
Other items	1,263	(570)	-	-	693
Net deferred tax assets	**6,719**	**226**	-	-	**6,945**

12 Deferred tax assets and liabilities (continued)

(b) Movement in temporary difference during the year (continued)

Year ended 30 June 2020 $'000	Opening balance	Charged to income	Charged to equity	Exchange differences	Closing balance
Inventories	(340)	145	-	-	(195)
Property, plant & equipment	1,593	(470)	-	-	1,123
Expected credit loss	89	164	-	-	253
Employee benefits	1,747	231	-	-	1,978
Derivative financial instruments	647	499	-	-	1,146
Provisions	121	(56)	-	-	65
Leases	-	883	-	-	883
Contract liabilities	-	500	-	-	500
Contract assets	-	(297)	-	-	(297)
Other items	1,685	(233)	(189)	-	1,263
Net deferred tax assets	**5,542**	**1,366**	**(189)**	**-**	**6,719**

13 Trade and other payables

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Trade payables	17,298	10,797
Contract liabilities[1]	3,076	1,665
Sundry payables and accrued expenses[2]	22,703	21,113
	43,077	**33,575**

The carrying amounts of trade and other payable are presumed to be at their fair values due to their short-term nature.

1 Contract liabilities have increased due to the CFT and Precast Concrete divisions receiving advanced payments as part of a number of secured contracts, totaling $1,413,000 and $713,000 respectively. Revenue of $1,665,000 was recognized during the year that was in contract liabilities at the beginning of the period (2020: $nil)

2 The Groups sundry payables and accrued expenses can be broken up into the following overarching categories:

	30 Jun 2021 $'000	30 Jun 2020 $'000
Accrued expenses	6,144	8,060
Goods Received Not Invoiced payables	10,013	5,822
GST/VAT payables	343	2,935
Payroll accruals and payables[3]	6,203	4,296
	22,703	**21,113**

3 As part of COVID-19 support the QLD Office of State Revenue granted payment deferral for a number of monthly payroll tax liabilities, allowing full payment of liabilities upon submission of Annual Payroll Tax Return.

14 Borrowings

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Current		
Secured liabilities		
Finance facility	-	7,050
Chattel mortgages	8,450	11,665
	8,450	**18,715**
Non-current		
Secured liabilities		
Finance facility	56,500	56,500
Chattel mortgages	6,138	11,259
	62,638	**67,759**
Total current and non-current secured liabilities:		
Finance facility[1]	56,500	63,550
Chattel mortgages[2]	14,588	22,924
	71,088	**86,474**

1 On 28 June 2021, the Group secured an extension with its current banks NAB & HSBC to its existing finance facilities, with an expiry date of 1 July 2024.

The products within the finance facility bear interest at the Bank Bill Swap Rate plus a predetermined margin. Rates vary across the two club banks who cover the Groups finance facilities, and are affected by a number of factors including prior covenant ratios, date range within the facility agreements and the sub-facility being utilised.

As part of the extended facility agreement the Group must adhere to three covenants, a fixed charge cover ratio, debt to EBITDA ratio and a capitalisation ratio covenant. All covenants have been complied with during the financial years ended 30 June 2021 & 30 June 2020.

A general security interest has been granted to NAB as security trustee, over all of the assets and undertakings of the Company. In addition, mortgages have been granted over each of the real property leases.

2 The Group enters into agreements to fund certain plant and equipment purchases; these are assessed on a case by case basis. The underlying plant and equipment is held as security over each Chattel mortgage until repayments are made in full.

15 Lease liabilities

	Note	Consolidated Group 30 Jun 2021 $'000	Consolidated Group 30 Jun 2020 $'000
Current			
Lease liabilities		6,666	2,372
Non-current			
Lease liabilities		93,269	93,061
Total current and non-current lease liabilities	22(b)	**99,935**	**95,433**

(a) Movements in carrying amounts

Financial year ended 30 June 2021

$'000	**Total**
Opening net book value 1 July 2020	95,433
Additions	4,719
Modifications	2,406
Interest expense	4,208
Lease repayments	(6,831)
Closing net book value	**99,935**

Financial year ended 30 June 2020

$'000	**Total**
Opening net book value 1 July 2019	76,484
Additions	20,826
Interest expense	3,636
Lease repayments	(5,513)
Closing net book value	**95,433**

(b) Amounts recognised in profit or loss

	Note	Consolidated Group 30 Jun 2021 $'000	Consolidated Group 30 Jun 2020 $'000
Interest expense on lease liabilities		4,208	3,636
Rent & hire expense – low value assets		407	7
Rent & hire expense – short-term		4,834	4,543
Total		**9,449**	**8,186**

15 Lease liabilities (continued)

(c) Extension options

Extension options are included in a number of premises leases across the Group, these are used to maximise operational flexibility in terms of managing assets in the Group's operations. In determining the lease term, the Group considers all facts and circumstances available at the time. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The majority of the Group's premises leases still have a considerable number of years left until expiry, as such no extension options on premises leases have been included in the calculation of lease liabilities.

16 Derivative instruments

		30 June 2021		30 June 2020	
		Current	Non-current	Current	Non-current
	Note	$'000	$'000	$'000	$'000
Assets					
Foreign exchange forward contracts		**-**	**-**	**216**	**-**
Liabilities					
Foreign exchange forward contracts		(1,612)	-	(1,266)	-
Interest rate swap contracts		(2,237)	(46)	(1,949)	(2,029)
		(3,849)	**(46)**	**(3,215)**	**(2,209)**
Total derivative assets/(liabilities)	23	**(3,849)**	**(46)**	**(2,999)**	**(2,029)**
Total movement in Derivatives recognised through Profit or Loss		**1,133**		**(1,065)**	

17 Provisions

(a) Provision balances

	Consolidated Group	
	30 Jun 2021 $'000	**30 Jun 2020 $'000**
Current		
Employee benefits (i)	6,501	5,271
Other (ii)	2,669	1,147
	9,170	**6,418**
Non-current		
Employee benefits (i)	559	439
Total Provision	**9,729**	**6,857**

(i) Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

17 Provisions (continued)

(a) Provision balances (continued)

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data and the expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and conditions which match, as closely as possible, the estimated future cash outflows. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(m).

(ii) Other provisions is made up of various cost provisions to allow for repairs & maintenance on plant and machinery and the provision of engineering services.

(b) Movements in provisions

Year ended 30 June 2021 **$'000**	**Employee benefits**	**Other**	**Total**
Opening balance	5,710	1,147	6,857
Charged to profit or loss	4,621	1,522	6,143
Amounts used during the period	(3,271)	-	(3,271)
Closing balance	**7,060**	**2,669**	**9,729**

Year ended 30 June 2020 **$'000**	**Employee benefits**	**Other**	**Total**
Opening balance	4,970	548	5,518
Charged to profit or loss	4,017	599	4,616
Amounts used during the period	(3,277)	-	(3,277)
Closing balance	**5,710**	**1,147**	**6,857**

18 Issued capital

(a) Share capital

	30 Jun 2021 Shares	30 Jun 2020 Shares	30 Jun 2021 $'000	30 Jun 2020 $'000
Ordinary shares	**187,196,887**	**187,196,887**	**410,915**	**410,915**

(b) Movement in share capital

Date	Details	No. of shares	$'000
1 July 2019	Opening balance	161,375,590	371,334
22 November 2019	Shares issued – renounceable entitlement offer (i)	25,821,297	40,023
22 November 2019	Renounceable entitlement offer costs – net of tax	-	(442)
30 June 2020	**Closing balance**	**187,196,887**	**410,915**
30 June 2021	**Closing balance**	**187,196,887**	**410,915**

(i) On 29 October 2019 the Company issued a notice for a fully underwritten renounceable entitlement offer to its shareholders entitling them to subscribe for 1 new ordinary share for every 6.25 existing ordinary shares held, at a price of $1.55. As the entitlement offer was fully underwritten, all 25,821,297 ordinary shares available as part of the entitlement offer were issued on 22 November 2019.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(c) Other securities issued

As part of the previously disclosed Long Term Incentive Plan (Omnibus Incentive Plan) for Company employees, the Company issued 1,216,458 performance rights on 19 November 2020 (2020: 657,095) with more information to be found in Note 26.

(d) Pre IPO distributions of equity

Prior to listing on the ASX, transactions with other entities within the previous consolidated Group were recognised as a distribution of equity to related parties.

(e) Capital risk management

The Board's policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital as well as considers the potential of future dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

19 Reserves

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Share based payment reserve	646	112
Foreign exchange reserve	(260)	(271)
	386	**(159)**

(a) Movement in each class of reserve

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Share based payment reserve		
Opening balance	112	-
Share based payments fair value recognised in profit or loss	534	112
Closing balance	**646**	**112**
Foreign exchange reserve		
Opening balance	(271)	(397)
Exchange differences on translation of foreign operations, net of tax	11	126
Closing balance	**(260)**	**(271)**

(b) Details of reserves

(i) Share based payment reserve

The share-based payment reserve arises on the grant of performance rights to executives under the Long Term Incentive Plan (LTI). Further information about LTI is made in note 26 to the financial statements. The Group settled the Wagner Limited Employee Share Trust to manage the share option plan.

(ii) Foreign exchange reserve

The foreign currency translation reserve records exchange differences arising on the translation of foreign controlled subsidiaries, as described in note 1(l).

20 Dividends

(a) Dividends paid

There were no dividends paid in both the current and prior financial years ended 30 June 2021 & 30 June 2020 respectively.

(b) Dividends proposed

There are no dividends proposed to be paid as at the date of this report.

20 Dividends (continued)

(c) Franking credits

The franking account balance available to the shareholders of the Company at year-end is $11,328,000 (2020: $10,750,000). This balance includes adjustments made for franking credits arising from the payment of estimated provision for 2021 income tax.

21 Earnings per share

Earnings used in calculating Earnings Per Share	30 Jun 2021 $'000	30 Jun 2020 $'000
Profit attributable to the ordinary equity holders of the Company	10,001	(17)

Weighted average number of shares used as denominator	30 Jun 2021 No.'000	30 Jun 2020 No.'000
Weighted average number of ordinary shares used in calculating basic earnings per share	187,196,887	176,967,138
Adjustment for calculation of diluted EPS:		
Performance rights on issue	1,873,553	657,095
Weighted average number of ordinary and potential ordinary shares used in calculating diluted earnings per share	189,070,440	177,624,233

Basic & Diluted Earnings Per Share	30 Jun 2021 Cents	30 Jun 2020 Cents
Basic earnings per share	5.3	(0.0)
Diluted earnings per share	5.3	(0.0)

22 Cash flow information

(a) Reconciliation of cash flow from operation with profit/(loss) after income tax

	Consolidated Group	
	30 Jun 2021 $'000	30 Jun 2020 $'000
Profit/(loss) after income tax	10,001	(17)
Non-cash flows in profit		
Depreciation of property, plant & equipment	16,888	14,049
Depreciation of right-of-use assets	5,875	4,821
Amortisation of intangible assets	119	117
Fair value adjustment on derivative instruments	(1,133)	1,066
Net (gain)/loss on disposal of non-current assets	(443)	(321)
Performance rights expense	534	112
Gain on bargain purchase	-	(355)
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	5,568	(12,924)
(Increase)/decrease in other assets	(45)	(94)
(Increase)/decrease in inventories	(2,553)	(2,083)
Increase/(decrease) in trade and other payables	11,551	3,310
Increase/(decrease) in income taxes payable	4,091	(6,700)
Increase/(decrease) in deferred taxes payables	(226)	(1,177)
Increase/(decrease) in provisions	2,873	1,337
Net cash provided by operating activities	**53,100**	**1,141**

(b) Reconciliation of financial liabilities to cash flows from financing activities

Year ended 30 June 2021 $'000	**Lease liabilities**	**Hire purchase & chattel mortgages**	**Finance facility**	**Derivatives held to hedge borrowings**	**Total**
Opening balance	95,433	22,924	63,550	5,244	187,151
Cash inflows	-	3,845	-	-	3,845
Cash outflows	(2,623)	(12,181)	(7,050)	-	(21,854)
Non-cash flows in financial liabilities					
Fair value change in derivatives	-	-	-	(1,349)	(1,349)
Lease liability changes	7,125	-	-	-	7,125
Closing balance	**99,935**	**14,588**	**56,500**	**3,895**	**174,918**

22 Cash flow information (continued)

(b) Reconciliation of financial liabilities to cash flows from financing activities (continued)

Year ended 30 June 2020 $'000	Lease liabilities	Hire purchase & chattel mortgages	Finance facility	Derivatives held to hedge borrowings	Total
Opening balance	-	16,422	80,000	4,330	100,752
Cash inflows	-	16,943	-	-	16,943
Cash outflows	(1,877)	(10,441)	(16,450)	-	(28,768)
Non-cash flows in financial liabilities					
Fair value change in derivatives		-	-	914	914
Lease liability recognition	97,310	-	-	-	97,310
Closing balance	**95,433**	**22,924**	**63,550**	**5,244**	**187,151**

23 Fair value measurements

The Group measures and recognises certain financial assets and liabilities at fair value on a recurring basis after initial recognition, currently being only derivative financial instruments. The Group subsequently does not measure any other assets or liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels as follows:

- **Level 1**: measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2**: measurements based on inputs, other than quoted prices in active markets (Level 1), which are observable for the asset or liability, either directly or indirectly. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2.
- **Level 3**: measurements based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

23 Fair value measurements (continued)

(b) Estimation of fair values

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group is the income approach:

- **Income approach**: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Fair value techniques and inputs are summarised as follows:

Description	Fair value hierarchy	Note	Valuation technique & Inputs
Derivative instruments	Level 2	16	The fair value of forward foreign exchange contracts is determined using the present value of future cash flows based on the forward exchange rates at the end of the reporting period. The fair value of interest rate swaps is determined using the present value of the estimated future cash flows based on observable yield curves.

(c) Recurring fair value measurements

As at 30 June 2021	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Interest rate swap contracts	16	-	(2,283)	-	(2,283)
Foreign exchange forward contracts	16	-	(1,612)	-	(1,612)
		-	**(3,895)**	**-**	**(3,895)**
As at 30 June 2020					
Interest rate swap contracts	16	-	(3,978)	-	(3,978)
Foreign exchange forward contracts	16	-	(1,050)	-	(1,050)
		-	**(5,028)**	**-**	**(5,028)**

There were no transfers between fair value hierarchies during the current and previous financial years.

24 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by a central finance department. Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Finance provides overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments in accordance with the Group’s facilities agreement and company policies.

24 Financial risk management (continued)

The Group uses derivative financial instruments such as foreign exchange forward contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or speculative instruments. These derivatives are not designated hedges and the Group has therefore not applied hedge accounting. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties; ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, these customers may be required to pay upfront, or the risk may be further managed through obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount of trade receivables and cash and cash equivalents. The Group does not consider there to be any significant concentration of credit risk with any single/or group of customers. The Group derives revenue from three key customers (2020: two), which accounted for 33% of revenue for the financial year ended 30 June 2021 (2020: 27%). Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality, aggregates of such amounts are detailed in note 7.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

24 Financial risk management (continued)

(b) Liquidity risk (continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider there is any material risk of termination of such facilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities. The table include both interest and principal cash flows and therefore the total may different from their carrying amount in the statement of financial position.

As at 30 June 2021	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	43,077	-	-	43,077
Derivative financial liabilities	3,849	46	-	3,895
Chattel mortgages	8,450	6,138	-	14,588
Finance facility	-	56,500	-	56,500
Lease liabilities	6,791	23,025	149,903	179,719
	62,167	**85,709**	**149,903**	**297,779**

As at 30 June 2020	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	33,575	-	-	33,575
Derivative financial liabilities	3,215	2,029	-	5,244
Chattel mortgages	12,235	11,606	-	23,841
Finance facility	7,050	56,500	-	63,550
Lease liabilities	6,458	22,040	149,683	178,181
	62,533	**92,175**	**149,683**	**304,391**

At the end of each reporting period the Group had access to the following undrawn borrowing facilities:

	As at 30 June 2021		As at 30 June 2020	
	Drawn $'000	Available $'000	Drawn $'000	Available $'000
Expiring within one year	-	-	-	-
Expiring beyond one year	56,500	44,500	63,550	45,950
	56,500	**44,500**	63,550	45,950

(c) Market risk

(i) Interest rate risk

The Group's main exposure to interest rate risk is long-term borrowings. Borrowings issued at variable rates, expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value.

Interest rate risk is managed using a mix of fixed and floating rate debt and the Group enters into interest rate swaps to convert the majority of debt to fixed rate. At 30 June 2021 88.5% (2020: 78.7%) of Group debt is at a fixed rate. It is the policy of the Group going forward to keep between 50% and 100% of debt on fixed interest rates.

24 Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Interest rate swaps

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The notional principal amounts of the swap contracts approximate the Group's borrowing facilities, as described above. The net interest payment, or receipt settlements of the swap contracts occur every 30 to 90 days and correspond with interest payment dates on the borrowings.

At the end of the reporting period, the Group had the following outstanding interest rate swap contracts:

	Notional principal amount		
	30 Jun 2021 $'000	30 Jun 2020 $'000	Interest rates
Interest rate swaps	50,000	50,000	3.78%

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. Profit or loss is sensitive to the change in interest rates from higher/lower interest income from cash and cash equivalents, and also the increase/decrease in fair value of derivative instruments as they are measured at fair value through profit or loss, per note 1(j).

	Impact on post tax profit	
	30 Jun 2021 $'000	30 Jun 2020 $'000
+100bp variability in interest rate	364	239
-100bp variability in interest rate	(364)	(239)

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales & purchases are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies is primarily the Australian dollar (AUD), with currently minor subsidiaries operating in United States dollars (USD) & Malaysian ringgit (RM).

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24 Financial risk management (continued)

(c) Market risk (continued)

(ii) Foreign exchange risk (continued)

Foreign exchange forward contracts

At any point in time, the Group hedges 60% to 100% of its estimated foreign currency exposure in respect of forecast purchases in US Dollars (USD), being the main exposure, over the following 12 months. The Group uses forward exchange contracts to hedge its currency risk. These contracts commit the Group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates, most have a maturity of less than 1 year from the reporting date. The Group's current foreign subsidiaries operations is collectively immaterial, and so the Group does not hedge against these foreign currency exposures.

The following table summarises the notional amounts of the Group's commitments in relation to foreign exchange forward contracts.

	Notional amount		Average exchange rates	
	30 Jun 2021 $'000	**30 Jun 2020 $'000**	**30 Jun 2021 $**	**30 Jun 2020 $**
Buy USD / sell AUD				
Settlement within six months	21,220	3,000	0.7299	0.7016
Settlement between six and twelve months	3,750	3,000	0.7801	0.7050
	24,970	**6,000**	**0.7370**	**0.7033**

	Notional amount		Average exchange rates	
	30 Jun 2021 $'000	**30 Jun 2020 $'000**	**30 Jun 2021 $**	**30 Jun 2020 $**
Sell USD / sell AUD				
Settlement within six months	12,750	-	0.7505	-
Settlement between six and twelve months	3,000	-	0.7379	-
	15,750	**-**	**0.7481**	**-**

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in foreign exchange rates. Profit or loss is sensitive to the change in foreign exchange rates from purchases, and also the change in fair value of derivative instruments as they are measured at fair value through profit or loss, per note 1(j).

	Impact on post tax profit	
	30 Jun 2021 $'000	**30 Jun 2020 $'000**
+10% AUD/USD exchange rate	1,186	684
-10% AUD/USD exchange rate	(1,313)	(684)

24 Financial risk management (continued)

(c) Market risk (continued)

(iii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group's exposure to commodity price risk arises from commercial transactions required for the operations of the business. To manage its commodity price risk the Group enters into fixed price contracts with its main suppliers for raw materials in its cement business. There are no derivative asset or liabilities in relation to commodity prices at year end, and so any commodity price movement would not impact reported profit for the year ended 30 June 2021.

25 Related party transactions

(a) Parent entity

Wagners Holding Company Limited is the Group's ultimate parent entity.

(b) Controlled entities

Interests in controlled entities are set out in Note 27.

(c) Key management personnel

Compensation of key management personnel during the years was as follows:

	Consolidated Group	
	30 Jun 2021 $	**30 Jun 2020 $**
Short-term employee benefits	1,608,636	1,354,749
Post-employment benefits	50,000	49,452
Long-term employee benefits	12,728	11,692
Termination benefits	-	-
Share based payments	160,063	37,738
	1,831,427	**1,453,631**

Further disclosures relating to key management personnel compensation are set out in the Remuneration report, that can be found on pages 18 to 31 of the Directors' Report.

No loans have been provided to key management personnel by the Group throughout the financial year.

25 Related party transactions (continued)

(d) Transactions with other related parties

Directors and related parties

All transactions between the Group and any Director and their related parties are conducted on the basis of normal commercial trading terms and conditions as agreed upon between the parties as per normal arm's length business transactions. Such transactions and amounts owed or owing with Director and their related parties are detailed as follows:

Description	2021 Revenue/ (Costs) $	2021 Owed/ (Owing) $	2020 Revenue/ (Costs) $	2020 Owed/ (Owing) $
Sale of materials and services[1]	1,147,166	62,245	7,937,690	67,701
On charge of costs processed by the Group	109	-	5,342	-
Indemnity of losses on onerous contract[2]	(1,411,888)	-	-	-
Payments for rent of property and plant, material royalties & other	(9,297,456)	(197,333)	(8,083,706)	(138,447)
Totals	**(9,562,069)**	**(135,088)**	**(140,674)**	**(70,746)**

1 The sale of materials and services included amounts recognised over time under AASB 15 for contracts to fabricate, construct and install concrete batch plants on sites owned by related parties. These were all sold within the 2020 financial year, as such there were no Contract Assets or balances owing from the batch plant sales on the Groups balance sheet as at 30 June 2021.

2 This amount was re-distributed to the related party as part of the onerous contract indemnity agreement noted in the prospectus after a dispute settlement was reached with the third-party client. The cumulative effect of these transactions therefore made no change to both the Group's profit or loss and cash position.

26 Share based payments

The Company adopted a new long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (LTI).

Performance rights are issued under the LTI, and it provides senior executives to receive a number of performance rights, as determined by the Board, over ordinary shares. Performance rights issued under the LTI will be subject to performance conditions that are detailed below.

The Remuneration Committee consider this equity performance-linked remuneration structure to be appropriate as senior executives only receive a benefit when there is a corresponding direct benefit to shareholders.

Expense recognised through Profit or Loss

The total expense for share based payment recognised through Profit or Loss for the financial year 30 June 2021 was $534,375 (2020: $111,586). The expense was calculated based on the probability of vesting conditions being met and the fair value of options granted. There were vesting conditions met this financial year.

Overall performance rights movement

Details of performance rights issued, vested and expired during the financial year are set out below:

					Movements				
Year Issued	Tranche	Vesting Date	Vesting Conditions	Performance Period[1]	1 July 2020	Issued	Exercised	Expired/ Forfeited	30 June 2021
2020	1	31 August 2021	EPS	1 year	-	405,486	-	-	405,486
2020	2	31 August 2022	EPS	2 years	-	405,486	-	-	405,486
2020	3	31 August 2023	EPS	3 years	-	405,486	-	-	405,486
2019	1	31 August 2020	EPS	1 year	219,031	-	-	-	219,031
2019	2	31 August 2021	EPS	2 years	219,031	-	-	-	219,031
2019	3	31 August 2022	EPS	3 years	219,031	-	-	-	219,031
					657,095	**1,216,458**	**-**	**-**	**1,873,553**

[1] Represents the relevant period of time to which both the performance vesting condition is measured and the period of time the recipient must remain employed with the Group.

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 4.0 years. The performance options outstanding have no exercise price.

26 Share based payments (continued)

Vesting Conditions

2020 Issued Performance Rights		
1	**Vesting Dates**	Tranche 1 – 31 August 2021 Tranche 2 – 31 August 2022 Tranche 3 and Remainder performance rights – 31 August 2023
2	**Vesting Conditions**	**Offer Earnings Per Share (Offer EPS) of 4.9c** **Tranche 1** On the Tranche 1 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2021 (**Tranche 1 EPS**) is: (a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or (b) at least 10% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or (c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest. **Tranche 2** On the Tranche 2 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2022 (**Tranche 2 EPS**) is: (a) at least 5% (but less than 10%) higher than the Tranche 1 EPS, 50% of the Tranche 2 Performance rights shall Vest; or (b) at least 10% (but less than 15%) higher than the Tranche 1 EPS, 75% of the Tranche 2 Performance rights shall Vest; or (c) at least 15% higher than the Tranche 1 EPS, 100% of the Tranche 2 Performance rights shall Vest. **Tranche 3** On the Tranche 3 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2023 (**Tranche 3 EPS**) is: (a) at least 5% (but less than 10%) higher than Tranche 2 EPS, 50% of the Tranche 3 Performance rights shall Vest; or (b) at least 10% (but less than 15%) higher than the Tranche 2 EPS, 75% of the Tranche 3 Performance rights shall Vest; or (c) at least 15% higher than the Tranche 2 EPS, 100% of the Tranche 3 Performance rights shall Vest. **Additional vesting terms** Any Tranche 1 or 2 Performance rights which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively (**Remainder Performance rights**) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Tranche 2 EPS.
3	**Expiry Date**	5 years from the date the Performance rights were issued.

26 Share based payments (continued)

Vesting Conditions (continued)

2019 Issued Performance Rights		
1	**Vesting Dates**	Tranche 1 – 31 August 2020 Tranche 2 – 31 August 2021 Tranche 3 and Remainder Performance rights – 31 August 2022
2	**Vesting Conditions**	**Offer Earnings Per Share (EPS) of 7.9c** **Amended Earnings Per Share (Amended EPS) of 4.5c** **Tranche 1** On the Tranche 1 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2020 (**Tranche 1 EPS**) is: (a) at least 10% (but less than 12.5%) higher than the Offer EPS, 50% of the Tranche 1 Performance rights shall vest; or (b) at least 12.5% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Performance rights shall vest; or (c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Performance rights shall vest. **Tranche 2** On the Tranche 2 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2021 (**Tranche 2 EPS**) is: (a) at least 10% (but less than 12.5%) higher than the Amended EPS, 50% of the Tranche 2 Performance rights shall Vest; or (b) at least 12.5% (but less than 15%) higher than the Amended EPS, 75% of the Tranche 2 Performance rights shall Vest; or (c) at least 15% higher than the Amended EPS, 100% of the Tranche 2 Performance rights shall Vest. **Tranche 3** On the Tranche 3 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2022 (**Tranche 3 EPS**) is: (a) at least 10% (but less than 12.5%) higher than Amended EPS, 50% of the Tranche 3 Performance rights shall Vest; or (b) at least 12.5% (but less than 15%) higher than the Amended EPS, 75% of the Tranche 3 Performance rights shall Vest; or (c) at least 15% higher than the Amended EPS, 100% of the Tranche 3 Performance rights shall Vest. **Additional vesting terms** Any Tranche 1 or 2 Performance rights which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively (**Remainder Performance rights**) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Amended EPS.
3	**Expiry Date**	5 years from the date the Performance rights were issued.

26 Share based payments (continued)

Fair value of performance rights granted

The assessed fair value at the date of grant of performance rights issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of performance right, the underlying share's expected volatility, expected dividends and risk free interest rate for the expected life of the instrument.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

The value of the performance rights were calculated using the inputs shown below:

2020 Issued Performance Rights			
Inputs into pricing model	**Tranche 1**	**Tranche 2**	**Tranche 3**
Grant Date	19 November 2020	19 November 2020	19 November 2020
Exercise Price	$0.00	$0.00	$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	$1.59	$1.59	$1.59
Expiry date	19 November 2025	19 November 2025	19 November 2025
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	$1.41	$1.39	$1.34

26 Share based payments (continued)

Fair value of performance rights granted (continued)

2019 Issued Performance Rights			
Inputs into pricing model	**Tranche 1**	**Tranche 2**	**Tranche 3**
Grant Date	20 November 2019	20 November 2019	20 November 2019
Exercise Price	$0.00	$0.00	$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	$2.10	$2.10	$2.10
Expiry date	20 November 2024	20 November 2024	20 November 2024
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	$1.88	$1.83	$1.78

27 Subsidiaries and controlled entities

The consolidated financial statements include the financial statements of Wagners Holding Company Limited and the following subsidiaries:

		Equity holding	
	Country of incorporation	30 June 2021	30 June 2020
Name of entity		%	%
Wagners Queensland Pty Ltd	Australia	100%	100%
Wagner Investments Pty Ltd	Australia	100%	100%
Wagners Flyash Pty Ltd	Australia	100%	100%
Wagners Australian Operations Pty Ltd	Australia	100%	100%
Wagners Concrete Pty Ltd	Australia	100%	100%
Wagners Quarries Pty Ltd	Australia	100%	100%
Wagners Transport Pty Ltd	Australia	100%	100%
Wagners Industrial Services Pty Ltd	Australia	100%	100%
Wagners Cement Pty Ltd	Australia	100%	100%
Wagners Charter Pty Ltd	Australia	100%	100%
Wagners International Operations Pty Ltd	Australia	100%	100%
Wagners Global Projects Sdn Bhd	Malaysia	100%	100%
Wagners Global Services (Malaysia) Sdn Bhd	Malaysia	100%	100%
Wagners Services Mozambique Limiteda	Mozambique	98.75%	98.75%
Wagners Global Ventures Sdn Bhd	Malaysia	100%	100%
Wagners Global Services Mongolia LLC	Mongolia	100%	100%
Wagners Concrete Mongolia LLC	Mongolia	100%	100%
Wagners Composite Fibre Technologies Pty Ltd	Australia	100%	100%
Wagners CFT Manufacturing Pty Ltd	Australia	100%	100%
Wagners EFC Pty Ltd	Australia	100%	100%
Wagner USA Holding Company	United States	100%	100%
Wagners CFT LLC	United States	100%	100%
Wagners Manufacturing LLC	United States	100%	100%
Wagners Property Holdings LLC	United States	100%	100%
Wagners Holding NZ Limited	New Zealand	100%	100%
Wagners Holding Company UK Ltd*	United Kingdom	100%	0%
EFC Green Concrete Technology UK Ltd*	United Kingdom	100%	0%

* Entities incorporated in the financial year

28 Capital commitments

Capital expenditure commitments

Capital expenditure commitments contracted for but not recognised as liabilities at the end of the financial year is as follows:

	Consolidated Group	
	30 Jun 2021 $'000	**30 Jun 2020 $'000**
Within twelve months	1,986	487

29 Contingent assets and liabilities

The Group enters into arrangements in the normal course of business, whereby it is required to supply a performance guarantee to its customers. These guarantees are provided in the form of performance bonds issued by the Group's financial institution or insurance company.

The probability of having to make a payment in respect to these performance bonds is considered to be highly unlikely. As such, no provision has been made in the consolidated financial statements in respect of these contingencies.

30 Auditor's remuneration

During the financial year the following fees were paid or are payable to the Group's auditor:

	Consolidated Group	
BDO Audit Pty Ltd & related companies	**30 Jun 2021 $**	**30 Jun 2020 $**
Audit services		
Audit and review of financial statements – *BDO Audit Pty Ltd*	250,719	225,302
Total audit services	**250,719**	**225,302**
Non-audit services		
Taxation services – *BDO (Services) Pty Ltd*	-	13,000
Total non-audit services	**-**	**13,000**
Total amount paid or payable to auditor	**250,719**	**238,302**

31 Parent entity financial information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of financial position	30 Jun 2021 $'000	30 Jun 2020 $'000
Assets		
Current assets	141	241
Non-current assets	127,677	127,077
Total assets	**127,818**	**127,318**
Liabilities		
Current liabilities	19,529	18,609
Non-current liabilities	6,071	6,691
Total liabilities	**25,600**	**25,300**
Equity		
Issued capital	410,915	410,915
Distribution to related entities	(355,010)	(355,010)
Reserves	646	112
Retained earnings	45,667	46,001
Total equity	**102,218**	**102,018**
Statement of profit or loss and other comprehensive income		
Total profit for the financial year	(526)	(280)
Total comprehensive income for the financial year	(526)	(280)

(a) Contingent assets and liabilities

The parent entity does not have any contingent assets or liabilities as at 30 June 2021.

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees.

(c) Contractual commitments for the acquisition of property, plant or equipment

The parent entity had no contractual commitments for the acquisition of property, plant or equipment (2020: $nil).

32 Events occurring after the reporting period

To the Directors' best knowledge, there has not arisen in the interval between 30 June 2021 and the date of this report any item, any other transaction or event of a material and unusual nature that will, or may, significantly affect the operations of the Group.

In addition, while the COVID-19 situation remains concerning, between 30 June 2021 the date of this report, there has been no COVID-19 impacts on the operations of the Group. However, due to the fluid nature of this pandemic the Group will continue to monitor the unfolding situation and adjust operations for minimal impacts where required.

Wagners Holding Company Limited

Directors' declaration

In accordance with a resolution of the directors of Wagners Holding Company Limited, the directors of the Company declare that:

(a) the consolidated financial statements and notes, as set out on pages 38 to 88, are in accordance with the *Corporations Act 2001*, including:

  i. complying with the Corporations Regulations 2001 and Australian Accounting Standards and Interpretations, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

  ii. giving a true and fair view of the consolidated Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

(b) in the directors' opinion 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

(c) the directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer, for the financial year ended 30 June 2021.

Mr. Denis Wagner

Chairman

Dated at Toowoomba, Queensland on 25 August 2021.

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INDEPENDENT AUDITOR'S REPORT

To the members of Wagners Holding Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Wagners Holding Company Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

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.

Revenue recognition and measurement

Key audit matter	*How the matter was addressed in our audit*
• The Group's disclosures about revenue recognition are included in Note 1(c) and Note 3, which details the accounting policies applied and disclosures relating to AASB 15 Revenue from Contracts with Customers. • The assessment of revenue recognition was significant to our audit because revenue is a material balance in the financial statements for the year ended 30 June 2021. • The assessment of revenue recognition and measurement required significant auditor effort.	Our procedures included, amongst others: • Assessing the revenue recognition policy for compliance with AASB 15 Revenue from Contracts with Customers. • Documenting the processes and assessing the internal controls relating to revenue processing and recognition. • Tracing a sample of revenue transactions to supporting documentation. • Performing detailed substantive analytical procedures on the yearly sales for each material component. • Assessing the adequacy of the Group's disclosures within the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 31 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Wagners Holding Company Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd

BDO

C K Henry
Director

Brisbane, 25 August 2021