

ASX Announcement

22 August 2024

FY24 Annual Report

Attached for release is Reece Limited's FY24 Annual Report for the 12 month period ended 30 June 2024.

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This announcement has been authorised by Chantelle Duffy, Company Secretary at the direction of the Reece Limited Board.

About the Reece Group

Reece Group is a leading distributor of plumbing, waterworks and HVAC-R products to commercial and residential customers through over 900 branches in Australia, New Zealand and the United States.

Established in 1920 and listed on the Australian Securities Exchange (ASX: REH), Reece Group has approximately 9,000 employees who are focused on building a better world for our customers by being our best.

For further information on Reece Group and its portfolio of businesses please visit group.reece.com/au.

Making it better every day.

Annual Report 2024

New bathroom for Tom & Kate

Surprise leak repaired by Javier

Pool installation for Kai

reece group™

Pool installation for Kai

Kai's putting in a new pool and wants his builder to have access to the top pool products and services, whether it's quality pipe and fittings, or choices on the latest in tiles – we're on hand to get Kai and his builder what he needs.

New bathroom for Tom & Kate

Tom and Kate are creating their dream bathroom thanks to the expert advice they got after a visit to their local Bathroom Life store.

Surprise leak repaired by Javier

Javier had his jobs for the day planned, but is now off to fix an emergency leak. Javier leans into Reece to help do his essential work, from quick delivery, to job management tools to rearrange his day.

Another refrigeration install for Amir

Amir is on his way to install a large walk-in fridge unit at a new local pub. He knows his local Reece branch have everything he needs to get the job done to the highest quality.

Water pipelines replaced

Reece worked with a major contractor to help complete works on an infrastructure project that delivers clean water to the local community.

Betty's local park stays green

Betty enjoys her morning walks in the local park, which is kept green all year round, thanks to Reece supplying a local irrigator with the products and services they need to create a large-scale irrigation system.



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Reece acknowledges that in Australia we work on the traditional lands of First Nations' Peoples. We're committed to recognising the rights and culture of Traditional Owners, building relationships in our communities, taking steps towards reconciliation, and paying respects to Elders past and present.

At a glance

A market-leading distributor of plumbing, HVAC-R and waterworks products to commercial and residential customers.

Founded

1920

Growth and leadership

100+ yrs

Team members

~9000

Nationwide footprint in Australia

1997

Entered New Zealand

2006

Entered US

2018

An international footprint

ANZ FY24 Revenue

\$3.8b

Business areas

- Plumbing
- Bathrooms & Kitchens
- HVAC-R
- Waterworks
- Irrigation & Pools

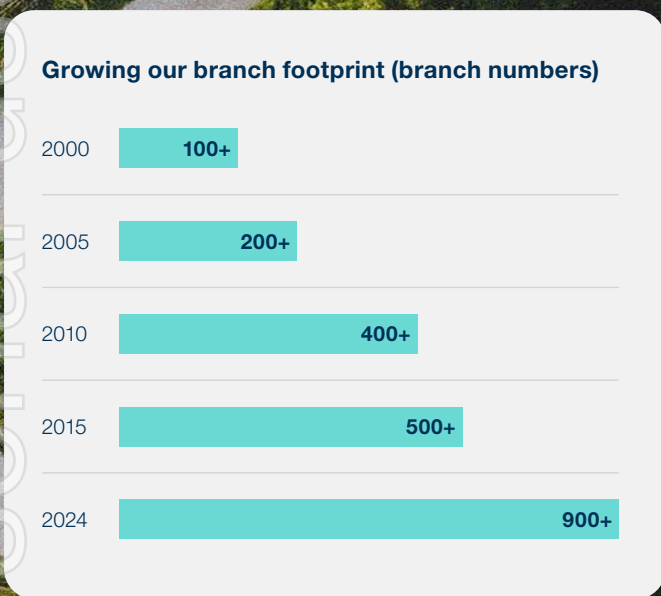
US FY24 Revenue (AUD)

\$5.3b

Business areas

- Plumbing
- Bathrooms & Kitchens
- HVAC-R
- Waterworks

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Our customers

Our business was built on serving the SME trade plumber. Today our customers include:

- SME trade
- Commercial trade
- Large homebuilders
- Civil projects and government bodies
- Commercial developers
- End consumers

To read more about how the customer is at the heart of our business, see page 14.



A diversified business
by geography, segment, customer and end market.



A trusted brand
with a differentiated customer proposition.



A resilient model
with exposure to less cyclical repair and re-model market.



Operating in attractive markets
with positive long-term fundamentals.



Clear track record
100+ years of growth and market leadership.



Long-term vision
stable ownership supports enduring approach.

Letter to Shareholders



Building a stronger business

It is a privilege to present the 2024 Annual Report, my last Annual Report after eight years serving on the Board of such a remarkable customer-centric business. It has been a period of transformative growth, expanding our global footprint into the US and laying solid foundations for the future.

Over the past twelve months, we have been working towards the most important changes to the leadership of Reece since Peter Wilson took over as the CEO 16 years ago. As we prepare for the next phase of growth, we recently announced Peter's planned transition to the role of Chairman and CEO starting in November this year. The Wilson family's involvement is integral to Reece, driving the long-term strategic direction and shaping the culture we call 'The Reece Way'. As Chairman and CEO, Peter will be instrumental in the Group's ongoing vision, growth and success.

To support Peter's transition to Chairman, we announced two important management changes, promoting Sasha Nikolic to Group President and Managing Director, and James Healy to CEO, Reece USA. Reece prides itself on growing and developing its own talent, supporting our 'promote from within' philosophy.

Looking ahead, we are expecting the short-term economic challenges to persist. We will navigate through the cycle aligned to our long-term vision. We remain committed to supporting our customers and our people and investing through the cycle to build a stronger business.

The Board has declared a final dividend of 17.75 cents, fully franked, taking the total dividend for FY24 to 25.75 cents.

It has been a privilege to be part of the Reece's growth journey and I would like to thank our teams in Australia, New Zealand and the US for their effort and commitment to Reece and our shareholders for their ongoing support.

Tim Poole
Chair

“The Reece Way will continue to drive our success for many decades to come.”

PETER WILSON

Make it better everyday

We have seen another year of strong execution by the team in FY24 as macro-economic conditions softened from the highs of recent years. We delivered revenue of \$9.1b, adjusted earnings before interest and tax* of \$681m and adjusted net profit after tax* of \$416m.

The team stayed focused on executing the fundamentals this year and I want to thank them for the way they show up every day to put our customers first.

To make sure we stay one step ahead of our customers' needs, we refreshed our purpose and values, which we call 'The Reece Way'. Our new purpose is 'Building a better world for our customers by being the best'. We are striving to be the best in the markets we serve, at every level of the business, which in turn enables our customers to succeed and grow. This recommitment will be key to delivering our 2030 vision of being our trade's most valuable partner.

We also continued to invest in our branch network, people and digital innovation during the year, and made great progress with the re-branding of our US business from multiple brands to Reece.

Looking ahead, I am optimistic about the future, despite the softer short-term environment. We have a long term vision in an industry with positive fundamentals. I know that if we continue to execute and focus on our customers we will see success for many more decades to come.



Peter Wilson
Chief Executive Officer
& Deputy Chair



Adjusted EBIT and adjusted NPAT are non-IFRS measures and are presented to enable understanding of the underlying performance of the Group without the impact of non-trading items. Non-IFRS measures have not been subject to audit or external review.

*EBIT is adjusted to exclude government incentive scheme income (Boosting Apprenticeship Commencements 'BAC' income), impairment expenses and business acquisition costs.

*NPAT is adjusted to exclude tax effected BAC income, impairment expenses, LIFO US tax adjustment and tax effected business acquisition costs.

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Future Tradie



As a long-term business passionate about being one step ahead of our customers' needs, we are always challenging ourselves to find new ways of being their most valuable partner.

We have always been an insight led business, which has helped us continue to adapt to the trades' changing preferences and behaviours.

This year, in partnership with BIG, our Breakthrough Innovation Group, we facilitated a collaboration across the trade industry to create The Future Tradie Report - Australia's first foresight report that explores the behaviours and beliefs of the next generation of Australian trade leaders.

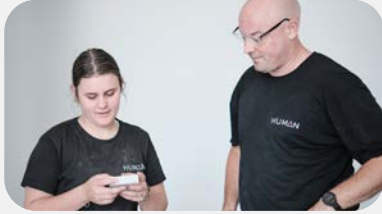
Our first Future Tradie report provided us with valuable insights for us to put into action as we think about remaining our trade's most valuable partner.



Scan to download
the report

Key themes

01



Limitless learning

Insight taught us that the younger generation of tradies are avid learners, always wanting to find new ways to improve their business.

02



Values reboot

We discovered future tradies are values driven, looking to foster trust, focus and respect within their teams to help navigate change and connection.

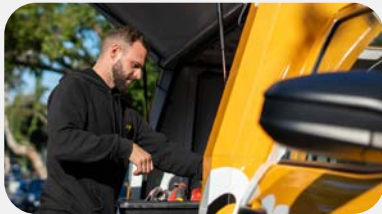
03



Sustainable building

We uncovered the passion for building sustainably held by the next generation of tradies, who are open and willing to try new solutions and care about the impact their work has on the environment.

04



Trade hospitality

We identified that next gen maintenance trades are going the extra mile in service, looking to create lifelong relationships with clients who value care and hospitality.

05



Magnetic culture

Our younger tradies really care about the team they work with and creating a positive culture on and off the job site.

“The Future Tradie Report shines a light on the behaviours and beliefs of the new generation of Australian trades, and what they need to succeed.”

Jeremy Crow, Reece Group Innovation Director

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The Reece Way

Everything we do at Reece is driven by our purpose and values, which we call The Reece Way. This is the foundation of our success.

This year, we looked at how our purpose and values approach can drive our strategy, and felt the time was right to refresh The Reece Way. True to our continuous improvement culture, this helps us ensure we are engaging our people in purposeful work so they can stay one step ahead in delivering great customer experiences.

An important change to our values was to bring back Entrepreneurial Spirit. It's a mindset to treat every day like it is our first and move at pace to get things done. This will be critical to Reece's long-term success.

Refreshed purpose

Building a better world for our customers by being the best.

Our values

Create customers for life



Be your best



Team first



Entrepreneurial spirit



Innovate big and small



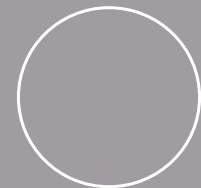
Try. Try. Try.



Own it



Keep it simple



Do the right thing



Be humble



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2030 vision

Our trade's most
valuable partner.

Strategic priorities

By executing these three strategic priorities, we will enable our 2030 vision of becoming our trade's most valuable partner.

01

Operational excellence

Being the best at the fundamentals of trade distribution.

02

Accelerating innovation

Innovating to stay one step ahead of our customers' needs.

03

Investing for profitable growth

Investing to grow our footprint and build a stronger business for the future.

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Our customer promise

Works for you.

'Works for you' is our long-term commitment to our customers' success.

Our success has been founded on the strong, long-term relationships we build with our customers.

We provide quality products, services and expertise quickly and seamlessly, so our customers get time back in their day to complete more jobs and bill more work.

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Service

It's being easy to do business with.



Relationships

It's seeing our customers as partners.



Expertise

It's about understanding the markets in which we operate.



Quality

It's setting the highest standards, then striving to exceed them.

Service

In April 2024, we opened our New Zealand Distribution Centre (NZ DC) at Auckland Airport to better support and scale our future operations in New Zealand.



Over the past 18 years, our presence in New Zealand has evolved and expanded to meet the needs of our growing customer base. With growth comes the need for enhanced infrastructure. Having outgrown our two previous distribution centres, our team embarked on a journey in 2018 to acquire and establish a larger distribution centre that could better support the future of our operations in New Zealand.

The new NZ DC triples our storage capacity, provides us with the flexibility to scale our operations further and simplifies our operations to ensure we provide the leanest path to market for our customers.

“This facility demonstrates our commitment to growth, customised service, and better serving our valued customers in NZ.”

Paul Robbins, Operations Leader, Reece New Zealand

Relationships

Through our partnership with Nightingale Housing, we're helping contribute to revolutionising the way we live together now and into the future.

Nightingale Housing is an Australian not-for-profit organisation building apartments that are socially, financially and environmentally sustainable. Homes are sold 'at cost' via a unique ballot system to equitably meet demand. All projects are designed to meet or exceed minimum energy requirements as well as support wellbeing, community and liveability.

At Reece, we're passionate about continuous improvement and learning in partnership with our industry. After supporting several of Nightingale's community focused housing projects, this year Reece entered into a formal partnership with Nightingale Housing, working to supply accessible and quality bathroom and kitchen products that meet the sustainable design principles of their projects.

We have now successfully partnered on several projects around Melbourne, including Nightingale Preston and Nightingale Wurru wurru biik. Through this experience we have enhanced our accessible and sustainable product offering to ensure we continue to evolve our product portfolio.



“Our partnership with Reece underscores our shared commitment to creating sustainable homes that people genuinely love living in.”

Nightingale CEO, Dan McKenna

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Expertise

Our Actrol engineers are our customers' go-to experts in refrigeration. We continue to expand our team of engineers to bring the best available technical refrigeration expertise to market.



Actrol, one of Reece's HVAC-R businesses, understands the importance of supporting our customers every step of the way. They supply quality products, and through the expertise of their growing engineering team, help their customers solve problems and tackle jobs with confidence.

Actrol has assembled a large team of engineers, who regularly spend time with customers providing them with fit-for-purpose design, as well as installation support. Importantly, the support also flows to commissioning and after sales. The engineers are supported by market leading digital tools, including The Virtual Engineer. This allows the team to work efficiently and enables speed of execution.

Many of Actrol's customers are small to medium businesses, lacking the time and resources to keep up to date with regulations and the changing environmental landscape, specifically refrigerant. Having a team that is accessible with the best tools and knowledge means Actrol's customers can depend on getting the up-to-date advice.

Great customer service means sharing expertise, and as the industry and our customers begin to navigate environmental change in product, it's important we support them through it.

“We use Actrol Engineers because they're the best of the best. Without them nothing gets done.”

Ross Goodwin, customer, AE Smith

Quality

Fortiline's team sprang into action to save the day in Lake Worth, Florida, stopping millions of gallons of wastewater from flowing into waterways.



After a 36-inch sewer line was damaged during a construction project, the Lake Worth Utility District in Florida coordinated an emergency response team to fix the damage. Part of the road at the damage site had collapsed, preventing people from getting to their homes, and millions of gallons of wastewater needed to be contained before it contaminated local canals.

The Utility District needed High Density Polyethylene (HDPE) material, a fusion machine, and fusion technician to fix the damage. HDPE is ideal for wastewater pipeline rehabilitation, providing flexibility, high resistance to corrosion, a long service life (100 years in many instances) and is eco-friendly.

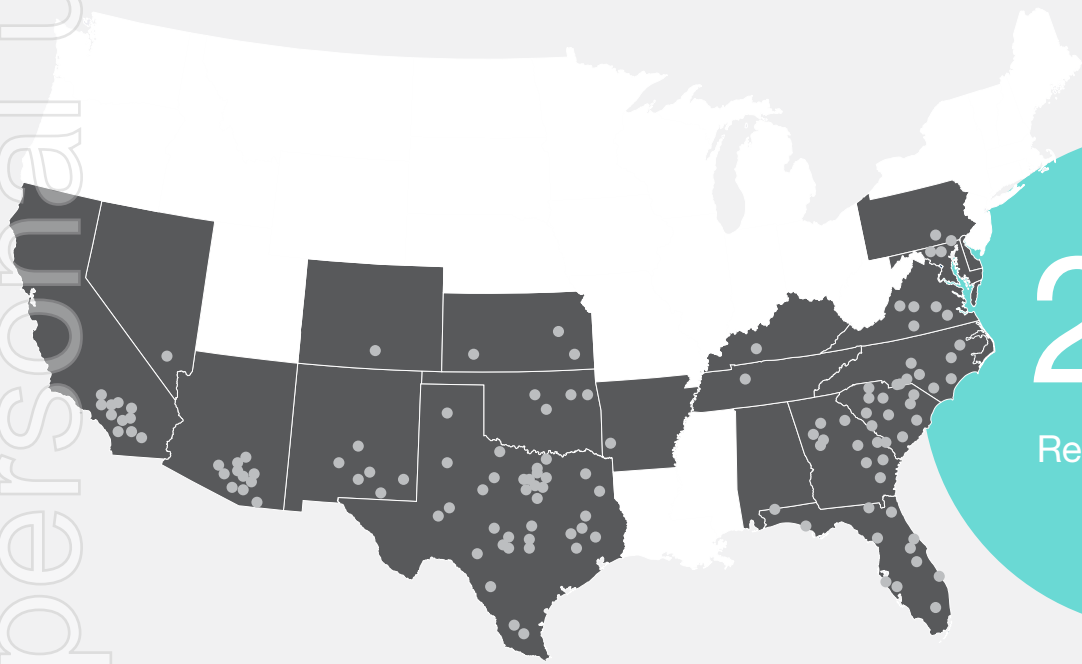
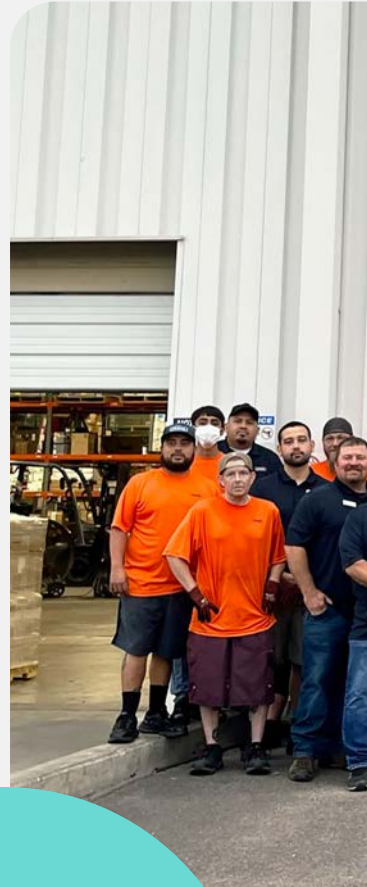
Within 72 hours, WL Plastics pipe and McElroy fusion equipment were on site, and Reece's Fortiline branch lead fusion technician worked into the night on the final day of repairs to make sure the break was fixed.

“Their collective efforts have been nothing short of phenomenal.”

Sam Heady, Lake Worth Utility District Director

One Reece in the US

Rolling out the Reece brand across the US has continued throughout FY24 and we're now well over half way through, with each branch getting a refreshed look and feel as the Reece brand is introduced. It is already having a positive impact on our team and being well received by our customers.



243

Reece branches
in the US.

“Superior customer service and just the best supply house around.”

Derrick Mercer, customer, Doraville, GA

“Reece is our “go to” when we need things out in the field! These guys go above and beyond every time!”

Tonya Eaton, customer, Tucson, AZ

“This place rocks! I can’t say enough good things about them, from management all the way down to the warehouse guys. You have my business from here on out.”

Brendan Myers, customer, Georgetown, TX



“The Reece Way has made a huge statement in our market. Customers truly feel we work in partnership.”

Mike Glasgow, Branch Manager, Charlotte, North Carolina, Plumbing

Operating & financial review

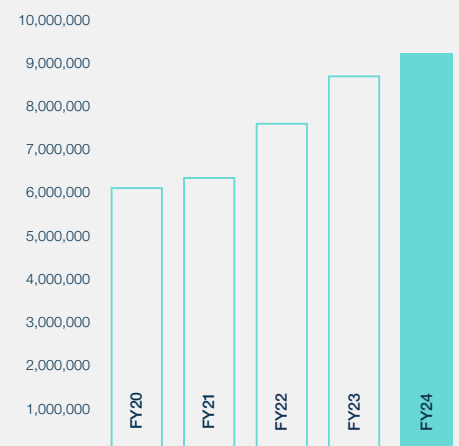
Financial summary	2024 (\$000's)	2023 (\$000's)	Variance %
Sales	9,104,772	8,839,572	3.0%
Adjusted EBITDA ¹	1,006,800	958,260	5.1%
Statutory EBIT	681,390	654,104	4.2%
Adjusted EBIT ¹	681,390	667,737	2.0%
Statutory NPAT	419,171	387,607	8.1%
Adjusted NPAT ²	415,962	404,556	2.8%
Statutory EPS (cents)	65	60	8.1%
Adjusted EPS (cents) ³	64	63	2.8%
Total dividends per share (cents)	25.75	25.00	3.0%
Return on capital employed ⁴	15.5%	15.3%	+13bps

In FY24, Reece Group ('the Group') focused on executing the fundamentals of its business model in a challenging macro-economic setting across regions.

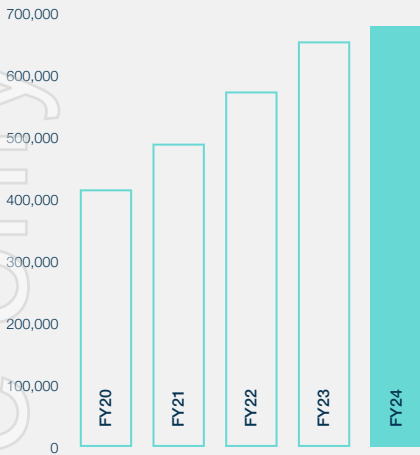
Sales revenue increased 3% to \$9,105m (FY23: \$8,840m), and was up 2% on a constant currency basis⁵, impacted by softer housing markets in Australia and New Zealand (ANZ) and mixed demand across end markets in the United States (US).

Adjusted EBITDA¹ increased 5% to \$1,007m (FY23: \$958m) reflecting a continued focus on cost control to mitigate the impact of ongoing operating cost inflation, particularly related to wages. Adjusted EBIT¹ was up 2% to \$681m (FY23: \$668m), impacted by increased depreciation and amortisation from network expansion, refurbishments and US rebranding activity.

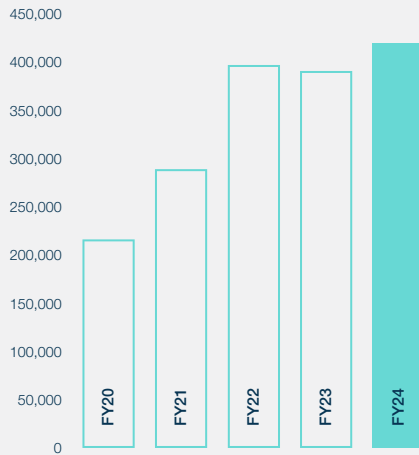
Sales revenue (\$000's)



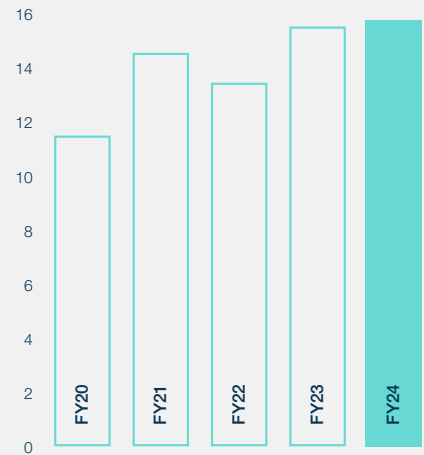
EBIT (\$000's)



NPAT (\$000's)



Return of capital employed (%)



Adjusted NPAT² of \$416m (FY23: \$405m) was up 3%, while Statutory NPAT increased 8% to \$419m (FY23: \$388m), with the prior period impacted by a goodwill impairment of \$29m related to the Australian-based Metallflex business.

Operating cash flow remained strong at \$751m for the year (FY23: \$766m) supported by effective working capital management. The Group's net working capital to sales ratio reduced to 18% (FY23: 19%). The Group has continued to invest for the long-term with capital expenditure increasing by \$81m to \$258m (FY23: \$177m).

Reece maintained a strong balance sheet and continued to pay down debt during the period. Our net leverage ratio⁶ decreased to 0.6x (FY23: 0.9x), with net debt down to \$518m at 30 June 2024 (FY23: \$725m). During the year, the Group also completed a US\$300m unsecured note issuance in the US Private Placement market which enabled the business to diversify capital sources, reduce variable interest rate exposure and extend its debt maturity profile. Return on capital employed⁴ was 15.5% in FY24 (FY23: 15.3%).

We maintained focus on executing our three strategic pillars during the year; operational excellence, accelerating innovation and investing for profitable growth. Facing into the softer trading period, we took the opportunity to intentionally focus the team on the fundamentals of trade distribution, in core skill programs such as selling and trading. These are the foundations of the Reece model.

We also refreshed our purpose and values, known as The Reece Way, to ensure we are staying one step ahead of our customers. Our new purpose is 'Building a better world for our customers by being the best', and our daily mantra is to 'Make it better every day'. The Reece Way, which is critical to our culture, will be key to delivering our 2030 vision of being our trade's most valuable partner.

We continue to execute on our sustainability strategy across our three pillars of sustainable business, empowered trade and resilient communities, and have been making strong progress in preparing for mandatory climate related disclosures in FY26. Further information will be contained in our FY24 Sustainability Report.

+3%

Sales revenue increased 3% to \$9.1 billion in FY24

+2%

Adjusted EBIT increased 2% to \$681 million in FY24

For analysts only



ANZ region

In the ANZ region, sales revenue was flat at \$3,846m (FY23: \$3,853m), impacted by softer housing markets. Adjusted EBITDA¹ was up 1% to \$560m (FY23: \$557m). Adjusted EBIT¹ decreased 3% to \$410m (FY23: \$421m), reflecting the impact of cost inflation and increased depreciation and amortisation from on-going investment in our network and core capabilities.

During the period we maintained our long-term focus, investing in the ANZ branch network with 15 refurbishments and store upgrades. We added six (net) branches to the network, ensuring we can continue to service our customers where they need us. Our network footprint in ANZ increased to 661 branches in FY24 (FY23: 655). A new distribution centre was opened in Auckland, New Zealand, tripling our storage capacity in the region and providing flexibility to scale.

US region

In the US region, sales revenue increased by 3% to US\$3,452m (FY23: US\$3,342m), with mixed demand across end markets. In Australian dollars, sales were up 5%, benefiting from a favourable foreign exchange impact. Adjusted EBITDA¹ increased by 9% to US\$293m (FY23: US\$269m) and Adjusted EBIT¹ grew 7% to US\$178m (FY23: US\$166m).

Operationally, we continued to focus on developing our team, building capability and embedding The Reece Way, whilst executing our network expansion strategy. We have made significant progress upskilling our team and embedding the Reece culture through a range of customised learning and development programs across all levels of the business.

In the network, we added 12 (net) branches during the year, bringing our total US branch network to 243 stores (FY23: 231). We also completed 4 refurbishments and opened a distribution centre in Texas, which will support our service proposition across our growing network of branches. We also continued to make strong progress rolling out the Reece brand across our network, with the process expected to be completed during the 2024 calendar year.

Operationally, we continued to focus on developing our team, building capability and embedding The Reece Way.

Outlook

Looking ahead, we expect the near term to remain challenging in both regions. Over the longer term, fundamentals in our sector remain positive, with demand for housing and infrastructure supported by long-term structural factors in our regions.

Dividends

The Board has declared a final dividend of 17.75 cents per share fully franked, taking the total dividends in respect of FY24 to 25.75 cents per share (FY23: 25 cents per share). The final dividend will be paid on 23 October 2024 with the record date for entitlement of 9 October 2024.

Net Assets (\$000's)



Non-IFRS metrics

¹Non-IFRS metrics Adjusted EBITDA and Adjusted EBIT are statutory metrics adjusted to exclude government incentive scheme income (Boosting Apprenticeship Commencements 'BAC' income) of \$Nil (FY23: \$16m), impairment expenses of \$Nil (FY23: \$29m) and business acquisition costs of \$Nil (FY23: \$1m).

²Adjusted NPAT excludes tax effected BAC income of \$Nil (FY23: \$11m), impairment expenses of \$Nil (FY23: \$29m), LIFO US tax adjustment of \$3m (FY23: \$2m) and tax effected business acquisition costs of \$Nil (FY23: \$1m).

³EPS based on Adjusted NPAT.

⁴ROCE is Adjusted EBIT as a percentage of shareholders equity plus net debt.

⁵Constant currency basis applies the same US foreign exchange rate of 0.6710 from FY23 to current period sales to eliminate the foreign exchange impact when comparing sales to pcp.

⁶Net leverage ratio is net debt over 12-month rolling EBITDA, calculated on a pre-AASB16 Leases basis.

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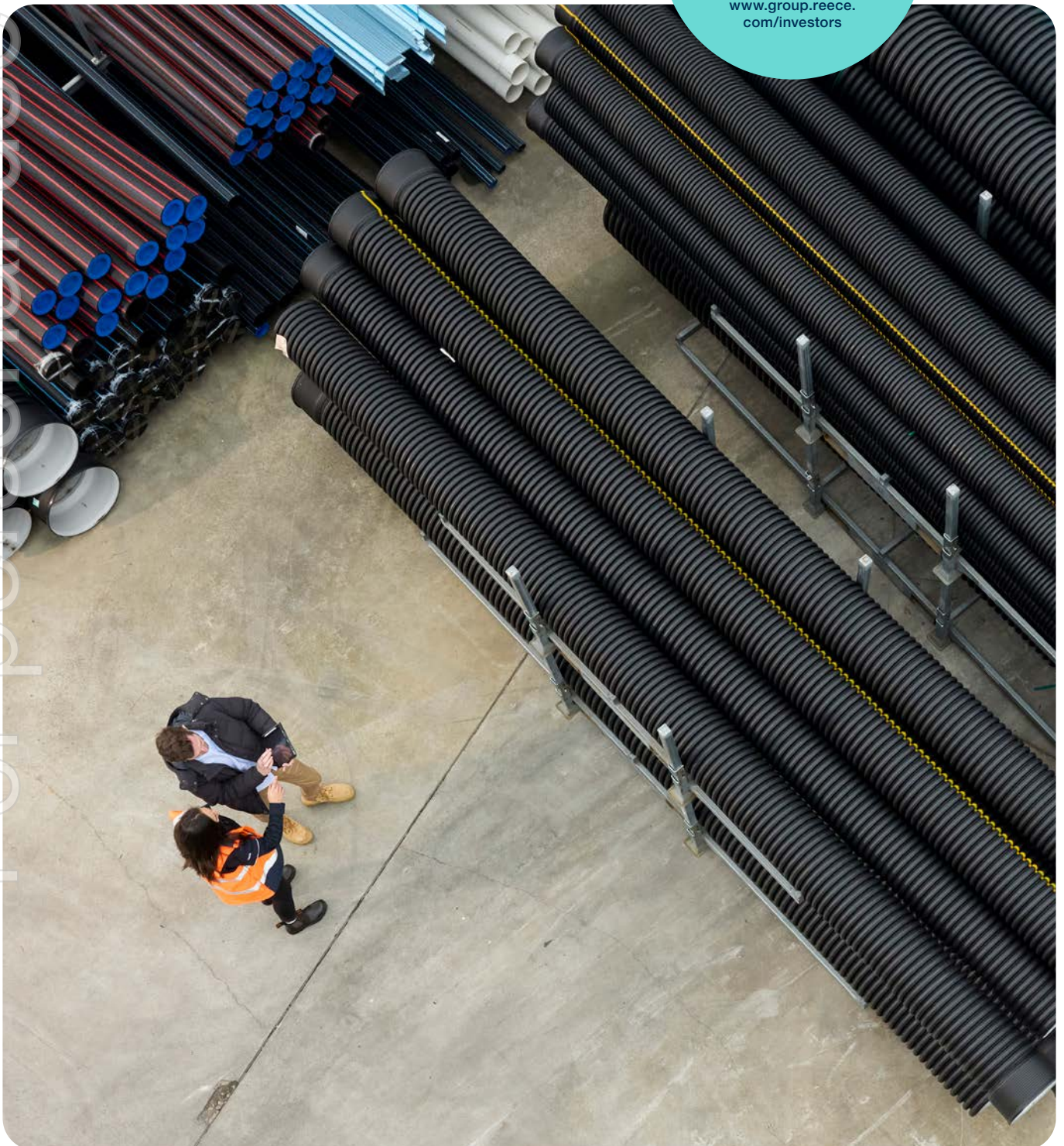
Corporate Governance Statement

The Reece Group is committed to good corporate governance practices.

The FY24 Corporate Governance Statement has been lodged separately and is available on the Reece Group website. The FY24 Corporate Governance Statement includes our material business risks, which have also been detailed in the Directors' Report on page 32.



Read more at
www.group.reece.com/investors



Directors' Report

Information on Directors & Company Secretary



Tim Poole
Chair
Independent

B.Com (Melb)
Appointed to the Board July 2016
Chair of Remuneration Committee
Member of Audit and Risk Committee
Member of Reece US Board of Managers
Appointed to Chair September 2022

Aurizon Holdings Limited (July 2015 – current)
McMillan Shakespeare Limited
(resigned August 2022)



Peter Wilson
Chief Executive Officer (CEO) and
Deputy Executive Chair

B.Com (Melb), FAIM
Appointed to the Board 1997
General Manager Operations 2002 - 2004
Chief Operating Officer 2005 - 2007
Appointed Chief Executive Officer/Managing
Director 2008
Appointed to Deputy Executive Chair
September 2022

No other directorships of listed companies were held at any time during the three years prior to 30 June 2024.



L. Alan Wilson
Executive Director

Appointed to the Board 1969
General Manager 1970 - 1974
Deputy Chair 1973 - 2001
Managing Director 1974 - 2008
Executive Chair 2001 - 2022

No other directorships of listed companies were held at any time during the three years prior to 30 June 2024.



Megan Quinn
Non-Executive Director
Independent

GAICD
Appointed to the Board 2017
Member of Remuneration Committee
Member of Audit and Risk Committee

City Chic Collective Limited
(October 2012 – current)
The Lottery Corporation (June 2022 – current)
InvoCare Limited (resigned November 2023)



Andrew Wilson
Non-Executive Director

B.Bus (RMIT), ACMA/CGMA, GAICD
Appointed to the Board September 2018
Member of the Audit and Risk Committee

No other directorships of listed companies were held at any time during the three years prior to 30 June 2024.



Bruce C. Wilson
Non-Executive Director

B.Com (La Trobe)
Appointed to the Board September 2016
Member of the Remuneration Committee

No other directorships of listed companies were held at any time during the three years prior to 30 June 2024.



Karen Penrose
Non-Executive Director
Independent

B.Com (UNSW), CPA, FAICD
Appointed to the Board December 2023
Chair of Audit and Risk Committee
Member of Remuneration Committee

Bank of Queensland Limited
(November 2015 – current)
Ramsay Health Care Limited
(February 2021 – current)
Cochlear Limited (July 2022 – current)
Vicinity Centres (resigned September 2022)
Estia Health (retired December 2023)



Chantelle Duffy
Company Secretary

B.Com/Sci (La Trobe), CA, GAICD
Appointed Company Secretary 1 July 2020

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Directors' Report

The Directors present their report together with the financial report of the consolidated entity consisting of Reece Limited and the entities it controlled ('the Group', or 'Reece') for the financial year ended 30 June 2024 ('FY24') and auditor's report thereon.

The Directors at any time during the financial year are presented on page 29. Since the end of the financial year, Sasha Nikolic was appointed to the Board as Managing Director.

Principal Activities

Reece is a leading supplier of plumbing, bathroom, heating, ventilation, air-conditioning, waterworks and refrigeration products to customers in the trade, retail, commercial and infrastructure markets, operating for more than 100 years. Reece has strong market positions across its global footprint spanning Australia, New Zealand, and the United States of America. The Group's businesses are supported by leading innovation and service solutions.

Directors' Meetings

The number of meetings of the Board of Directors ('The Board') and of each Board Committee held during the financial year as well as the number of meetings attended by each Director are detailed below. Karen Penrose was appointed to the Board during FY24. Karen is Chair of the Audit and Risk Committee and a member of the Remuneration Committee. There were no other changes made to the Committees that have taken effect during the period or to the date of this report. Directors also attend meetings of Committees of which they are not a member. This is not reflected in the attendance table below.

Director	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Tim Poole	6	6	4	4	5	5
Peter Wilson	6	6	-	-	-	-
Alan Wilson	6	6	-	-	-	-
Megan Quinn	6	6	4	4	5	5
Andrew Wilson	6	6	4	4	-	-
Bruce C. Wilson	6	6	-	-	5	5
Karen Penrose	3	3	2	2	3	3

(A) Number of meetings attended

(B) Number of meetings held whilst in office

Environmental Regulations

Reece operations are subject to certain environmental regulations under Federal or State law. The Group is not aware of any significant breaches of environmental regulations during the year.

Rounding amounts

The parent entity and the Group have applied the relief available under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly, the amounts in the consolidated financial statements and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Indemnification and Insurance of Directors, Officers and Auditors

A deed of indemnity, insurance and access has been entered into with each Director, and with the Company Secretary of the Group. Reece has not, during or since the financial year, indemnified or agreed to indemnify the auditor of Reece Limited against a liability incurred at the end of the financial year, as auditor. During the financial year, the Group paid a premium for Directors' and Officers' Liability insurance. Further disclosure is prohibited under the terms of the contract.

Directors' Report

Non-audit services

Non-audit services are approved by resolution of the Audit and Risk Committee to the Board. Non-audit services provided by the auditors of the Group during the year, KPMG, are detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the

general standard of independence for auditors imposed by the *Corporations Act 2001*. Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the Group are detailed below.

	2024 \$	2023 \$
Amounts paid and payable to KPMG for non-audit services:		
Other non-audit services – regulatory advisory services	81,243	16,538
	81,243	16,538

Other information

The following information, contained in other sections of this Annual Report, forms part of this Directors' Report:

- Operating and Financial Review detailed on pages 4 to 25 inclusive in the Annual Report.
- Details of dividends as outlined in Note 4.5 to the financial statements.
- Matters subsequent to the end of the financial period as outlined in Note 6.6 to the financial statements.
- Director and key management personnel interests in shares, share options and performance rights as set out in Sections 8.3 and 8.5 of the Remuneration Report. These remain unchanged as at 22 August 2024.
- Performance rights granted during the financial period as outlined in Note 6.2 to the financial statements.
- Share options outstanding at year end as outlined in Note 6.2 to the financial statements.
- Remuneration Report from pages 34 to 47.
- Auditor's independence declaration on page 48.

Risk Approach

Reece recognises that a wide range of risks exist across the Group, and that building a strong risk management culture is critical to delivering on the Group's vision and strategy. Risk management helps the Group to maintain and improve its competitive advantage, and is pivotal to the ongoing success of the business.

The following table outlines the Group's material business risks, key drivers and exposures, and how the Group seeks to manage them. By proactively anticipating risk, Reece is strongly positioned to mitigate associated threats, appropriately plan for contingencies and take advantage of opportunities that benefit all stakeholders.

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Directors' Report

Material business risks

Risks

Macroeconomic and competitor landscape

The external risk environment continues to be influenced by uncertainties in the macroeconomic and geopolitical landscape, including international disputes and trade tensions, and other emerging political, social, or economic events across our regions of operation. Reece's competitive markets can also be impacted by local forces such as disruptive product innovation, new entrants, and changes in customer strategies and preferences.

IT resilience and cyber security

Reece recognises the criticality of protecting its systems, applications and data, and maximising our ability to recover rapidly in the event of a disruption. In particular, cyber security risks continue to pose an elevated threat to all organisations, including risks associated with major 'denial of service' type attacks, ransomware, malware and other malicious hacking activities, all of which can lead to a material disruption to operations.

Data and information privacy

Data and information privacy is a priority for our business and our customers, and an area that is subject to increasingly stringent regulations. Privacy risk includes the risk of deliberate or inadvertent release of personal and/or sensitive information leading to a privacy breach, which may in turn trigger a non-compliance with relevant legislative requirements.

Supply chain and transportation disruption

Reece operates a global supply chain, which requires the continued ability to access, move and provide products to our end customers. Inherent dependencies on key suppliers, geographies and trade routes can result in single-point sensitivities and disruption risk, including shortages or bottlenecks associated with geopolitical uncertainty or extreme weather.

People and talent

Reece requires high-calibre talent centred on a deep level of bespoke industry expertise and knowledge. With retention and recruiting challenges expected to remain prominent due to strong labour markets and increased competition, we need to actively manage key talent risks within our broad portfolio of specialised skillsets.

Key drivers

- Changes in economic conditions.
- Variations in domestic or international market competition.
- Geopolitical risk landscape.

- Increasing complexity and transformation of the IT environment, including reliance on third-party technology providers.
- Rapidly evolving cyber security risk landscape, including ransomware.
- Technology changes, including additional adoption of cloud technology.

- Increasing volume and complexity of data.
- Customer and regulator expectations.
- Cyber security threats.

- Single points of sensitivity in the supply chain.
- Increasing global and geopolitical risk landscape.
- Freight and transportation dependencies.

- Leadership stability, capability, and succession.
- Competitive talent market where demand is exceeding supply.
- Shifts in labour expectations.

Mitigations

- Proactive monitoring of key economic indicators and the broader global landscape.
- Agile processes and business continuity discipline to respond to changing conditions.
- Focus on innovation and disruptive technology, including diversified products and services.

- Appropriate IT environment testing, monitoring, patching and maintenance.
- Dedicated cyber security team, strategy, and controls, including incident response.
- Screening of critical supplier, and vendor IT environments.

- Privacy policy and supporting controls, including a dedicated privacy roadmap and governance council.
- Dedicated data governance program, including mandatory staff training.
- Robust and tested data breach response protocols.

- Diversified product portfolio, with flows distributed across multiple warehouse locations.
- Robust contractual agreements and protections.
- Continued focus on diversifying suppliers across multiple geographies.

- Talent and succession planning to manage single points of sensitivity.
- Remuneration reviews and benchmarking.
- Leadership development programs and employee capability training.

Directors' Report

Risks

Health, safety and well-being

The health and safety of the Reece team, vendors, and customers is core to the Group's people promise, and remains fundamental to the daily and weekly routines of our branch networks. Reece is committed to creating a safe working environment where people are protected from both physical and psychological harm.

Product quality and safety

The supply of dependable and safe products is imperative to our customer promise. A product quality failure at any point across the supply chain could result in injuries, liability claims, and/or product recalls.

Environmental, social, and corporate governance (ESG)

Reece's operations must continue to maintain positive societal impacts, including appropriate action to respond to long-term climate and environmental changes, and a proactive stance on social responsibility. We also recognise a range of transitional risks arising from tightening regulations and disclosure requirements, together with our direct exposures to physical climate risks (e.g. natural disasters and extreme weather).

Technological disruption and transformation

The identification, prioritisation and execution of critical transformation programs is a critical strategic enabler for our business. In particular, Reece must keep pace with technological advancements that disrupt our operational and competitive landscape. Evolving technologies, including advanced robotics and artificial intelligence (AI), have the potential to impact Reece and its broader markets, together with rapid developments in data science, machine learning and predictive modelling.

Legal and compliance landscape

Reece must comply with a broad range of applicable laws and regulations, as well as its legally binding contracts and agreements, whilst also ensuring that any breaches (potential or actual) are identified and handled in a timely and proactive manner. The underlying complexity of regulatory and contractual obligations is also expanding as the Reece business grows, including expansion into new business ventures and adjacencies.

Key drivers

- Inherent safety risks arising in the normal course of business.
- Diverse network of physical infrastructure and equipment across sites.
- Large motor vehicle fleet.

- Large portfolio of bespoke solutions sourced to meet customer needs.
- Complex specifications and installation requirements for some products.
- Some inherent reliance on the quality and control procedures of our suppliers.

- Source of growing stakeholder expectations, and a tightening regulatory landscape across multiple jurisdictions.
- Depth and complexity of the supply chain.
- Large physical footprint and associated exposure to natural catastrophes and extreme weather.

- Increasing speed and volume of technological disruption, including mass availability of AI.
- Changing consumer behaviours and expectations.
- Impact of legacy infrastructure and environments.

- Growing breadth and complexity of Reece's regulatory landscape.
- Increasing regulatory scrutiny across a range of disciplines (e.g. award compliance).
- Large volume of bespoke contracts and agreements across the business.

Mitigations

- Dedicated safety department, including supporting processes, systems and controls.
- Formal incident and injury management processes.
- Targeted management of psychosocial and sexual harassment risks.

- Robust quality assurance and testing programs.
- Appropriate warranties and insurances.
- Investment in training to ensure correct installation and use of our products.

- ESG governance framework in place, including targeted strategies and working groups on key topics such as modern slavery.
- In-house ESG personnel and subject matter expertise.
- Cross-departmental transformation program to support ESG target setting, monitoring and reporting.
- Physical property controls (e.g. flood and fire protection) and insurances.

- Technology strategy and roadmap.
- Active pursuit of new and disruptive technologies through Reece's innovation programs.
- Explicit budgeting for underlying technology infrastructure and capability improvement.

- Dedicated in-house risk, procurement and legal personnel.
- Outsourced subject-matter expertise as required.
- Centralised compliance program, including mandatory staff training.

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Remuneration Report (Audited)

Letter from Remuneration Committee Chair

Dear fellow shareholders,

On behalf of the Board, I am pleased to present our Remuneration Report for FY24.

FY24 performance and remuneration outcomes

Sales revenue increased by 3% to \$9,105m (2023: \$8,840m). Adjusted EBITDA was up 5% to \$1,007m (2023: \$958m), EBIT was up 4% to \$681m (2023: \$654m) and statutory net profit after tax increased 8% to \$419m (2023: \$388m). Adjusted NPAT, which excludes a prior period impairment expense and post-tax government incentive income, increased 3% to \$416m (2023: \$405m).

The Board declared a fully franked final dividend of 17.75 cents per share, resulting in total fully franked dividends of 25.75 cents per share in respect of FY24, up 3% from FY23.

The Board believes the Group has, to date, successfully navigated through a challenging economic environment while continuing to deliver on our customer promise – to be our trade's most valuable partner. The Board would like to recognise and thank all Reece employees for their unwavering commitment, dedication and contribution throughout FY24.

The Board would also like to recognise the performance of the CEO and senior leadership teams in Australia and New Zealand (ANZ) and the United States (US) for continuing to execute Reece's long-term strategy and achieve important milestones notwithstanding the challenging economic environment.

Due to the successful performance of our team in FY24, the Group and regional financial metrics have largely been achieved or exceeded. As a result, the Key Management Personnel (KMP) individual metrics have been achieved and short-term incentive (STI) awards to our KMPs are between target and stretch.

Reece's remuneration structure includes fixed remuneration, at-risk short-term incentives (STI) and at-risk long-term incentives (LTI). The Group has granted five LTI awards to date, the first of which was assessed for vesting as at 30 June 2024, this award vested in full. The executive LTI plan encompasses participants from ANZ and the US. In FY23, a second vesting hurdle was introduced to the LTI, average Return on Capital Employed (ROCE). The ROCE hurdle and the Earnings Per Share (EPS) CAGR hurdle are equally weighted. Please refer to Section 6 of this report for additional information.

During FY24, the Group introduced an equity holding policy requiring all Non-Executive Directors to accumulate a shareholding equivalent to 100% of annual fees within three years of joining the Board (or from the effective date of the policy). This policy further strengthens the alignment of the Board with shareholders and a commitment to an owner's mindset.

Looking forward

From 1 November Peter Wilson will transition to the role of Executive Chairman and Chief Executive Officer. After the 2024 Annual General Meeting I will step down as Chair of the Board and Chair of the Remuneration Committee.

Peter's deep industry experience and trade distribution knowledge is important to driving the Group's ongoing vision, growth and success. During his time as CEO, Peter has delivered significant shareholder value and remains committed to the delivery of Reece's 2030 strategy.

From 1 November 2024, Peter will continue to lead the evolution of the Group's strategy, business development, senior leadership development and succession planning, together with his expanded responsibilities as Chairman of the Board.

On 1 July 2024, Sasha Nikolic moved to Group President and Managing Director. Sasha oversees all aspects of strategy implementation and performance, with oversight, input and mentorship from Peter. Sasha's role will be split between the regions and involves mentoring senior leaders in the US and ANZ. His appointment in this newly created role will provide further resource and capacity at the Group level.

Reece is now an international company and competes globally for talent. During the year, the Board assessed some international remuneration frameworks of comparable companies and carefully considered the importance of retention during this time of leadership transition.

From FY25, Reece will introduce a five-year service based/retention equity element into its remuneration framework at 20% of the total LTI opportunity for KMPs. The five-year vesting period is two years longer than the current LTI program.

This change is intended to improve the international competitiveness of our remuneration framework and provides some retention benefits for Reece, particularly during the current leadership transition.

The introduction of a service based element into the LTI, which we acknowledge is more common in the US market, is being undertaken in parallel with increases in LTI opportunity to bring those opportunities (and KMP total remuneration packages) more into line with global peers.

As stakeholder expectations and the Group's business needs evolve, the Board will continue to test the effectiveness of our executive remuneration arrangements by working with external consultants, examining international benchmarking information and listening to feedback from stakeholders.

I invite you to read our report, which outlines in further detail the remuneration structures and outcomes for FY24.

Yours faithfully,



Tim Poole

Chair, Remuneration Committee

Remuneration Report (Audited)

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4. Company performance and remuneration outcomes
5. Executive KMP short-term incentive (STI) and performance outcomes
6. Executive KMP long-term incentives (LTI)
7. Non-Executive Director (NED) remuneration
8. Additional statutory disclosures

The Directors present the Remuneration Report for the financial year ended 30 June 2024. This report forms part of the Directors' Report and has been prepared and audited in accordance with section 300A of the *Corporations Act 2001 (Cth)*.

KMP have the authority and responsibility for planning, directing and controlling the activities of Reece. This includes the Board of Directors and senior leaders of the ANZ and US businesses.

1. Key Management Personnel (KMP)

The table below details persons considered to be KMP during FY24 and their term as KMP.

KMP	Position	Term as KMP
Directors		
Tim Poole	Chair	Full financial year
Peter Wilson	Chief Executive Officer (CEO), Managing Director (MD) and Deputy Chair	Full financial year
Alan Wilson	Executive Director	Full financial year
Bruce C. Wilson	Non-Executive Director	Full financial year
Megan Quinn	Non-Executive Director	Full financial year
Andrew Wilson	Non-Executive Director	Full financial year
Karen Penrose	Non-Executive Director	Commenced 18 December 2023
Executives		
Andrew Cowlshaw	Chief Financial Officer (CFO) and acting Chief Operating Officer Australia and New Zealand (ANZ COO)	Ceased 1 October 2023
Andrew Young	Chief Financial Officer (CFO) and Chief Financial Officer Australia and New Zealand (ANZ CFO)	Commenced 1 October 2023
Sasha Nikolic	CEO United States (US CEO)	Full financial year
Chip Hornsby	Executive Chair United States	Full financial year

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Remuneration Report (Audited)











2. Remuneration overview

2.1 Our remuneration framework

The Reece remuneration framework supports Reece’s purpose and values. For Executives, remuneration is structured to reflect the individual’s role in the business, individual performance, Company performance, and market context in relevant geographies.





The Reece Way

Our purpose is to build a better world for our customers by being the best. Everything we do at Reece is driven by our purpose and values, which we call The Reece Way.

				
Create customers for life.	Be your best.	Team first.	Entrepreneurial spirit.	Innovate big and small.
				
Try. Try. Try.	Own it.	Keep it simple.	Do the right thing.	Be humble.

2.2 Our remuneration philosophy

The graphic below outlines how our remuneration framework aligns Executives to Reece’s strategic objectives.

			
Strategically aligned	Transparent	Values-driven	Right talent
Aligning Executive remuneration with Reece’s long-term business strategy to achieve beneficial outcomes for customers, shareholders and employees.	Providing a clear and transparent link between performance and rewards.	Driving behaviour to create a culture that promotes safety, diversity and employee satisfaction.	Ensuring the remuneration structure and levels attract and retain the right people for the Reece business.
			Reece is an international company and therefore competes with both regional and global companies for talent.

Remuneration Report (Audited)

2.3 Our approach

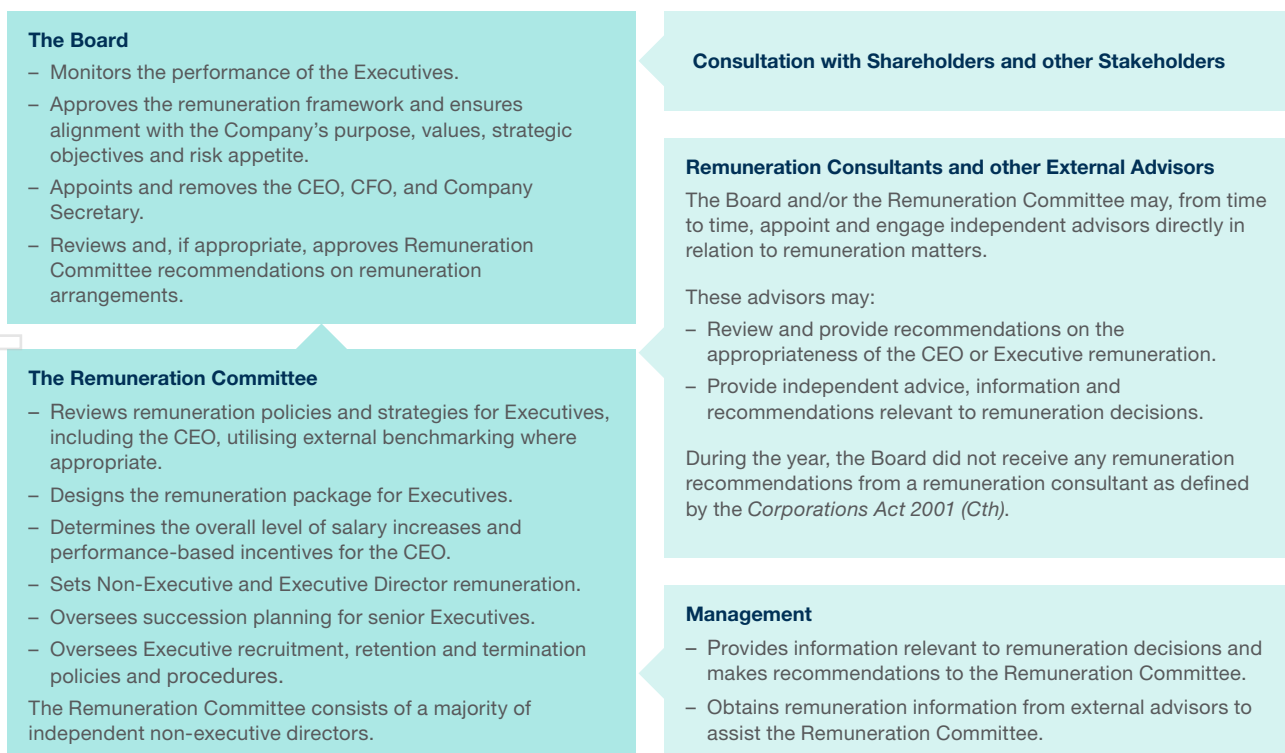
Our values and remuneration principles are what have helped shape the Executive remuneration structure outlined below.

Element	Purpose of element	Approach
Fixed remuneration	To attract and retain the right talent through competitive fixed remuneration.	Set with reference to market benchmarks. Consists of base salary, superannuation and other non-cash benefits.
At-risk short-term incentive	To provide an incentive for Executives to achieve annual financial and non-financial targets aligned to core drivers of long-term sustainable performance.	Determined based on annual performance against Group or business unit targets and individual performance. Paid in cash to provide immediate reward and consistent with the highly effective Reece “profit share” model that has been a long-term driver of performance through the branch network.
At-risk long-term incentive	To align Executive reward with the delivery of long-term strategic priorities and shareholder value creation.	Determined based on the award of share rights based on tenure and achieving EPS and ROCE objectives. Some historical arrangements will remain in place (until expiry) for a small group of US Executives, which are cash incentives based on tenure and achieving EBITDA growth objectives.

3. Remuneration governance

At Reece, remuneration is structured to reflect the individual’s role in the business, the track record of individual and Company performance, and market context in relevant geographies.

The graphic below outlines the remuneration governance framework between the governing bodies, stakeholders and external advisors. Executives in the Australian and US businesses are subject to the same remuneration governance framework as set out below.



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Remuneration Report (Audited)

4. Company performance and remuneration outcomes

This section outlines how Reece's performance is reflected in Executive remuneration outcomes.

4.1 Historical performance

The table below summarises key performance indicators (or performance objectives) over the previous five years.

Financial Summary	FY24 (\$000's)	FY23 (\$000's)	FY22 (\$000's)	FY21 (\$000's)	FY20 (\$000's)
Sales revenue	9,104,772	8,839,572	7,654,047	6,270,706	6,009,878
Adjusted EBITDA ¹	1,006,800	958,260	-	-	-
EBIT ²	681,390	654,104	578,204	-	-
ROCE ²	15.5%	15.3%	13.3%	-	-
NPAT	419,171	387,607	392,487	285,595	228,999
Dividends declared	166,341	161,496	145,346	116,277	72,408
Performance-based incentives to Executives	10,006	9,635	7,945	6,309	4,666
Share price at end of financial year	25.17	18.57	13.78	23.61	9.19
EPS ³	65 cents	60 cents	61 cents	44 cents	40 cents

¹ EBITDA adjusted to exclude government incentive scheme income (Boosting Apprenticeship Commencements income), impairment expenses and business acquisition costs. The Group previously reported Normalised EBITDA in the segment report however has changed to Adjusted EBITDA in FY24, which also excludes BAC income, in the current year to align with revised internal reporting.

² Return on Capital Employed (ROCE) and EBIT have been disclosed from FY22 as both were added as financial targets from FY23.

³ EPS is calculated based on statutory NPAT divided by the weighted average number of shares on issue.

4.2 Take home remuneration (unaudited)

The table below outlines the received remuneration for Executive KMP during FY24. The statutory tables are provided in the Statutory Disclosures section 8.2 of this report.

Executive	Fixed remuneration (\$000's)	Other benefits (\$000's)	STI awarded ¹ (\$000's)	Exercised LTI ² (\$000's)	Total (\$000's)
Peter Wilson CEO	2,450	120	3,185	-	5,755
Andrew Cowlshaw CFO ³	188	9	126	-	323
Andrew Young CFO ⁴	525	271	445	-	1,241
Chip Hornsby Executive Chair US	766	34	823	-	1,623
Sasha Nikolic US CEO ⁵	1,076	334	1,357	-	2,767

¹ Reflects value of the STI earned in relation to FY24.

² Reflects value of the non-cash LTI exercised in FY24. There were no non-cash LTI's exercised in FY24. Details related to cash LTI awards are disclosed in section 8.4 of this report.

³ Mr Cowlshaw's FY24 remuneration includes fixed remuneration and a pro-rata STI up to the date he ceased employment as CFO on 1 October 2023.

⁴ Mr Young commenced as CFO on 1 October 2023. Mr Young's remuneration for FY24 reflects amounts paid from the date he commenced as CFO, including a pro-rata STI for this period. Other benefits includes a payment to compensate Mr Young for incentives that were forfeited or forgone with his prior employer, due to his acceptance of the role with Reece.

⁵ Mr Nikolic's other benefits payment represents a housing allowance provided during FY24.

Remuneration Report (Audited)

4.3 Remuneration

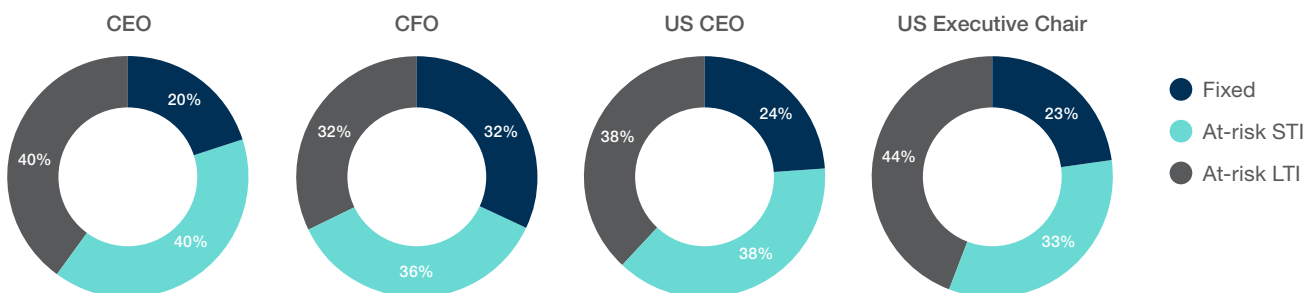
The Remuneration Committee undertakes benchmarking annually to ensure we remain market competitive with the ability to attract and retain executives of appropriate calibre in a competitive market. Reece US contribute more than half of the Group's revenue and there is a significant management presence in North America. Accordingly, we benchmark against three comparator groups: ASX entities; companies based in North America; and a revenue based peer group of other listed and unlisted companies based in Australia and North America. The Remuneration Committee believes these are the appropriate benchmarks, as these companies face similar operational and market competition challenges to those faced by Reece.

The Remuneration Committee sets fixed remuneration levels competitively relative to market. Remuneration is set to retain the right talent to enable the Group to deliver its long-term strategy and deliver value to shareholders.

Remuneration mix for Executive KMPs has been determined based on careful consideration of the individual's existing shareholding, and the remuneration elements more effective at providing an incentive for each Executive KMP. Given the existing shareholding of the CEO, there is already significant alignment to shareholder returns over the long-term. As a result, the CEO's remuneration is weighted towards fixed and short-term cash components.

The diagrams below reflect the remuneration mix at maximum for Executive KMPs, based on the Company's policy.

FY24 remuneration mix



4.4 FY25 changes to remuneration

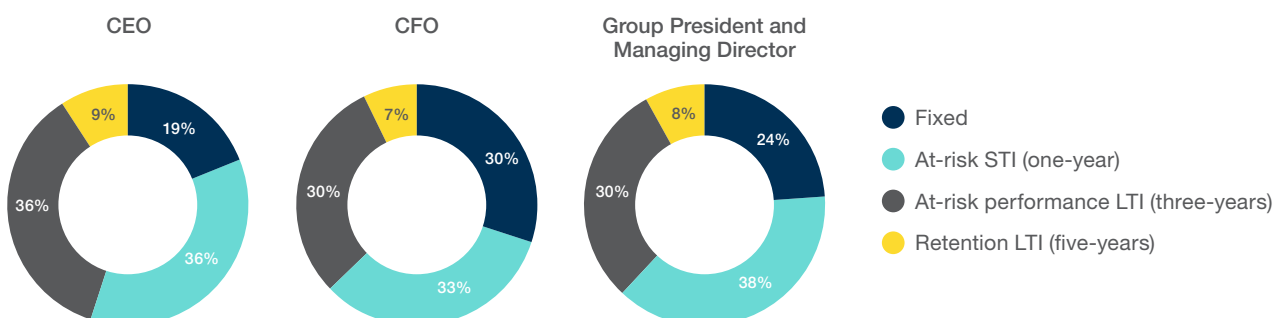
The Remuneration Committee has assessed international remuneration frameworks and carefully considered the importance of retention. From FY25, Reece will introduce a five-year service based/retention equity element into its remuneration framework at 20% of the total LTI opportunity for the following KMPs: Peter Wilson, Sasha Nikolic and Andrew Young. The five-year vesting period is two years longer than the current LTI program, providing enhanced shareholder alignment. This change is intended to improve the international competitiveness of the Group's remuneration framework and enhance the retention of key senior executives.

The FY25 LTI is comprised of two components: 80% (of the total LTI opportunity) remains subject to performance testing, and 20% is based on service/retention over a five-year period. The majority of the LTI (80%) will remain performance tested against EPS CAGR and Average ROCE over the three-year performance period. The enhanced LTI opportunities bring the total remuneration package for KMPs in line with our global peers and competitors.

From 1 July 2024, Peter Wilson's maximum equity LTI opportunity will increase to 250% of his fixed base, inclusive of both the service based/retention over five-years and performance assessed components. From 1 November 2024, he will transition to the role of Executive Chairman and CEO.

On 1 July 2024, Sasha Nikolic moved to Group President and Managing Director allowing a thorough transition period and ensuring continuity for the business. Informed by international benchmarking, Mr Nikolic's remuneration will change from 1 November 2024 to a fixed base of \$1,500,000, a target STI opportunity of 100% of fixed base and a maximum equity LTI opportunity of 150% of fixed base.

FY25 remuneration mix



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Remuneration Report (Audited)

5. Executive KMP short-term incentive (STI) and performance outcomes

5.1 Executive KMP STI detail

The STI provides Executive KMP an opportunity to be rewarded for achievement of annual objectives that align to the core drivers of sustainable performance for Reece.

The table below outlines the key elements of the STI structure for Executive KMP.

How is performance measured?	Performance targets under the STI are set by the Remuneration Committee at the beginning of the financial year. The following diagram illustrates the calculations in determining the STI outcomes.
<p style="text-align: center;"> Financial targets + Other targets + Individual targets = STI outcome </p> <p style="text-align: center;"> 70–80% 20–30% Multiplier¹ </p>	
Performance targets are set with reference to the Reece business strategy to achieve the long-term growth aspirations of the Group.	
KMP Executives	
For KMP Executive roles, performance under the FY24 STI was measured against:	
Performance objectives	
Financial targets	EBIT growth EBIT to sales Return on capital employed
Other targets	Other targets include growth in customer accounts, safety, sales per full-time employee and support centre cost control.
Individual targets	Remuneration Committee assessment of individual initiatives determines the multiplier for the final STI outcome. In FY24 these initiatives included execution of operational excellence, accelerating innovation and investing for profitable growth.
How much can an Executive earn?	<p>The CEO's performance-based STI at target is 100% of base salary with a maximum of 200%.</p> <p>The CFO's performance-based STI at target is 75% of base salary with a maximum of 150%.</p> <p>The US Executive's performance-based STIs at target are 100% of base salary with a maximum of 150%.</p> <p>There is no payment in the event the minimum performance targets, as set by the Remuneration Committee annually, are not met.</p>
How and when is it paid?	The STI is paid in cash within 90 days of completion of the Group's financial statements. The Remuneration Committee elects to pay all STIs in cash to provide timely reward to Executive KMP for achievement of annual objectives.







¹ The multiplier can either increase or decrease the final STI outcome.







Remuneration Report (Audited)

5.2 STI performance outcomes

The STI is 'at-risk' remuneration as it is subject to the achievement of pre-defined performance measures. The measures drive a continuous improvement culture and reward growth, innovation and delivery in the current business. Individual performance targets relate to each specific role and measure an individual's contribution against a range of operational and strategic performance measures. At the start of the performance year the Remuneration Committee determines the CEO's individual strategic measures. Relevant measures are cascaded to the Executives.

The table below outlines the STI performance outcomes for Executive KMPs for FY24.

Objective	Reece US FY24 outcomes	Group FY24 outcomes
Financial targets		
Other targets		
Individual targets		

 Stretch
 Between Target & Stretch
 Target
 Between Threshold & Target
 Threshold
 Below Threshold

The table below outlines the STI outcomes for Executives during FY24.

Executive	Actual STI (\$000's)	STI maximum opportunity (\$000's)	STI outcome as a percentage of maximum %	STI outcome as a percentage of target %
Peter Wilson CEO	3,185	4,900	65%	130%
Andrew Cowlshaw CFO	126	282	45%	89%
Andrew Young CFO	445	788	57%	113%
Chip Hornsby Executive Chair US	823	1,149	72%	107%
Sasha Nikolic US CEO	1,357	1,614	84%	126%

Remuneration Report (Audited)

6. Executive KMP long-term incentives (LTI)

6.1 Equity LTI

The LTI assists in the reward and retention of senior Executives and aligns the interests of eligible participants with shareholders of Reece. The table below outlines the key elements of the equity LTI structure.

How is the LTI award structured?	The participants are granted performance rights, an entitlement to receive one ordinary share for each performance right following vesting.																																								
How is performance measured?	<p>The FY24 grant includes two performance metric hurdles: EPS, which is measured on a compound annual growth rate (CAGR) and average Return on Capital Employed ('ROCE', as defined below). These performance metrics are evenly weighted at 50% each and were selected as they provide a strong correlation with the creation of shareholder value.</p> <p>For LTI purposes, EPS reflects the audited statutory definition and ROCE is calculated as EBIT divided by total shareholders equity plus net debt (borrowings less cash). Only if the Remuneration Committee considers incentive outcomes are not a reasonable reflection of Executive or Group performance would the Remuneration Committee apply discretion to adjust the incentive outcomes. The Committee anticipates this discretion would only be applied in highly unusual circumstances.</p> <p>The awards will vest in accordance with the following vesting schedule:</p> <table border="1"> <thead> <tr> <th>2024 grant</th> <th>EPS CAGR</th> <th>Average ROCE</th> <th>Level of vesting</th> </tr> </thead> <tbody> <tr> <td>Stretch</td> <td>≥ 7%</td> <td>≥ 17.5%</td> <td>100%</td> </tr> <tr> <td>Between threshold and stretch</td> <td>> 3% & < 7%</td> <td>> 15% & < 17.5%</td> <td>Pro rata vesting on a straight line basis between 50% and 100%</td> </tr> <tr> <td>Threshold</td> <td>3%</td> <td>15%</td> <td>50%</td> </tr> <tr> <td>Below threshold</td> <td>< 3%</td> <td>< 15%</td> <td>Nil</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>2023 grant</th> <th>EPS CAGR</th> <th>Average ROCE</th> <th>Level of vesting</th> </tr> </thead> <tbody> <tr> <td>Stretch</td> <td>≥ 10%</td> <td>≥ 16%</td> <td>100%</td> </tr> <tr> <td>Between threshold and stretch</td> <td>> 5% & < 10%</td> <td>> 14% & < 16%</td> <td>Pro rata vesting on a straight line basis between 50% and 100%</td> </tr> <tr> <td>Threshold</td> <td>5%</td> <td>14%</td> <td>50%</td> </tr> <tr> <td>Below threshold</td> <td>< 5%</td> <td>< 14%</td> <td>Nil</td> </tr> </tbody> </table>	2024 grant	EPS CAGR	Average ROCE	Level of vesting	Stretch	≥ 7%	≥ 17.5%	100%	Between threshold and stretch	> 3% & < 7%	> 15% & < 17.5%	Pro rata vesting on a straight line basis between 50% and 100%	Threshold	3%	15%	50%	Below threshold	< 3%	< 15%	Nil	2023 grant	EPS CAGR	Average ROCE	Level of vesting	Stretch	≥ 10%	≥ 16%	100%	Between threshold and stretch	> 5% & < 10%	> 14% & < 16%	Pro rata vesting on a straight line basis between 50% and 100%	Threshold	5%	14%	50%	Below threshold	< 5%	< 14%	Nil
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Below threshold	< 5%	< 14%	Nil																																						
What is the performance period?	Performance rights are subject to the vesting conditions being assessed at the end of the three-year performance period (2023: four-year performance period).																																								
How much can an Executive KMP earn?	The CEO is eligible to receive an annual LTI grant equivalent to 200% of base salary at stretch performance. The CFO is eligible to receive an annual LTI grant equivalent to 100% of base salary at stretch performance.																																								
How are the LTI grants tested for vesting?	All grants awarded under the Equity LTI scheme vest subject to satisfaction of performance metric hurdles. The FY20 options grant was tested during the current financial year and is subject to a five year EPS CAGR hurdle (refer to note 6.2).																																								
How and when is it paid?	Performance rights convert to ordinary shares after the vesting period if the performance conditions have been met. The Company will settle performance rights using market purchased shares. No new shares will be issued. The Remuneration Committee in its discretion may settle in cash.																																								
What happens if an Executive leaves?	The Executive is not entitled to the unvested performance rights. The Remuneration Committee has the ability to apply discretion in limited circumstances.																																								
What happens in a change of control?	In the unlikely event of a change of control, the Remuneration Committee has absolute discretion to determine how to deal with the Executive's unvested performance rights.																																								
What other grants remain on foot?	<p>In addition to the above, participants were granted share options in FY20 and FY21 and performance rights in FY22. The FY20 options vested on 30 June 2024 and the FY21 options remain on foot. The FY21 share options have an EPS (CAGR) performance objective which will be assessed for vesting at the end of a five-year performance period. Options that vest after the performance period cannot be exercised for a further two-year period.</p> <p>FY22 performance rights have an EPS (CAGR) performance objective which will be assessed for vesting at the end of a four-year performance period.</p>																																								

Remuneration Report (Audited)

6.2 LTI Performance Outcomes

The FY20 share options granted to the CEO vest subject to satisfaction of the five-year EPS CAGR hurdle, with the measurement period ending 30 June 2024. The Remuneration Committee determined the vesting outcome, as detailed below. The options carry an exercise price of \$10.06 and can only be exercised from 1 July 2026 until expiry.

The FY20 options grant vested in accordance with the following vesting schedule:

2020 grant	EPS CAGR	Level of vesting
Stretch	≥ 10%	100%
Between threshold and stretch	> 5% & < 10%	Pro rata vesting on a straight line basis between 50% and 100%
Threshold	5%	50%
Below threshold	< 5%	Nil

The table below outlines the LTI performance outcome for the FY20 options grant:

Hurdle and performance measurement period	Hurdle result %	LTI vested (Number of options)	LTI lapsed (Number of options)
EPS CAGR 1 July 2020 - 30 June 2024	12.5% ●	304,286	-

- Stretch
- Between Threshold & Stretch
- Threshold
- Below Threshold

6.3 US-based Executive KMP LTI

The LTI assists in the reward, retention and motivation of participants and aligns the interests of eligible participants with shareholders of Reece. The table below outlines the key elements of the LTI structure for US-based Executive KMP.

How is the LTI award structured?	For US-based Executive KMP, the LTI is awarded in cash rather than performance rights.
How is performance measured?	The metrics are based on achieving annual Reece US EBITDA, and sales revenue targets for the US CEO, and EBIT growth and annual US ROCE growth for the US Executive Chair as approved by the Remuneration Committee and the Board. The LTIs for both US-based Executive KMPs are subject to ongoing employment with Reece US.
What is the performance period?	The cash award for the US CEO is subject to vesting conditions at the end of the performance period, ending December 2024. This is in line with the agreed period for initial business transformation post the acquisition of Reece US. The cash award for the US Executive Chair is subject to vesting conditions at the end of the performance period ending 30 June 2027.
How much can a US-based KMP Executive earn?	The US CEO's long-term incentive has a target of 100% of base salary with a maximum of 150%. The US Executive Chair's long-term incentive has a target of 100% of base salary with a maximum of 200%.
What are the vesting considerations?	There is no payment if minimum performance objectives are not met, or if the Executive resigns from the Company prior to the end of the plan.
How and when is it paid?	Once vesting conditions of the awards have been met, the eligible participant will receive a cash amount.
What happens if an Executive leaves?	If an Executive is considered a good leaver, they may be eligible to retain a proportion of their LTI award based on the time that has elapsed between the grant date and when the Executive leaves, subject to the performance of the Company and/or the participant against targets at that time.
What happens in a change of control?	In the event of a change of control, the Remuneration Committee has absolute discretion to determine what amount of outstanding awards will be eligible for payment.

Remuneration Report (Audited)

6.4 Executive KMP service arrangements

The table below outlines Executive KMP service arrangements.

Individual	Service agreement
Alan Wilson	Notice period of three months for employee and employer.
Peter Wilson	Notice period of twelve months for employee and employer.
Andrew Cowlshaw	Notice period of six months for employee and employer, ceased employment 1 October 2023.
Andrew Young	Notice period of six months for employee and employer.
Chip Hornsby	The US Executive Chair employment contract is at will and can be terminated at any time by the employee or employer.
Sasha Nikolic	<p>Apart from statutory termination benefits, which include accrued leave entitlements, there are no arrangements in place to provide the US CEO with any additional retirement benefits.</p> <p>On 1 July 2024, Mr Nikolic moved to Group President and Managing Director. Under the new contract, Mr Nikolic's employment will automatically extend for successive one-year periods with either party able to elect not to extend the contract and will include a notice period of nine months for employee and employer.</p>

7. Non-Executive Director (NED) remuneration

Non-Executive Director (NED) fees include base fees and committee fees (inclusive of superannuation). The committee fees reflect the additional time commitment required for Board committees on which they may serve from time to time. The maximum fee pool amount available for Non-Executive Directors is \$2,500,000, as approved by shareholders at the 2022 Annual General Meeting.

NED's are not entitled to receive any performance-based incentives, non-cash benefits or retirement benefits other than statutory superannuation. NED's with substantial shareholdings (>5%) are not eligible to receive additional fees for Committee membership.

Standard Base Fees	Annual fee (\$000's)	Standard Committee Fees	Chair (\$000's)	Member (\$000's)
Chair	525	Audit and Risk Committee	40	20
Independent	180	Remuneration Committee	30	15
Substantial shareholder	90			

8. Additional Statutory disclosures

8.1 Director remuneration outcomes

The table below sets out the remuneration of Executive and Non-Executive Directors of Reece Group.

Directors		Salary and fees (\$000's)	Non-monetary and other benefits ¹ (\$000's)	Post-employment benefits ² (\$000's)	Total (\$000's)
Alan Wilson ³	FY24	675	46	27	748
	FY23	793	46	25	864
Tim Poole	FY24	497	-	28	525
	FY23	450	-	27	477
Bruce C. Wilson	FY24	81	-	9	90
	FY23	81	-	9	90
Megan Quinn	FY24	194	-	21	215
	FY23	162	-	17	179
Andrew Wilson	FY24	81	-	9	90
	FY23	81	-	9	90
Karen Penrose ⁴	FY24	122	-	15	137
Remuneration totals	FY24	1,650	46	109	1,805
	FY23	1,567	46	87	1,700

¹ Reflects value of motor vehicle provided to Mr Alan Wilson.

² Reflects value of superannuation for FY24.

³ Mr Alan Wilson transitioned from Executive Chair to Executive Director on 1 September 2022. In the FY23 Remuneration Report, the amount presented as salary and fees for FY23 was \$3,870,000. This amount included annual leave which was paid in FY23 but accrued in previous financial years (\$3,077,000). Salary and fees for FY23 has been revised to exclude this amount. From 1 September 2022, Mr Alan Wilson's annual salary and fees included a director fee of \$180,000 and consulting fees for his expertise and advisory role as a Founder (Plumbing) of \$495,000. Consulting rates have been benchmarked to external data.

⁴ Ms Penrose was appointed as Non-Executive Director on 18 December 2023.

Remuneration Report (Audited)

8.2 Executive remuneration outcomes

The table below sets out the remuneration of Executives of Reece Group.

Executives		Short-term benefits			Post employment benefits	Other long-term benefits		Share based payments	Total	Performance based
		Base salary	Short-term incentive	Other short-term benefits ³	Super-annuation	Long-term incentive	Other long-term benefits ⁴	Awards		
		(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	%
Peter Wilson	FY24	2,450	3,185	(11)	27	-	233	2,773	8,657	69
	FY23	2,130	2,982	55	25	-	42	1,946	7,180	69
Andrew Cowlshaw ¹	FY24	188	126	(1)	9	-	(21)	(424)	(123)	-
	FY23	750	938	(11)	28	-	7	259	1,971	61
Chip Hornsby	FY24	766	823	80	-	218	-	-	1,887	55
	FY23	931	972	44	-	-	-	-	1,947	50
Sasha Nikolic	FY24	1,076	1,357	342	40	1,363	-	-	4,178	65
	FY23	1,041	1,343	293	41	1,271	-	-	3,989	66
Andrew Young ²	FY24	525	445	268	21	-	3	140	1,402	42
Remuneration totals	FY24	5,005	5,936	678	97	1,581	215	2,489	16,001	63
	FY23	4,852	6,235	381	94	1,271	49	2,205	15,087	64

¹ Mr Cowlshaw ceased being CFO on 1 October 2023. Mr Cowlshaw's performance rights were forfeited upon cessation of employment.

² Mr Young commenced being CFO on 1 October 2023. Other short-term benefits includes a payment to compensate Mr Young for incentives that were forfeited or forgone with his prior employer, due to his acceptance of the role with Reece.

³ Other short-term benefits includes the net change in accrued annual leave within the period. The accounting value may be negative where an Executive takes more annual leave than they accrue during the period.

⁴ Other long-term benefits includes the net change in accrued long service leave within the period.

Remuneration Report (Audited)

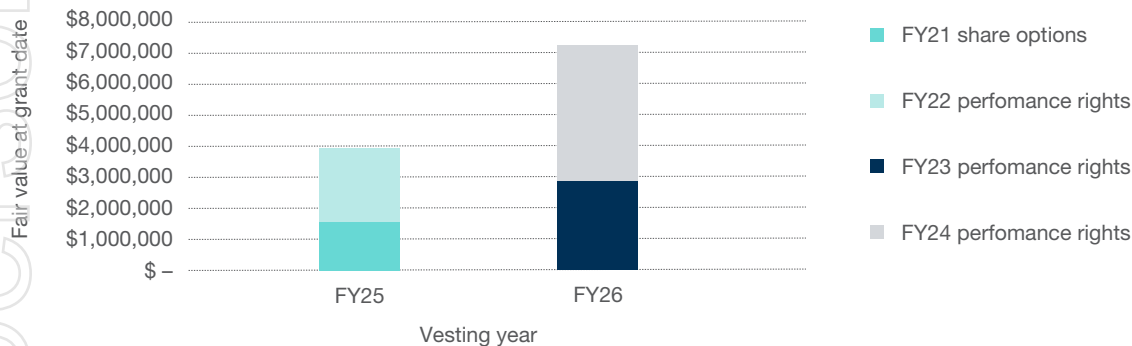
8.3 Executive LTI plan outstanding

The current equity LTI plan was introduced in FY20. In the current year the CEO was issued with 248,227 performance rights (2023: 205,598). There were no share options or performance rights exercised or expired during FY24. The CEO's 304,286 FY20 options vested on 30 June 2024.

Mr Cowlshaw's 84,837 rights were forfeited during the period, upon cessation of employment. No other share options or performance rights granted to KMP were forfeited, cancelled or lapsed during or subsequent to year end or to the date of this report. The fair value of the performance rights granted in FY24 was \$16.91, which was determined at the grant date in accordance with AASB 2 *Share-based payments*. The table below outlines each grant on foot for Executive KMP during the financial year.

Executive	Award	Grant date	Exercise price	Vesting date	Expiry date	Number of options/rights	Fair value at grant date
Peter Wilson	FY24 rights	26 October 2023	\$Nil	30 June 2026	13 October 2038	248,227	\$4,197,519
	FY23 rights	27 October 2022	\$Nil	30 June 2026	13 October 2037	205,598	\$2,948,275
	FY22 rights	28 October 2021	\$Nil	30 June 2025	27 October 2036	129,838	\$2,338,382
	FY21 options	29 October 2020	\$14.46	30 June 2025	29 October 2035	267,588	\$1,597,500
	FY20 options	30 October 2019	\$10.06	30 June 2024	29 October 2034	304,286	\$1,278,000
Andrew Young	FY24 rights	26 October 2023	\$Nil	30 June 2026	13 October 2038	35,461	\$599,646

The chart below displays all LTI grants on foot for the CEO as at 30 June 2024, by vesting year.



8.4 Executive LTI cash plan outstanding

Mr Nikolic was awarded an Executive LTI cash plan on 1 July 2018 with the performance period ending 31 December 2024. Payment of the LTI is subject to annual Reece US EBITDA growth, annual sales revenue growth and continued employment with Reece US. At 30 June 2024, the outstanding value of the LTI for Mr Nikolic is \$11,165,642 based on five years of outperformance against established targets.

Mr Hornsby was awarded an Executive LTI cash plan on 1 July 2023 for a three-year performance period ending 30 June 2027 and based on 100% of base salary with a ceiling of 200% for exceptional performance. Payment of the LTI is subject to annual Reece US EBIT growth, annual US ROCE growth and continued employment with Reece US. The plan provides for no payment in the event the minimum performance targets are not met. At 30 June 2024, the outstanding value of the LTI for Mr Hornsby is \$871,682 based on performance against established targets.

Remuneration Report (Audited)

8.5 Equity movements

The table below outlines equity movements for Directors and Executives during the financial year. During their term as KMP in FY24 Chip Hornsby and Andrew Young did not hold any shares in Reece Limited.

The Reece Directors Shareholding Policy was amended in June 2024 to mandate a minimum shareholding of Reece shares for Non-Executive Directors. Non-Executive Directors have transition relief of three years to increase their current shareholding to meet the minimum required under the policy.

	Balance as at 30 June 2023	Equity received as remuneration	Equity purchased /disposed of	Balance as at 30 June 2024	Minimum shareholding requirement compliance
Directors					
Alan Wilson	358,709,180	-	1,000,000	359,709,180	N/A
Tim Poole	15,865	-	-	15,865	Compliant ⁴
Karen Penrose ³	4,774	-	1,110	5,884	Compliant ⁴
Megan Quinn	-	-	-	-	Compliant ⁴
Bruce C. Wilson ¹	120,168,788	-	-	120,168,788	Compliant
Andrew Wilson ¹	120,168,788	-	-	120,168,788	Compliant
Executives					
Peter Wilson ¹ CEO / MD	120,168,788	-	-	120,168,788	N/A
Andrew Cowlshaw ² CFO	11,558	-	-	11,558	N/A
Sasha Nikolic US CEO	26,315	-	-	26,315	N/A

¹ Bruce C. Wilson, Andrew Wilson and Peter Wilson all have relevant interests in the shares set out in the various substantial holder notices lodged by Two Hills Holdings Pty Ltd by virtue of the Pre-Emptive Rights Agreement (Pre-Emptive Shares), even though they do not have the right to demand the Pre-Emptive Shares. These holdings have been included within the Director and Executive shareholdings.

² Mr Cowlshaw ceased being CFO on 1 October 2023. The closing balance of the shareholding reflects the number of shares held by Mr Cowlshaw on the day he ceased being a KMP.

³ Ms Penrose commenced as Director on 18 December 2023. The opening balance of the shareholding reflects the number of shares held by Ms Penrose on the day she commenced as Director.

⁴ The Group introduced a Minimum Shareholding Policy for Non-Executive Directors in FY24, therefore Non-Executive Directors have three years to build up their shareholding to comply with this requirement.

8.6 Securities Dealing Policy

The Reece Securities Dealing Policy prohibits designated Reece personnel, which includes Executives and Directors, from entering into any arrangements that would have the effect of limiting their exposure relating to Reece shares, including vested Reece shares or unvested entitlements to Reece shares under Reece employee incentive schemes.

8.7 AGMs

At our most recent Annual General Meeting, a resolution to adopt the prior year Remuneration Report was put to the vote and at least 75% of votes were cast for adoption of the report. No comments were made on the remuneration report requiring consideration at the Annual General Meeting.

This concludes the Remuneration Report (Audited). Dated at Melbourne on 22 August 2024.

Signed in accordance with a resolution of Directors.



T. Poole
Chair



P. J. Wilson
Chief Executive Officer
& Deputy Chair

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Auditor's Independence Declaration



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

To the Directors of Reece Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Reece Limited for the financial year ended 30 June 2024 there have been:

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

KPMG

KPMG

A handwritten signature in blue ink that reads 'J. Carey.' with a stylized flourish at the end.

Julie Carey

Partner

Melbourne

22 August 2024

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	2024 (\$'000's)	2023 (\$'000's)
Revenue from sale of goods	2.2	9,104,772	8,839,572
Cost of sales	2.3	(6,499,068)	(6,321,354)
Gross profit		2,605,704	2,518,218
Other income	2.2	8,042	21,741
Selling and administrative expenses		(1,932,356)	(1,856,906)
Impairment of goodwill	2.3	-	(28,949)
Earnings before interest and tax		681,390	654,104
Finance costs (net)	2.3	(91,809)	(86,265)
Profit before income tax expense		589,581	567,839
Income tax expense	2.5	(170,410)	(180,232)
Net profit for the year		419,171	387,607
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		(483)	71,288
Change in fair value of effective cash flow hedges, net of tax		(3,170)	(3,672)
Total comprehensive income, net of tax		415,518	455,223
Basic earnings per share	2.4	65 cents	60 cents
Diluted earnings per share	2.4	65 cents	60 cents

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 (\$000's)	2023 (\$000's)
Current assets			
Cash and cash equivalents	3.1	341,380	372,706
Trade and other receivables	3.2	1,369,302	1,338,414
Inventories	3.3	1,496,348	1,504,892
Derivative financial instruments	4.3	-	3,047
Total current assets		3,207,030	3,219,059
Non-current assets			
Property, plant and equipment	3.5	909,369	786,922
Right-of-use assets	3.4	892,369	799,379
Investments		22,980	25,424
Intangible assets	3.6	1,983,219	2,020,888
Deferred tax assets	2.5	79,902	72,614
Total non-current assets		3,887,839	3,705,227
Total assets		7,094,869	6,924,286
Current liabilities			
Trade and other payables	3.7	1,240,395	1,179,405
Lease liabilities		135,847	131,360
Current tax liability	2.5	560	11,440
Provisions	3.8	102,088	98,823
Derivative financial instruments	4.3	122	-
Total current liabilities		1,479,012	1,421,028
Non-current liabilities			
Interest-bearing liabilities	4.1	859,322	1,097,490
Lease liabilities		837,094	732,917
Deferred tax liabilities	2.5	21,097	23,818
Provisions	3.8	14,201	23,609
Total non-current liabilities		1,731,714	1,877,834
Total liabilities		3,210,726	3,298,862
Net assets		3,884,143	3,625,424
Equity			
Contributed equity	4.4	1,246,918	1,246,918
Reserves	4.4	193,338	192,294
Retained earnings		2,443,887	2,186,212
Total equity		3,884,143	3,625,424

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Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 (\$000's)	2023 (\$000's)
Cash flow from operating activities			
Receipts from customers		9,736,723	9,543,357
Payments to suppliers and employees		(8,700,122)	(8,490,610)
Interest received		12,502	6,048
Finance costs paid		(68,933)	(60,713)
Interest repayments on leases		(35,378)	(31,600)
Income tax paid		(193,887)	(200,100)
Net cash from operating activities	3.1(a)	750,905	766,382
Cash flow from investing activities			
Purchase of property, plant and equipment		(236,310)	(151,667)
Proceeds from sale of property, plant and equipment		15,911	13,847
Payment for intangible assets		(21,665)	(25,811)
Purchase of controlled entities and investments, net of cash acquired		(1,896)	(145,892)
Net cash used in investing activities		(243,960)	(309,523)
Cash flow from financing activities			
Proceeds from borrowings		438,596	144,969
Repayments of borrowings		(677,771)	(174,969)
Dividends paid	4.5	(161,496)	(148,577)
Principal repayments on leases		(138,131)	(123,261)
Payments for shares purchased for employee share trust		-	(5,278)
Net cash used in financing activities		(538,802)	(307,116)
Net increase/(decrease) in cash and cash equivalents		(31,857)	149,743
Net foreign exchange translation difference		531	2,480
Cash and cash equivalents at the beginning of the year		372,706	220,483
Cash and cash equivalents at the end of the year	3.1	341,380	372,706

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Contributed equity (\$000's)	Reserves (\$000's)	Retained earnings (\$000's)	Total equity (\$000's)
Balance as at 1 July 2022		1,246,918	126,769	1,947,182	3,320,869
Net profit for the year		-	-	387,607	387,607
Exchange differences on translation of foreign operations, net of tax		-	71,288	-	71,288
Change in fair value of effective cash flow hedges, net of tax		-	(3,672)	-	(3,672)
Total comprehensive income for the year, net of tax		-	67,616	387,607	455,223
Transactions with owners in their capacity as owners:					
Share-based payments	6.2	-	3,187	-	3,187
Shares purchased for employee share trust		-	(5,278)	-	(5,278)
Dividends paid	4.5	-	-	(148,577)	(148,577)
Total transactions with owners in their capacity as owners		-	(2,091)	(148,577)	(150,668)
Balance as at 30 June 2023		1,246,918	192,294	2,186,212	3,625,424
Balance as at 1 July 2023		1,246,918	192,294	2,186,212	3,625,424
Net profit for the year		-	-	419,171	419,171
Exchange differences on translation of foreign operations, net of tax		-	(483)	-	(483)
Change in fair value of effective cash flow hedges, net of tax		-	(3,170)	-	(3,170)
Total comprehensive income for the year, net of tax		-	(3,653)	419,171	415,518
Transactions with owners in their capacity as owners:					
Share-based payments	6.2	-	4,697	-	4,697
Dividends paid	4.5	-	-	(161,496)	(161,496)
Total transactions with owners in their capacity as owners		-	4,697	(161,496)	(156,799)
Balance as at 30 June 2024		1,246,918	193,338	2,443,887	3,884,143

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Notes

For the year ended 30 June 2024

1. Notes to the financial statements

About this report

The financial report covers Reece Limited ('the Group' or 'Reece') and controlled entities as a Group. Reece Limited is a company limited by shares, incorporated, and domiciled in Australia.

Reece Limited is a for-profit entity for the purpose of preparing the financial statements. The nature of the operations and principal activities of the Group are described in note 2.1 Segment reporting.

Statement of material accounting policies

The following is a summary of material accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The consolidated financial report of the Group for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 22 August 2024.

The financial report is a general purpose financial report that:

- has been prepared in accordance with Australian Accounting Standards, Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*;
- complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board;
- has been prepared on the historical cost basis, except certain financial instruments which have been measured at fair value;
- is presented in Australian dollars;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2023. Refer to note 6.4 for further details; and
- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective unless specified in note 6.4.

Key judgements and estimates

In the process of applying the Group's accounting policies, management has made several judgements and estimates. Those material to the financial report are found in the following notes:

Note reference

- 2.5 Recoverability of deferred tax assets and US inventory tax adjustment
- 3.2 Impairment of trade receivables
- 3.3 Valuation of inventories
- 3.4 Lease term
- 3.5 Impairment of ROU assets and property, plant & equipment
- 3.6 Impairment of goodwill and intangible assets

Basis of consolidation

The consolidated financial statements are those of the Group, comprising the financial statements of the parent entity and of all entities which Reece Limited controlled as at, and for the period ended, 30 June 2024.

The Group controls an entity when it is exposed 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. Details of the controlled entities are contained in note 5.1.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Notes

For the year ended 30 June 2024

Foreign currency

Functional and presentation currency

The functional currencies of overseas subsidiaries are New Zealand dollars and United States dollars. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and balances

As at reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange ruling at balance sheet date. Statements of profit or loss are translated at the average exchange rates for the year.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss except for monetary items that are designated as part of a hedge of the Group's net investment in a foreign operation. These are recognised in Other Comprehensive Income (OCI) until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Rounding amounts

The parent entity and the Group have applied the relief available under *ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191* and accordingly, the amounts in the consolidated financial statements and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar (where indicated).

Other accounting policies

Material and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

1.1 Basis of preparation and accounting policies

The notes to the financial statements

The notes include information which is required to understand the financial statements, and is material and relevant to the operations, financial position, and performance of the Group. Information is considered material and relevant if, for example, the amount is significant because of its size or nature; it is important for understanding the results of the Group; or it helps to explain the impact of significant changes in the Group's business, for example acquisitions.

The notes are organised into the following sections:

- 2. Performance:** provides information on the performance of the Group, including segment results, earnings per share and income tax;
- 3. Assets and liabilities:** provides information on the assets used in the Group's operations and the liabilities incurred as a result;
- 4. Capital management:** provides detail about capital management for the Group and shareholder returns for the year;
- 5. Group:** explains the Group structure and how changes may have affected the financial position or performance of the Group; and
- 6. Other disclosures:** this section provides other disclosures required by Australian Accounting Standards that are considered relevant to understanding the Group's financial performance or position.

Notes

For the year ended 30 June 2024

2. Performance

This section provides information on the performance of the Group, including segment results, earnings per share and income tax.

2.1 Segment reporting

Segment information is presented in a manner which is consistent with the internal reporting to the Chief Executive Officer who is the entity's chief operating decision maker for the purpose of performance assessment and resource allocation. The Group's segments are based on the geographical operation of the business and comprise Australia and New Zealand (ANZ) and the United States of America (US).

Reece Group is a distributor of plumbing, waterworks, and HVAC-R (heating, ventilation, air conditioning and refrigeration) products. These products are consistent in both geographic locations.

	ANZ		US		Total	
	2024 (\$000's)	2023 (\$000's)	2024 (\$000's)	2023 (\$000's)	2024 (\$000's)	2023 (\$000's)
Revenue from sale of goods	3,845,706	3,852,891	5,259,066	4,986,681	9,104,772	8,839,572
Adjusted EBITDA ¹	560,078	556,817	446,722	401,443	1,006,800	958,260
Income/(expenses)						
Government grant BAC income	-	16,316	-	-	-	16,316
Depreciation	(129,630)	(122,627)	(128,897)	(104,778)	(258,527)	(227,405)
Amortisation	(20,165)	(12,940)	(46,718)	(49,560)	(66,883)	(62,500)
Impairment of goodwill	-	(28,949)	-	-	-	(28,949)
Business acquisition costs	-	(191)	-	(1,427)	-	(1,618)
Finance costs (net)	(6,904)	(17,865)	(84,905)	(68,400)	(91,809)	(86,265)
Segment profit before tax	403,379	390,561	186,202	177,278	589,581	567,839
Income tax expense	(123,475)	(137,579)	(46,935)	(42,653)	(170,410)	(180,232)
Segment profit after tax	279,904	252,982	139,267	134,625	419,171	387,607
Current assets	1,388,777	1,452,069	1,818,253	1,766,990	3,207,030	3,219,059
Non-current assets	1,388,187	1,305,606	2,499,652	2,399,621	3,887,839	3,705,227
Total assets	2,776,964	2,757,675	4,317,905	4,166,611	7,094,869	6,924,286
Total liabilities	1,003,704	1,102,816	2,207,022	2,196,046	3,210,726	3,298,862

¹ EBITDA is adjusted to exclude government incentive scheme income (Boosting Apprenticeship Commencements 'BAC' income), impairment expenses and business acquisition costs. The Group previously reported Normalised EBITDA in the segment report however has changed to Adjusted EBITDA, which also excludes BAC income, in the current year to align with revised internal reporting.

Notes

For the year ended 30 June 2024

2.2 Revenue

	2024 (\$000's)	2023 (\$000's)
Revenue from contracts with customers		
Revenue from sale of goods	9,104,772	8,839,572
Other income		
Gain on disposal of property, plant and equipment and other assets	6,578	4,538
Bad debts recovered	1,055	836
Government grant BAC income	-	16,316
Other	409	51
Total other income	8,042	21,741

Revenue from contracts with customers

The Reece Group is a distributor of plumbing, waterworks and HVAC-R (heating, ventilation, air conditioning and refrigeration) products. Revenue from the sale of these products is recognised at the point in time when control of the product has transferred to the customer. Control of the product is transferred either when the customer picks up the product directly, or on delivery to the location specified by the customer.

For customers who purchase on credit, a receivable is recognised only once the products are either picked up or delivered, when the right to consideration is unconditional.

All revenue is stated net of the amounts of goods and services tax (GST).

Other income

During the prior period, Reece Australia Pty Ltd (a wholly owned subsidiary of the Group) received a grant for Boosting Apprenticeship Commencements (BAC). The grant supported businesses to take on new apprenticeships and trainees, to build a pipeline of skilled workers to support sustained economic recovery. No BAC income was earned during FY24.

2.3 Expenses

	2024 (\$000's)	2023 (\$000's)
Cost of sales	6,499,068	6,321,354
Employee benefits expenses	1,040,968	1,021,711
Depreciation	258,527	227,405
Amortisation	66,883	62,500
Impairment of goodwill	-	28,949

The major expenses forming part of the Consolidated Statement of Profit or Loss and Other Comprehensive Income are set out in the table above. Interest revenue is recognised on a proportional basis considering the interest rates applicable to the financial assets.

	2024 (\$000's)	2023 (\$000's)
Finance costs		
Interest income	(12,502)	(5,978)
Interest on debt and borrowings	68,933	60,643
Interest on lease liabilities	35,378	31,600
Total finance costs (net)	91,809	86,265

Notes

For the year ended 30 June 2024

2.4 Earnings per share

	2024 (\$000's)	2023 (\$000's)
Earnings used in calculating basic and diluted earnings per share	419,171	387,607
	(000's)	(000's)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	645,721	645,721
	Cents	Cents
The earnings per share (calculated on the weighted average share capital during the year)	65 cents	60 cents

Calculation methodology

Earnings per Share (EPS) is profit for the period from continuing operations attributable to ordinary equity holders of the Company, divided by the weighted average number of ordinary shares during the year. Treasury Shares are excluded from the weighted average number of ordinary shares used in the EPS calculation.

Diluted EPS is calculated on the same basis except that it includes the impact of any potential commitments the Group has to issue shares in the future.

For the period, the potential dilution to the weighted average number of ordinary shares from employee performance rights was immaterial. Between the reporting date and the issue date of the Annual Report, there have been no transactions involving ordinary shares or potential ordinary shares that would impact the calculation of EPS disclosed in the table above.

2.5 Income tax

	2024 (\$000's)	2023 (\$000's)
The components of tax expense:		
Current tax	180,743	201,209
Adjustments for current tax from prior periods	(324)	5,579
Deferred tax	(10,009)	(26,556)
Income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	170,410	180,232

The major components of income tax expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income are set out in the table above.

Reconciliation of tax expense and accounting profit		
Statutory net profit before tax	589,581	567,839
At Australia's statutory income tax rate of 30% (2023: 30%)	176,874	170,352
US inventory adjustment for LIFO	(3,209)	(2,342)
Adjustments for current tax from prior periods	(324)	5,579
Effect of non-assessable income and non-deductible expenses for tax purposes	2,771	11,968
Difference in geographical tax rates	(5,702)	(5,325)
At the effective income tax rate of 29% (2023: 32%)	170,410	180,232

Notes

For the year ended 30 June 2024

2.5 Income tax (cont.)

Current taxes

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate, adjusted for changes in deferred tax assets and liabilities. There are no income tax consequences attached to the payment of dividends in either 2024 or 2023 by the Group to its shareholders.

Deferred taxes

Deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Group has \$0.6m of unbooked tax losses relating to foreign subsidiaries at 30 June 2024 (2023: nil).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

Reece Limited (parent entity) and its Australian wholly owned subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets and liabilities for the tax consolidated group.

Key judgement – Recoverability of deferred tax assets

Future income tax benefits are recognised on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Key judgement – US inventory tax adjustment

For local taxation purposes, the US segment values inventories using the last-in, first-out ('LIFO') method. Judgement is required in the determination of indices used for evaluating price level changes applied to the inventory on hand. With the assistance of an independent expert, an annual LIFO assessment is prepared for tax purposes, in line with the IRS conformity rule (Treas. Reg. 1.472-2(e)).

The Group recognises the tax impact resulting from the LIFO adjustment as a component of income tax expense which is an outcome of the LIFO assessment prepared by an independent expert.

In accordance with International Financial Reporting Standards, inventories are measured at the lower of cost and net realisable value, refer to note 3.3 for further information.

The tax consolidated group has also entered into a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

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

Future tax developments

The Group operates in countries that have announced or implemented the adoption of the Organisation for Economic Co-operation and Development's (OECD) Pillar Two Model Rules (the rules). Australia introduced Bills into parliament on 4 July 2024, with the rules expected to apply for years commencing 1 July 2024, and New Zealand has enacted the rules which will apply for years commencing after 1 January 2025. There is no tax impact for the year ended 30 June 2024.

Work has commenced to evaluate the potential future impact of the Pillar Two legislation on the Group. Pillar Two is not anticipated to have a material impact on the Group from 1 July 2024. The Group has applied mandatory relief from deferred tax accounting for the impacts of the top-up tax (refer to note 6.4).

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 taxation office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes

For the year ended 30 June 2024

2.5 Income tax (cont.)

	2024 (\$'000's)	2023 (\$'000's)
Deferred tax assets / (liabilities)		
Employee benefits	53,501	52,823
Depreciation of buildings	(4,160)	616
Losses available for offset against future taxable income	221	1,180
Provisions	43,092	38,389
Right-of-use assets	257,068	231,000
Lease liabilities	(235,577)	(213,097)
Intangible assets	(67,451)	(73,393)
Other deferred tax assets	14,578	13,407
Other deferred tax liabilities	(2,467)	(2,129)
Total deferred tax assets / (liabilities)	58,805	48,796
Movement in deferred tax balance		
Balance at beginning of year	48,796	34,247
Deferred tax liability from business acquisition	-	(12,007)
Recognised in profit or loss statement	10,009	26,556
Deferred tax balance at end of the year	58,805	48,796
Reconciliation to the statement of financial position		
Deferred tax balance	58,805	48,796
Set-off of deferred tax liabilities	21,097	23,818
Deferred tax asset	79,902	72,614
Current tax (receivable) / payable		
Balance at beginning of the year	6,218	(1,652)
Current tax	180,743	201,209
Tax instalments paid	(193,887)	(200,100)
(Under) / over provision in prior year	(324)	5,579
Other	(310)	1,182
Current tax (receivable) / payable at end of the year	(7,560)	6,218
Reconciliation to the statement of financial position		
Current tax (receivable) / payable	(7,560)	6,218
Set-off of prepaid tax	8,120	5,222
Current tax liability	560	11,440

Notes

For the year ended 30 June 2024

3. Assets and liabilities

This section provides information on the assets used in the Group's operations and the liabilities incurred as a result.

3.1 Cash and cash equivalents

	2024 (\$000's)	2023 (\$000's)
Cash on hand	364	356
Cash on deposit	341,016	372,350
	341,380	372,706

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions and bank overdrafts.

	2024 (\$000's)	2023 (\$000's)
(a) Reconciliation of the net profit after tax to the net cash flows from operations:		
Profit for the period	419,171	387,607
Add / (less) non-cash items:		
(Profit) / loss on sale or disposal of non-current assets	(6,578)	(4,538)
Depreciation	258,527	227,405
Amortisation	66,883	62,500
Foreign exchange translation	(210)	(441)
Share based payment expense	4,697	3,187
Share of losses from associates	3,841	3,568
Impairment expense	-	28,949
Net cash flows from operations before change in assets and liabilities	746,331	708,237
Changes in assets and liabilities		
(Increase) / decrease in receivables	(35,283)	48,596
(Increase) / decrease in inventory	7,857	86,153
Increase / (decrease) in payables	59,411	(63,431)
Increase / (decrease) in provisions	(1,541)	6,626
Increase / (decrease) in income taxes payable	(15,944)	7,868
(Increase) / decrease in deferred tax assets	(7,304)	(20,787)
Increase / (decrease) in deferred tax liabilities	(2,622)	(6,880)
Net cash flow from operating activities	750,905	766,382

Changes in assets and liabilities excludes the acquired assets and liabilities from acquisitions during the year but includes the subsequent movement from settlement dates.

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Notes

For the year ended 30 June 2024

3.2 Trade and other receivables

	2024 (\$000's)	2023 (\$000's)
Trade receivables	1,353,175	1,338,474
Less: Allowance for expected credit losses	(52,081)	(49,099)
	1,301,094	1,289,375
Other receivables	36,698	23,169
Prepayments	31,510	25,870
Total trade and other receivables	1,369,302	1,338,414

	2024 (\$000's)	2023 (\$000's)
Allowance for expected credit losses		
Opening balance at 1 July	(49,099)	(32,596)
Movement in allowance for expected credit losses	(2,982)	(16,503)
Closing balance as at 30 June	(52,081)	(49,099)

Recognition and measurement

Trade receivables generally have terms of up to 30 days. They are recognised initially in accordance with the Group's revenue policy and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Customers who wish to trade on credit terms are subject to credit verification procedures.

In the ANZ region, the Company holds an insurance policy against certain larger customers whereby the Company is compensated in the event of a customer default. In the US region, the Company has an allowance for certain known at-risk customers.

Key judgement – Impairment of trade receivables

Due to economic and operational factors including price inflation, increased interest rates and reduction in economic activity, the Group acknowledges a level of uncertainty in industries in which our customers operate. The Group has had regard to actual and forecast cash collection and delinquency trends, indications of any known customers that may be in financial distress and other relevant factors informed by experience and allowing for the existence of credit insurance arrangements in assessing the allowance for expected credit losses.

The Group has no significant concentrations of credit risk as the trade receivables balance is spread across a large number of different customers. The large proportion of the Group's trade receivables are within trading terms. The Group has an active program in place to monitor receivable balances on an ongoing basis and the Group's historical exposure to bad debts is not significant. With respect to trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

Notes

For the year ended 30 June 2024

3.3 Inventories

	2024 (\$000's)	2023 (\$000's)
Finished goods, at lower of cost and net realisable value	1,608,952	1,601,128
Less: Allowance for slow moving or obsolete inventory	(112,604)	(96,236)
	1,496,348	1,504,892
Allowance for slow moving or obsolete inventory		
Opening balance at 1 July	(96,236)	(59,498)
Movement in allowance for slow moving or obsolete inventory	(16,368)	(36,738)
Closing balance as at 30 June	(112,604)	(96,236)

Recognition and measurement

Inventories are measured at the lower of cost and net realisable value, less an allowance for slow moving or obsolete inventory. Cost is based on the weighted average cost principle. The Group holds finished goods only, purchased from suppliers for the purpose of distribution to trade and retail customers.

Key judgement – Valuation of inventories

An allowance is recognised for the value of inventory that may be sold below cost or otherwise disposed of at a loss. Management applies past experience and judgement on the likely sell-through rates of various items of inventory to identify any excess or obsolete inventory. This assessment requires consideration of the ageing and condition of products on hand, level of inventory on hand, inventory turnover and current market conditions impacting inventory levels and pricing. In assessing the allowance, management also takes into consideration the Group's business strategy with respect to maintaining adequate inventory to meet customer demand.

Notes

For the year ended 30 June 2024

3.4 Leases

Right-of-use (ROU) assets

Reconciliations of the carrying amounts of ROU assets at the beginning and end of the current financial year.

	2024 (\$'000's)	2023 (\$'000's)
Property		
Carrying amount at beginning of year	760,999	722,011
Additions through business combinations	-	7,394
Additions	132,483	77,368
Reassessments	115,325	76,517
Disposals	(3,790)	(16,955)
Depreciation	(139,257)	(118,025)
Net foreign exchange impact	241	12,689
Carrying amount at end of year	866,001	760,999
Motor vehicles & other equipment		
Carrying amount at beginning of year	38,380	41,504
Additions	3,460	12,863
Disposals	(217)	(768)
Depreciation	(15,365)	(16,267)
Net foreign exchange impact	110	1,048
Carrying amount at end of year	26,368	38,380
Total ROU assets		
Carrying amount at beginning of year	799,379	763,515
Additions through business combinations	-	7,394
Additions	135,943	90,231
Reassessments	115,325	76,517
Disposals	(4,007)	(17,723)
Depreciation	(154,622)	(134,292)
Net foreign exchange impact	351	13,737
Total carrying amount at end of year	892,369	799,379

Notes

For the year ended 30 June 2024

3.4 Leases (cont.)

Leases

The Group leases various branches, warehouses, offices, motor vehicles and equipment. Rental contracts are typically fixed periods and may have extension options. Lease terms are negotiated on a lease-by-lease basis.

At contract inception the Group assesses whether a contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

A contract may include lease and non-lease components, which are accounted for separately. The consideration in the contract is allocated to each lease and non-lease component based on their relative stand-alone (selling) prices.

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset as follows:

- | | |
|------------------------------------|--------------|
| – Property | 2 – 20 years |
| – Motor vehicles & other equipment | 2 – 4 years |

In situations where ownership transfers to the Group at the end of the lease term, or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated life of the asset.

Where the Group is reasonably certain to exercise a purchase option or pay a penalty to terminate a lease, this is included in the lease term. Variable lease payments that do not depend on an index or a rate are recognised as an expense. The variable lease payments expense not included in the lease liabilities and included in other expenses for FY24 was \$26.1m (2023: \$18.9m).

The present value of lease payments has been calculated by using the Group's incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

Key judgement – Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. This includes consideration of the broader economics of the contract and not only contractual termination payments. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- if any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases and leases of low value assets

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

Non-cancellable lease commitments

The Group has various lease commitments entered into before 30 June 2024, that have not yet commenced as at 30 June 2024. The future lease payments for these non-cancellable lease contracts are \$4.8m (2023: \$4.8m) within one year, \$27.3m (2023: \$39.6m) between one and five years and \$48.7m (2023: \$83.1m) thereafter.

Notes

For the year ended 30 June 2024

3.5 Property, plant and equipment

Key judgement and estimate – impairment of ROU assets and property, plant and equipment

Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the Group.

Impairment triggers include declining product performance, technology changes, adverse changes in the economic environment or future product expectations. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its Fair Value Less Costs To Sell (FVLCTS) and Value In Use (VIU).

Recognition and measurement

All classes of property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

Land is not depreciated. The depreciable amounts of all other fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use. Fixtures, fittings and equipment are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2024	2023
Buildings	25 years	25 years
Fixtures, fittings & equipment	2.5 to 20 years	2.5 to 20 years
Motor vehicles	5 to 8 years	5 to 8 years

Notes

For the year ended 30 June 2024

3.5 Property, plant and equipment (cont.)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	2024 (\$000's)	2023 (\$000's)
Freehold land		
Carrying amount at beginning of year	230,842	217,677
Additions	12,278	14,476
Disposals	-	(2,739)
Net foreign currency exchange movements	346	1,428
Carrying amount at end of year	243,466	230,842
Buildings		
Carrying amount at beginning of year	92,491	91,104
Additions	18,222	8,420
Disposals	-	(15)
Depreciation	(7,855)	(7,459)
Net foreign currency exchange movements	(67)	441
Carrying amount at end of year	102,791	92,491
Fixtures, fittings & equipment		
Carrying amount at beginning of year	374,276	346,270
Additions through business combinations	-	209
Additions	144,372	92,997
Disposals	(4,483)	(3,338)
Depreciation	(73,218)	(66,550)
Net foreign currency exchange movements	(1,116)	4,688
Carrying amount at end of year	439,831	374,276
Motor vehicles		
Carrying amount at beginning of year	89,313	74,354
Additions	61,438	35,774
Disposals	(4,376)	(3,217)
Depreciation	(22,832)	(19,104)
Net foreign currency exchange movements	(262)	1,506
Carrying amount at end of year	123,281	89,313
Total property, plant and equipment		
Carrying amount at beginning of year	786,922	729,405
Additions through business combinations	-	209
Additions	236,310	151,667
Disposals	(8,859)	(9,309)
Depreciation	(103,905)	(93,113)
Net foreign currency exchange movements	(1,099)	8,063
Total carrying amount at end of year	909,369	786,922

Notes

For the year ended 30 June 2024

3.6 Goodwill and intangible assets

Reconciliations of the carrying amounts of goodwill and intangible assets at the beginning and end of the current financial year.

	2024 (\$000's)	2023 (\$000's)
Goodwill		
Carrying amount at beginning of year	1,523,491	1,477,243
Additions through business combinations	(2,340)	23,411
Impairment	-	(28,949)
Net foreign currency exchange movements	1,215	51,786
Carrying amount at end of year	1,522,366	1,523,491
Brand names		
Carrying amount at beginning of year	49,800	49,800
Carrying amount at end of year	49,800	49,800
Customer contracts and relationships		
Carrying amount at beginning of year	366,300	329,617
Additions through business combinations	8,492	43,504
Additions	-	14,821
Amortisation	(38,937)	(35,338)
Net foreign currency exchange movements	737	13,696
Carrying amount at end of year	336,592	366,300
Trade names		
Carrying amount at beginning of year	21,808	14,972
Additions through business combinations	-	7,217
Additions	-	14,398
Amortisation	(6,420)	(15,068)
Net foreign currency exchange movements	6	289
Carrying amount at end of year	15,394	21,808
Software		
Carrying amount at beginning of year	32,146	13,627
Additions through business combinations	-	150
Additions	21,665	25,811
Disposals	(613)	-
Amortisation	(16,532)	(8,074)
Net foreign currency exchange movements	27	632
Carrying amount at end of year	36,693	32,146
Other intangible assets		
Carrying amount at beginning of year	27,343	21,081
Additions through business combinations	-	10,131
Amortisation	(4,994)	(4,020)
Net foreign currency exchange movements	25	151
Carrying amount at end of year	22,374	27,343
Total intangible assets		
Carrying amount at beginning of year	2,020,888	1,906,340
Additions through business combinations	6,152	84,413
Additions	21,665	55,030
Disposals	(613)	-
Impairment	-	(28,949)
Amortisation	(66,883)	(62,500)
Net foreign currency exchange movements	2,010	66,554
Total carrying amount at end of year	1,983,219	2,020,888

Notes

For the year ended 30 June 2024

3.6 Goodwill and intangible assets (cont.)

Intangible assets with definite lives are amortised over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of use of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Internally generated intangible assets

The Group internally generates intangible software assets. These assets are recognised only if all the following conditions have been met:

- completion of the intangible asset is technically feasible,
- there is an intention to complete the intangible asset and use or sell it,
- there is an ability to use or sell the intangible asset,
- the intangible asset will generate probable future economic benefits,
- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset, and
- expenditure attributable to the intangible asset can be reliably measured.

Research expenditure, taking place prior to development, is expensed in the period in which it is incurred.

Summary of useful lives:

	2024	2023
Goodwill	Indefinite	Indefinite
Brand names	Indefinite	Indefinite
Customer contracts and relationships	10 – 16 years	10 – 16 years
Trade names	3 – 20 years	3 – 20 years
License	10 years	10 years
Software	3 – 10 years	3 – 5 years

Impairment of non-financial assets

The Group tests ROU assets, property, plant and equipment and intangible assets for impairment to ensure they are not carried above their recoverable amounts:

- at least annually for goodwill; and
- when there is an indication that assets may be impaired (which is assessed at least at each reporting date).

These tests are performed by assessing the recoverable amount of each individual asset, or if this is not possible, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash inflows. The recoverable amount, measured at the asset or CGU level, is the higher of fair value less costs of disposal, or value in use (VIU). VIU calculations are based on the discounted cash flows expected to arise from the asset or CGU.

Intangible assets with indefinite lives are not amortised but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Notes

For the year ended 30 June 2024

3.6 Goodwill and intangible assets (cont.)

The carrying amount of goodwill and brand names allocated to each of the CGUs are:

	Goodwill		Brand names	
	2024 (\$000's)	2023 (\$000's)	2024 (\$000's)	2023 (\$000's)
MORSCO Inc ('Reece US')	1,390,555	1,391,665	-	-
Actrol Parts Pty Ltd ('Actrol')	119,326	119,326	29,100	29,100
A.C. Components Pty Ltd ('Metalflex')	-	-	20,200	20,200
Other	12,485	12,500	500	500
	1,522,366	1,523,491	49,800	49,800

The Group performed its annual impairment test applying the following assumptions:

	Terminal growth rate		Discount rate (pre-tax)	
	2024 %	2023 %	2024 %	2023 %
MORSCO Inc ('Reece US')	3.0	3.0	11.3	10.9
Actrol Parts Pty Ltd ('Actrol')	2.5	2.5	12.8	11.8
A.C. Components Pty Ltd ('Metalflex')	2.5	2.5	12.7	11.9

The recoverable amounts have been determined based on a value in use calculation using cash flow projections from financial budgets prepared by management. The projected cash flows have been updated to reflect current economic forecasts and business growth opportunities.

Notes

For the year ended 30 June 2024

3.6 Goodwill and intangible assets (cont.)

Key estimate and judgement – assumptions for impairment testing

On an annual basis management develops a three-year business plan which is used to underpin the assumptions in the impairment testing model. This business plan is then extended for a further two years to allow management to perform impairment testing on a five-year forecast. Management has referenced current economic data for the building and construction industry and its experience, to reflect the estimated impact of market conditions in the forecasting period for each CGU as part of the Group's FY24 impairment testing process. Business plans have regard to the ongoing market-specific economic factors impacting the business including inflation, interest rates and supply chain constraints.

The calculation of value in use for all CGUs are most sensitive to the following assumptions:

- gross margins
- discount rates
- terminal growth rates

Gross margins – average gross margins achieved in the last twelve months are used as a guide for gross margins included in the impairment testing. Reece US reflects a strategic investment over the next couple of years, with modest gross margin increases in later forecast years. Gross margins have been maintained in the current and prior year notwithstanding challenging market conditions.

Discount rates – discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money, individual risks of the underlying assets that have not been incorporated in the cash flow estimates, and the comparable companies that operate broadly in the plumbing, HVAC-R or waterworks product distribution sectors. The discount rate calculation is based on the specific circumstance of the Group and is derived from its weighted average cost of capital (WACC). The WACC considers debt, equity and leases. The cost of equity is derived from the expected return on investment by the Group's shareholders. The cost of debt is based on the interest-bearing financial liabilities the Group is obliged to service and the cost of leases is based on the interest-bearing lease liabilities for each CGU. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows to reflect a post-tax discount rate.

Terminal growth rates – terminal growth rates are based on published industry research.

The estimated recoverable amounts for each of the CGUs exceeded their carrying amounts. Management has tested each CGU to determine whether a reasonably possible adverse change in certain key assumptions (gross margins, discount rates and terminal growth rates) could cause the carrying amount to exceed the recoverable amounts.

Management has identified that a reasonably possible adverse change in gross margins and discount rate could cause the carrying amount to exceed the recoverable amount for the Metalflex CGU. The gross margin for the forecast five-year period would need to change by 140 basis points before the recoverable amount of Metalflex would equal the carrying amount (2023: 200 basis points). The discount rate would need to change by 170 basis points before the recoverable amount of Metalflex would be equal to the carrying amount (2023: 250 basis points).

Notes

For the year ended 30 June 2024

3.7 Trade and other payables

	2024 (\$000's)	2023 (\$000's)
Current		
Trade payables	874,849	785,994
Other payables and accruals	365,546	393,411
Total current trade and other payables	1,240,395	1,179,405

Trade payables are non-interest-bearing, are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

3.8 Provisions

	Employee benefits (\$000's)	Other (\$000's)	Total (\$000's)
As at 1 July 2023	120,665	1,767	122,432
Provided/(utilised)	(5,893)	(250)	(6,143)
As at 30 June 2024	114,772	1,517	116,289
Current	100,571	1,517	102,088
Non-current	14,201	-	14,201

Provisions

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Notes

For the year ended 30 June 2024

4. Capital management

This section provides details about capital management for the Group and shareholder returns for the year.

The Group's capital management strategy aims to ensure the Group has continued access to funding for current and future business activities by maintaining a mix of equity and debt financing, while maximising returns to shareholders.

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows. During FY24, the Group paid dividends of \$161m (2023: \$149m).

Capital is managed through the following:

- repaying or raising debt in line with ongoing business requirements and growth opportunities aligned with the Group's strategic direction,
- amount of ordinary dividends paid to shareholders, and
- raising capital.

4.1 Interest-bearing liabilities

	2024 (\$000's)	2023 (\$000's)
Loan – current	-	-
Loan – non-current	859,322	1,097,490
Total interest-bearing liabilities	859,322	1,097,490

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

In December 2023, the Group completed a US\$300m unsecured note issuance in the US private placement (USPP) market. The notes have fixed coupon rates with a mixture of seven and ten year maturities which has enabled the Group to diversify funding sources, reduce variable interest rate exposure and increase

overall debt maturity profile. The USPP note proceeds were used to repay drawn debt under the existing syndicated facility agreement (SFA) and increase the Group's available liquidity. The USPP is subject to the same covenants as the existing SFA. In June 2024, the Group also consolidated SFA facilities A and B into a new facility A with an extended maturity date.

As at 30 June 2024, the facilities are compliant with maintenance covenants of $\leq 3.5x$ Net Leverage Ratio and $\geq 2.5x$ Interest Coverage Ratio which are assessed and reported at each reporting date.

The Group's available debt facilities are displayed in the following table:

Syndicated Facility	Term	Drawn USD (\$000's)	Drawn AUD (\$000's)	Total drawn AUD (\$000's)	Limit AUD (\$000's)	Ancillary facilities AUD (\$000's)	Maturity date
SFA A ¹	Five year revolving credit facility	-	-	-	364,025	35,975	27 December 2028
SFA C	Five year revolving cash advance facility	272,000	-	410,628	900,000	-	16 December 2026
SFA D	Three year revolving cash advance facility	-	-	-	200,000	-	31 January 2026
Bilateral	Five year bilateral facility	-	-	-	75,483	-	6 April 2026
Senior USPP note	Seven year notes	100,000	-	150,966	150,966	-	20 December 2030
Senior USPP note	Ten year notes	200,000	-	301,932	301,932	-	20 December 2033

¹ SFA A includes an additional ancillary facility of A\$36m.

Notes

For the year ended 30 June 2024

4.2 Financial risk management

The following note outlines the Group's exposure to and management of financial risks. These arise from the Group's requirement to access financing (bank loans and overdrafts), from the Group's operational activities (cash, trade receivables and payables) and from instruments held as part of the Group's risk management activities (derivative financial instruments).

The Group is exposed to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk and credit risk relating to its ongoing business operations. The Board has overall responsibility for identifying and managing operational and financial risks. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures and does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Maturity analysis

The table below details the consolidated entity's remaining undiscounted principal and interest cash flows and their contractual maturity based on the earliest date on which the consolidated entity is required to pay.

		Carrying amount	1 year or less	1 to 2 years	2 to 5 years	More than 5 years
		(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Financial liabilities						
Interest-bearing liabilities ¹	2024	859,322	-	-	410,628	452,898
	2023	1,097,490	-	-	1,100,000	-
Trade payables	2024	1,240,395	1,240,395	-	-	-
	2023	1,179,405	1,179,405	-	-	-
Lease liabilities ²	2024	972,941	193,304	172,406	375,764	446,081
	2023	864,277	161,255	155,791	339,014	344,207
Total financial liabilities	2024	3,072,658	1,433,699	172,406	786,392	898,979
	2023	3,141,172	1,340,660	155,791	1,439,014	344,207

¹: Contractual cash flows for 2024 interest-bearing liabilities were \$863,526,000 (2023: \$1,100,000,000).

²: Contractual cash flows for 2024 lease liabilities were \$1,187,555,000 (2023: \$1,000,267,000).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's foreign currency risk arises from interest-bearing liabilities, net investments, and other transactions denominated in currencies other than Australian dollars; consequently, exposures to exchange rate fluctuations arise. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks.

Forward foreign exchange contracts (FECs)

The Group enters into forward foreign exchange contracts to manage the foreign currency transaction risk associated with anticipated sale and purchase transactions. The Group reviews its currency risk on a regular basis, considering renewal of existing positions, future commitments and budgeted requirements.

Budgeted foreign currency requirements are determined over a rolling 12-month period and forward exchange positions are taken in consideration of those requirements in accordance with the Group's Foreign Exchange Management Policy. The Group utilises a mixture of forward foreign exchange contracts and direct purchase of foreign currency to manage its foreign currency transaction exposure.

The full amount of the foreign currency the Group will be required to pay or purchase when settling the forward foreign exchange contracts should the counterparty not pay the amount it is committed to deliver at balance date was \$132.2m (2023: \$169.0m).

Notes

For the year ended 30 June 2024

4.2 Financial risk management (cont.)

At balance date, the details of outstanding forward exchange contracts are:

Settlement	Sell Australian dollars		Average exchange rate	
	2024 (\$000's)	2023 (\$000's)	2024 \$	2023 \$
Buy United States Dollars				
Less than 6 months	82,056	121,204	0.67	0.68
6 months to 1 year	17,944	-	0.67	-
Buy Euros				
Less than 6 months	29,248	43,820	0.61	0.63
Buy Japanese Yen				
Less than 6 months	2,999	3,973	95.02	90.10

Foreign currency exchange contracts

If the exchange rate was to increase by 10% from the rates used to determine the fair values as at the reporting date, then the impact for the year would be an unfavourable movement in the reserve of \$8.4m (2023: \$11.0m). If the exchange rate was to decrease by 10% from the rates used to determine the fair values as at the reporting date, then the impact for the year would be a favourable movement in the reserve of \$10.3m (2023: \$13.4m).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest-bearing liabilities with variable interest rates where interest rate movements can impact the Group's cash flow exposures.

Interest rate risk also arises from short-term cash deposits. During 2024 and 2023, the Group held both fixed and variable rate deposits. The Group reviews its interest rate exposure from cash deposits monthly, considering both short-term and long-term deposit rates.

At 30 June 2024, if interest rates increased by 1% from the year-end rates, with all other variables held constant, the effect on post-tax profit for the year would have been an unfavourable impact of \$6.0m. If interest rates decreased by 1% from the year-end rates, with all other variables held constant, the effect on post-tax profit for the year would have been a favourable impact of \$6.0m.

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Notes

For the year ended 30 June 2024

4.2 Financial risk management (cont.)

Changes in liabilities arising from financing activities

	1 July 2023	Cash flows		Foreign exchange movement	New leases, reassessments and disposals	30 June 2024
	(\$000's)	Proceeds (\$000's)	Repayments (\$000's)	(\$000's)	(\$000's)	(\$000's)
Interest-bearing liabilities	1,100,000	438,596	(677,771)	2,701	-	863,526
Lease liabilities ¹	864,277	-	(138,131)	487	246,308	972,941
Total liabilities from financing activities	1,964,277	438,596	(815,902)	3,188	246,308	1,836,467

	1 July 2022	Cash flows		Foreign exchange movement	New leases, reassessments and disposals	30 June 2023
	(\$000's)	Proceeds (\$000's)	Repayments (\$000's)	(\$000's)	(\$000's)	(\$000's)
Interest-bearing liabilities	1,092,404	144,969	(174,969)	37,596	-	1,100,000
Lease liabilities ¹	812,840	-	(123,261)	14,448	160,250	864,277
Total liabilities from financing activities	1,905,244	144,969	(298,230)	52,044	160,250	1,964,277

¹ Repayments for lease liabilities are presented net of interest expense.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Credit risk for cash deposits is the risk of incurring a loss because of a default by a counterparty bank or financial institution that has accepted a deposit from the Group. The Group endeavours to mitigate this risk by managing counterparty concentration risk and providing a framework of counterparty limits to meet operational requirements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the derivative transaction contract to meet their obligations. The credit risk exposure to forward exchange contracts and cross currency interest rate swaps is the fair value of these contracts. All derivative financial instruments are with our major international banking partners.

At balance date, the maximum exposure to credit risk, excluding the value of any collateral or other security to recognised financial assets, is the carrying amount of those assets, net of any impairment as disclosed in the Consolidated Statement of Financial Position and notes to the financial statements.

Except for its local and international bankers, the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Liquidity risk

Liquidity risk refers to the risk that the Group has insufficient liquidity to meet its financial obligations when they fall due. The Group's risk management includes maintaining sufficient cash and the availability of funding via an adequate amount of credit facilities.

Notes

For the year ended 30 June 2024

4.2 Financial risk management (cont.)

Total facilities available and unused at 30 June 2024

		2024 (\$000's)	2023 (\$000's)
Syndicated revolving credit facility – Facility A	facility	364,025	114,025
	unused	364,025	114,025
Syndicated revolving credit facility – Facility B	facility	-	350,000
	unused	-	91,629
Syndicated revolving cash advance facility – Facility C	facility	900,000	900,000
	unused	489,372	58,371
Syndicated revolving cash advance facility – Facility D	facility	200,000	200,000
	unused	200,000	200,000
Senior USPP Notes - Seven year	facility	150,966	-
	unused	-	-
Senior USPP Notes - Ten year	facility	301,932	-
	unused	-	-
Bilateral facility	facility	75,483	75,415
	unused	75,483	75,415
Bank overdraft	facility	915	925
	unused	915	925
Bank guarantees	facility	22,499	20,000
	unused	3,313	5,339
Trade refinance & documentary letters of credit/surrenders	facility	15,435	13,657
	unused	2,654	11,283
Credit cards	facility	10,353	10,033
	unused	6,720	8,223
Other ancillary facilities	facility	5,975	5,975
	unused	5,975	5,975
Total	facility	2,047,583	1,690,030
	unused	1,148,457	571,185

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Notes

For the year ended 30 June 2024

4.2 Financial risk management (cont.)

Hedge accounting

The consolidated entity or subsidiary designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in either:

- cash flow hedges: hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions; and
- net investment hedges: hedges of a net investment in a foreign operation.

At the inception of the hedging transaction, the consolidated or subsidiary entity documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated or subsidiary entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Discontinuation of hedge is not voluntary and is only permitted if:

- the risk management objective has changed;
- there is no longer an economic relationship between the hedged item and the hedging instrument; or
- the credit risk is dominating the hedge relationship.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the finance cost line item.

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

30 June 2024	Cash flow hedges			Net investment hedge
	USD FECs (\$000's)	EUR FECs (\$000's)	JPY FECs (\$000's)	USD Debt (\$000's)
Notional amount	100,000	29,248	2,999	-
Carrying amount of the hedging instrument				
- assets	818	-	-	-
- liabilities	-	637	303	-
Total carrying amount of the hedging instrument	818	(637)	(303)	-
Change in value of hedging instrument	(1,149)	(1,909)	(112)	-
Change in value of hedged item	1,149	1,909	112	-
Change in value of the hedging instrument recognised in reserve ⁽ⁱ⁾	(1,149)	(1,909)	(112)	-

⁽ⁱ⁾ Hedge effectiveness is the extent to which the changes in fair value of the hedging instrument offsets changes in the fair value of the hedged item.

Ineffectiveness can potentially arise from timing differences, for example, differences in the timing of settlement between the hedging instrument and hedged item or structured option features within derivative instruments not reflected in the hedged item.

The amount accumulated in OCI (cash flow hedge reserve) is reclassified to profit or loss in the same period that the hedged cash flow affects profit or loss. If the derivative no longer meets the criteria for hedge accounting, for example if it expires, is sold, terminated, exercised or the designation is revoked, then hedge accounting is discontinued prospectively and the balance in equity is reclassified to profit or loss when the forecast transactions occurs.

Net investment hedges

The consolidated entity seeks to mitigate the effect of its foreign currency operations exposure by borrowing in United States dollars. The entity which undertakes a portion of the consolidated entity's borrowing activities has an Australian dollar functional currency. Where considered appropriate, the USD denominated debt is designated as a hedge of a net investment in foreign operations.

Exchange gains or losses upon subsequent revaluation of USD denominated borrowings are recognised through OCI and deferred in equity in the foreign currency translation reserve and will be released to the profit or loss if the foreign operation is sold. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

As at 30 June 2024, no amounts were designated as a hedge of a net investment in foreign operations (2023: Nil).

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For the year ended 30 June 2024

4.3 Financial instruments

Financial assets and liabilities are measured at fair value.

The table below provides information about how the Group determines the fair value of various derivative financial instruments used for managing financial risk. As at 30 June 2024 and 30 June 2023, the value of all derivative financial instruments were determined by a third party based on observable market inputs

and categorised as Level 2 financial instruments using discounted cash flows and standard option models. There were no transfers between categories during the period.

The carrying amount of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value.

	30 June 2024		30 June 2023	
	Current (\$000's)	Non-current (\$000's)	Current (\$000's)	Non-current (\$000's)
Financial assets				
Cash	341,380	-	372,706	-
Trade and other receivables	1,369,302	-	1,338,414	-
Derivative financial instruments assets				
- Forward foreign exchange contracts	-	-	3,047	-
Total financial instruments assets at fair value	1,710,682	-	1,714,167	-
Financial liabilities				
Trade and other payables	1,240,395	-	1,179,405	-
Borrowings	-	859,322	-	1,097,490
Lease liabilities	135,847	837,094	131,360	732,917
Derivative financial instruments liabilities				
- Forward foreign exchange contracts	122	-	-	-
Total financial instruments liabilities at fair value	1,376,364	1,696,416	1,310,765	1,830,407

4.4 Contributed equity and reserves

	2024 (\$000's)	2023 (\$000's)
Issued and paid up capital		
Ordinary shares fully paid: 645,984,181 (2023: 645,984,181)	1,246,918	1,246,918

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called.

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Notes

For the year ended 30 June 2024

4.4 Contributed equity and reserves (cont.)

	2024 (\$000's)	2023 (\$000's)
Asset revaluation reserve (historic revaluation of properties)	461	461
General reserve	51	51
Capital profits reserve (historic profits from sale of property)	2,491	2,491
Foreign currency translation reserve (translation of foreign entities)	185,467	185,950
Cash flow hedge reserve	(123)	3,047
Share-based payment reserve	10,269	5,572
Employee share trust reserve	(5,278)	(5,278)
Total reserves	193,338	192,294

Cash flow hedge reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Share-based payment reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 6.2 for further details of these plans.

Employee share trust reserve

The Group maintains an employee share trust in order to purchase Treasury Shares to satisfy future potential vesting of performance rights under the Reece Long-Term Incentive Plan. For accounting purposes, the trust is deemed to be controlled by Reece Limited. Accordingly, the shares held by the trust are consolidated into the Group's financial statements.

When shares, recognised as equity, are repurchased the amount of the consideration paid for the shares is recognised as a deduction from equity. At 30 June 2024, the Group held 350,274 of the Company's shares (2023: 350,274).

4.5 Dividends paid and proposed

	2024 (\$000's)	2023 (\$000's)
<i>Dividends paid during the reporting period:</i>		
Final dividend of 17 cents per share fully franked for the year ended 30 June 2023 (June 2022: 15 cents per share fully franked) paid 25 October 2023 (2022: 26 October 2022)	109,817	96,898
Interim dividend of 8 cents per share fully franked for the year ended 30 June 2024 (June 2023: 8 cents per share fully franked) paid 10 April 2024 (2023: 5 April 2023)	51,679	51,679
Dividends paid	161,496	148,577
<i>Dividends declared after the reporting period and not recognised:</i>		
Final dividend of 17.75 cents per share fully franked for the year ended 30 June 2024 (June 2023: 17 cents per share fully franked) to be paid 23 October 2024 (2023: 25 October 2023)	114,662	109,817
Dividend franking account		
Balance of franking account at year end adjusted for franking credits arising from payment of income tax and franking debits arising from dividends paid.	908,686	841,051
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end.	(49,141)	(47,065)
	859,545	793,986

Notes

For the year ended 30 June 2024

5. Group

This section explains the Group structure and how changes may have affected the position or performance of the Group.

5.1 Subsidiaries

The Company, which is the ultimate parent of the Group, is incorporated in Australia. Subsidiaries are consolidated from the date of acquisition, being the date the Company obtains control, and continue to be consolidated until the date that such control ceases.

Control exists where the Company has the power to govern the financial and operating policies of the entity to obtain benefits from its activities. Set out below are the subsidiaries within the Group. All entities controlled by the Company at 30 June 2024 were incorporated in Australia and are wholly-owned unless otherwise stated.

Name of entity	Country of incorporation	Ownership percentage 2024	Ownership percentage 2023
		%	%
Parent entity Reece Limited			
1. Reece Australia Pty Ltd	Australia	100%	100%
2. Plumbing World Pty Ltd	Australia	100%	100%
3. Reece Project Supply Pty Ltd	Australia	100%	100%
4. Reece International Pty Ltd	Australia	100%	100%
5. Reece New Zealand Limited	New Zealand	100%	100%
6. Actrol Parts Holdings Pty Ltd	Australia	100%	100%
7. Actrol Parts Finance Pty Ltd	Australia	100%	100%
8. Actrol Parts Pty Ltd	Australia	100%	100%
9. A.C. Components Pty Ltd	Australia	100%	100%
10. Metalflex Pty Ltd	Australia	100%	100%
11. Metalflex Regional Pty Ltd	Australia	100%	100%
12. Metalflex (S.A.) Pty Ltd	Australia	100%	100%
13. Metalflex (W.A.) Pty Ltd	Australia	100%	100%
14. Air Plus Pty Ltd	Australia	100%	100%
15. The Creative Plane Pty Ltd	Australia	100%	100%
16. Viadux Holdco Pty Ltd	Australia	100%	100%
17. Viadux Bidco Pty Ltd	Australia	100%	100%
18. Viadux Pty Ltd	Australia	100%	100%
19. Laddr Finance Pty Ltd	Australia	0%	100%
20. International Quadratics Pty Ltd	Australia	100%	100%
21. Dontek Electronics Pty Ltd	Australia	100%	100%
22. Hamilton Holdco, LLC	United States	100%	100%
23. Patriot Supply Holdings, LLC	United States	100%	100%
24. Patriot Supply Intermediate, Inc.	United States	100%	100%
25. Reece, Inc. (previously MORSCO, Inc.)	United States	100%	100%
26. Reece Supply, LLC (previously MORSCO Supply, LLC)	United States	100%	100%
27. Fortiline, LLC	United States	100%	100%
28. Fortiline, Inc.	United States	100%	100%
29. MORSCO Properties, LLC	United States	100%	100%
30. MORSCO Properties OK, LLC	United States	100%	100%
31. Reece Mexico 1, Inc.	United States	100%	100%
32. Reece Mexico 99, Inc.	United States	100%	100%
33. RMx Dev S. de R.L. de C.V.	Mexico	100%	100%
34. Barsco, Inc.	United States	100%	100%
35. DKJ Family Equipment, LLC	United States	100%	100%
36. Reece Limited Employee Share Trust	Australia	N/A	N/A

- (i) All shareholdings are of ordinary shares
- (ii) Controlled entities 1 to 4 and 6 to 21 carry out business in Australia only
- (iii) Controlled entity 5 carries out business in New Zealand only
- (iv) Controlled entity 33 carries out business in Mexico only
- (v) Controlled entities 22 to 32 and 34 to 35 carry out business in the United States of America only

- (vi) All corporations' financial years end on 30 June
- (vii) Entity 36 is not a subsidiary of the Group. The trust is deemed to be controlled by Reece Limited
- (viii) Previously controlled entity 19 was divested during FY24
- (ix) Controlled entities 25 and 26 changed legal entity name during FY24

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Notes

For the year ended 30 June 2024

5.1 Subsidiaries (cont.)

Deed of Cross Guarantee

All wholly owned entities listed in the table above, except for Reece New Zealand Limited, US and Mexico incorporated entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others. Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, the aforementioned entities are relieved from the Corporations Act requirement to prepare a financial report and directors' report.

A Consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position, comprising the Company and controlled entities subject to the deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, is set out as follows:

	2024 (\$000's)	2023 (\$000's)
Revenue from sale of goods	3,695,584	3,692,159
Cost of sales	(2,481,996)	(2,502,840)
Gross profit	1,213,588	1,189,319
Other income	12,162	27,651
Selling and administrative expenses	(826,804)	(785,077)
Impairment of goodwill	-	(28,949)
Earnings before interest and tax	398,946	402,944
Finance costs (net)	(1,388)	(8,189)
Profit before income tax expense	397,558	394,755
Income tax expense	(121,205)	(136,323)
Net profit for the year	276,353	258,432
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign debt, net of tax	(88)	2
Change in fair value of effective cash flows, net of tax	(3,169)	(3,672)
Total comprehensive income, net of tax	273,096	254,762
Basic earnings per share	43 cents	40 cents
Diluted earnings per share	43 cents	40 cents
Movements in retained earnings		
Retained earnings at the beginning of the financial year	1,797,860	1,688,005
Profit for the year	276,353	258,432
Dividends paid	(161,496)	(148,577)
Retained earnings at end of financial year	1,912,717	1,797,860

Notes

For the year ended 30 June 2024

5.1 Subsidiaries (cont.)

Deed of Cross Guarantee (cont.)

	2024 (\$000's)	2023 (\$000's)
Current assets		
Cash and cash equivalents	227,294	214,659
Receivables	468,473	470,079
Inventories	621,976	691,925
Derivative financial instruments	-	3,047
Total current assets	1,317,743	1,379,710
Non-current assets		
Investments and receivables	1,909,534	2,505,709
Property, plant and equipment	612,788	560,034
Right-of-use assets	355,799	355,989
Intangible assets	232,035	235,234
Deferred tax assets	76,658	70,194
Total non-current assets	3,186,814	3,727,160
Total assets	4,504,557	5,106,870
Current liabilities		
Payables	444,043	464,764
Lease liabilities	62,583	63,603
Current tax payable	2,191	11,641
Provisions	83,456	81,413
Derivative financial instruments	122	-
Total current liabilities	592,395	621,421
Non-current liabilities		
Lease liabilities	328,543	323,908
Interest-bearing liabilities	406,424	1,097,490
Deferred tax liabilities	-	29
Provisions	4,699	6,824
Total non-current liabilities	739,666	1,428,251
Total liabilities	1,332,061	2,049,672
Net assets	3,172,496	3,057,198
Equity		
Contributed equity	1,246,918	1,246,918
Reserves	12,861	12,420
Retained earnings	1,912,717	1,797,860
Total equity	3,172,496	3,057,198

5.2 Business combinations

There have been no material business combinations in FY24. In the prior period (March 2023), the Group acquired Barsco Inc., a small bolt-on refrigeration and air-conditioning wholesaler in Texas with a network of 12 branches. Barsco was not considered material to the Group. The accounting for this transaction was finalised in FY24.

Parent Entity Note

Reece Limited	2024 (\$000's)	2023 (\$000's)
Summarised statement of financial position		
Assets		
Current assets	-	-
Non-current assets	1,843,059	1,842,129
Total assets	1,843,059	1,842,129
Liabilities		
Current liabilities	591,757	594,526
Non-current liabilities	-	-
Total liabilities	591,757	594,526
Net assets	1,251,302	1,247,603
Equity		
Contributed equity	1,246,918	1,246,918
Retained earnings	(4,507)	(4,507)
Reserves	8,891	5,192
Total equity	1,251,302	1,247,603
Summarised statement of comprehensive income		
Profit for the year	161,496	148,577
Total comprehensive income for the year	161,496	148,577
Parent entity guarantees		
Bank overdraft	915	925
Syndicated revolving facilities	1,500,000	1,600,000
Bilateral facility	75,483	75,415

Notes

For the year ended 30 June 2024

6. Other Disclosures

This section provides other disclosures required by Australian Accounting Standards that are considered relevant to understanding the Group's performance or position.

6.1 Related party disclosures

Parent entity

The ultimate parent entity of the Group is Reece Limited, which is domiciled and incorporated in Australia. Intercompany transactions, assets and liabilities between entities within the Group have been eliminated in the consolidated financial statements.

Terms and conditions of transactions with related parties

The Group's policy is that sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the reporting date are unsecured and interest free, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2024, the Group has not recognised a provision for expected credit losses relating to amounts owed by related parties (2023: \$nil).

True Pillars Pty Ltd, at 43.0% ownership, and Fieldpulse Pty Ltd, at 20.9% ownership, were both associates of Reece Limited in the current year (2023: 40.1% ownership and 26.1% ownership

respectively). There have been no material contributions to net profit during the year. Reece Limited invested an additional \$0.8m equity in its associate Fieldpulse Pty Ltd in FY24. Reece Limited sold its previously controlled entity Laddr Finance Pty Ltd to True Pillars Pty Ltd in FY24, for consideration of \$0.5m additional equity.

During the current financial year, The Creative Plane Pty Ltd (a wholly owned subsidiary of Reece Limited) converted \$2.7m of pooled units in registered managed investment scheme TruePillars Investment Trust (a wholly owned subsidiary of True Pillars Pty Ltd) to business loans. The business loans are repayable within 24 months from lending and attract 7-12% interest per annum. These transactions were made on an arm's length basis.

The Reece Group Foundation Limited, an independent charity in Australia with Deductible Gift Recipient (DGR) status, was launched in FY22. During the current financial year, Reece Limited donated \$1,390,806 to The Reece Group Foundation Limited (2023: \$919,770) of which \$62,358 was owing at year end (2023: \$39,672).

Transactions with Directors and Key Management Personnel (KMP)

Key management personnel compensation comprised of the following:

	2024 (\$000's)	2023 (\$000's)
Short-term employee benefits	13,315	13,690
Post-employment benefits	206	201
Other long-term benefits	1,796	1,271
Termination benefits	-	313
Share-based payments	2,489	2,129
	17,806	17,604

Transactions with Directors and KMP

The names of each person holding the position of Director of Reece Limited during the financial year were L.A. Wilson, P.J. Wilson, T.M. Poole, B.C. Wilson, M.L. Quinn, A.W. Wilson and K. Penrose.

KMP included S. Nikolic, C.A.S. Hornsby, A. Cowlshaw and A. Young.

Transactions with Directors' related parties

Director of Reece, Mr B.C. Wilson has a beneficial interest in an entity that sold plumbing and building supplies to the Group. Goods purchased from this entity during the year totalled \$5,399,461 (2023: \$4,700,128) of which \$340,261 (2023: \$848,295) was owing at year end.

Director of Reece, Mr L.A. Wilson has a beneficial interest in entities that lease premises to the Group. Lease rentals paid to these entities during the year were \$298,954 (2023: \$300,976).

Notes

For the year ended 30 June 2024

6.2 Share-based payments

Employee performance rights plan

During FY24 executives received performance rights under the Reece Limited long-term incentive 2021 plan. This plan replaced the previous plan under which share options were granted to executives. The 2021 plan was established by the Board and the first annual grant under the plan was approved by shareholders at the Annual General Meeting on 30 October 2021. The plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns.

Under the 2021 plan, participants are granted performance rights where the number of rights granted is determined using a face value calculation. The share price used in the face value calculation is the volume weighted average price (VWAP) during the 20-day period immediately after the issue of the most recent annual results. The performance rights have a three-year vesting period (four-year period in FY23) with an EPS compound annual growth rate (CAGR) hurdle and an average return on capital employed (ROCE) hurdle.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions during the period as part of employee benefit expense was \$4,697,654 (2023: \$3,187,261).

Fair value of options/rights granted

	Award	Grant date	Exercise price	Number of options/rights	Fair value per option/right at grant date
CEO	FY24 rights	26 October 2023	\$Nil	248,227	\$16.91
	FY23 rights	27 October 2022	\$Nil	205,598	\$14.34
	FY22 rights	28 October 2021	\$Nil	129,838	\$18.01
	FY21 options	29 October 2020	\$14.46	267,588	\$5.97
	FY20 options	30 October 2019	\$10.06	304,286	\$4.20
Senior executives	FY24 rights	26 October 2023	\$Nil	435,906	\$16.91
	FY23 rights	27 October 2022	\$Nil	331,157	\$14.34
	FY22 rights	28 October 2021	\$Nil	115,696	\$18.01
	FY21 options	29 April 2021	\$13.07	266,069	\$8.10

In accordance with AASB 2 *Share-based payments*, the service-based vesting condition is considered non-market. The vesting conditions (and the probability of achieving the conditions) are reflected in the estimation of the number of instruments expected to vest. The expected price volatility is based on historic volatility (based on the remaining life of the options) adjusted for any expected changes to future volatility due to publicly available information.

A participant's LTI opportunity under the plan is at the discretion of the Remuneration Committee by recommendation to the Board. No individual has a contractual right to receive any guaranteed benefits under the plan.

The performance rights issued represent the employee's right to acquire an ordinary share upon satisfaction of the performance criteria once the vesting period of three years is reached. The performance rights granted under the plan are for no consideration and carry no voting rights.

There were 684,133 performance rights granted under the performance rights plan in FY24. No rights or options have been exercised, or expired during the period. Mr P. Wilson's 304,286 FY20 share options vested on 30 June 2024. Mr Cowlshaw's rights were forfeited during the period.

Notes

For the year ended 30 June 2024

6.2 Share-based payments (cont.)

The fair value at grant date of the performance rights granted during the year was determined using the conventional Black-Scholes Model. The inputs for the performance rights granted during the year ended 30 June 2024 included:

	FY24 CEO and Executive grant
Exercise price	\$Nil
Grant date	26 October 2023
Vesting date	1 July 2026
Expiry date	13 October 2038
Share price at grant date	\$17.55
Expected price volatility of the company's shares	25.0%
Expected dividend yield	1.39%
Risk-free interest rate	4.24%

Reconciliation of outstanding share options

	FY24 Number of options	FY24 Weighted-average exercise price	FY23 Number of options	FY23 Weighted-average exercise price
Outstanding at 1 July	837,943	\$12.42	837,943	\$12.42
Forfeited during the year	(165,121)	\$13.07	-	-
Granted during the year	-	-	-	-
Outstanding at 30 June	672,822	\$12.26	837,943	\$12.42
Exercisable at 30 June	-	-	-	-

Share options were granted to participants in FY20 and FY21. Options outstanding from the FY20 grant have a remaining contractual life of two years and options outstanding from the FY21 grant have a remaining contractual life of three years.

6.3 Auditor's remuneration

	2024 (\$)	2023 (\$)
Audit/review fees	1,881,789	1,764,184
Amounts paid and payable to KPMG for non-audit services:		
Other non-audit services – regulatory advisory services	81,243	16,538
	1,963,032	1,780,722

Notes

For the year ended 30 June 2024

6.4 Other accounting policies

Changes in accounting policies

The Group has applied for the first-time certain standards and amendments which are effective for annual reporting periods on or after 1 July 2023, including those set out below.

Amendments to AASB 101: Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments change the requirements in AASB 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in AASB 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Amendments to IAS 12: Deferred taxes arising from a single transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences such as leases. For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the ‘integrally linked’ approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the consolidated statement of financial position nor opening retained earnings because the balances qualify for offset under paragraph 74 of IAS 12. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

AASB 2023-2: International Tax Reform - Pillar Two Model Rules

AASB 2023-2 amends AASB 112 Income Taxes to introduce a mandatory temporary exemption to accounting for deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD); and targeted disclosure requirements to help financial statement users better understand an entity’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Accounting standards issued but not yet operative

The AASB has issued several new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group’s assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below. The Group does not expect adoption of the following standards to have a material impact on the financial statements.

Amendments to AASB 101: Classification of Liabilities as Current or Non-current

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, and are applied retrospectively. This amendment will only affect the presentation of liabilities as current or non-current in the statement of financial position. The reported profit or loss and financial position is not expected to change on adoption of this amendment as it does not result in any changes to the Group’s existing accounting policies.

AASB 18: Presentation and Disclosure in Financial Statements

The AASB has issued a new standard, AASB 18, which aims to provide greater consistency in presentation of income and cash flow statements, and more disaggregated information. The standard will change the way companies present their results on the face of the income statement and disclose information in the notes to the financial statements. Certain ‘non-GAAP’ measures - management performance measures (MPMs) will now form part of the audited financial statements. There will be three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures. This new standard will be applicable for annual reporting periods beginning on or after 1 January 2027, and will be applied retrospectively.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

New sustainability reporting standards

The Australian Sustainability Reporting Standards (ASRS) are still being finalised, however disclosures are expected to be closely aligned with the ISSB Standards, with Australian equivalents to be set by the AASB considering Australian-specific requirements. Based on the current proposals, the climate related disclosure requirements are expected to first apply to the Group for the financial year ended 30 June 2026.

Notes

For the year ended 30 June 2024

6.5 Contingencies

The Group may be involved in legal claims, administrative actions and proceedings related to the normal conduct of business including, among other things, general liability, commercial, employment, intellectual property and products liability matters. Based upon existing information, it is not possible to predict with certainty the outcome or cost of current legal claims, actions and proceedings. The Directors believe that current matters of which they are aware should not significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

The Directors are not aware of any material contingent liabilities at balance date or which have arisen since 30 June 2024.

6.6 Subsequent events

There have been no matters or circumstances, which have arisen since 30 June 2024, that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2024, of the Group, or the results of those operations, or
- the state of affairs, in financial years subsequent to 30 June 2024, of the Group.

Consolidated Entity Disclosure Statement

As at 30 June 2024

Name of entity	Type of entity	Country of incorporation	Ownership percentage	Australian or foreign tax resident ^①	Jurisdiction for foreign tax resident
Reece Limited	Body Corporate	Australia	N/A	Australian	N/A
Reece Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Plumbing World Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Reece Project Supply Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Reece International Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Reece New Zealand Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
Actrol Parts Holdings Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Actrol Parts Finance Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Actrol Parts Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
A.C. Components Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Metalflex Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Metalflex Regional Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Metalflex (S.A.) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Metalflex (W.A.) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Air Plus Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
The Creative Plane Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Viadux Holdco Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Viadux Bidco Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Viadux Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
International Quadratics Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Dontek Electronics Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Hamilton Holdco, LLC	Body Corporate	United States	100%	Foreign	United States
Patriot Supply Holdings, LLC	Body Corporate	United States	100%	Foreign	United States
Patriot Supply Intermediate, Inc.	Body Corporate	United States	100%	Foreign	United States
Reece, Inc.	Body Corporate	United States	100%	Foreign	United States
Reece Supply, LLC	Body Corporate	United States	100%	Foreign	United States
Fortiline, LLC	Body Corporate	United States	100%	Foreign	United States
Fortiline, Inc.	Body Corporate	United States	100%	Foreign	United States
MORSCO Properties, LLC	Body Corporate	United States	100%	Foreign	United States
MORSCO Properties OK, LLC	Body Corporate	United States	100%	Foreign	United States
Reece Mexico 1, Inc.	Body Corporate	United States	100%	Foreign	United States
Reece Mexico 99, Inc.	Body Corporate	United States	100%	Foreign	United States
RMx Dev S. de R.L. de C.V.	Body Corporate	Mexico	100%	Foreign	Mexico
Barsco, Inc.	Body Corporate	United States	100%	Foreign	United States
DKJ Family Equipment, LLC	Body Corporate	United States	100%	Foreign	United States
Reece Limited Employee Share Trust	Trust	Australia	N/A	Australian	N/A

^① Entities have been classified as 'Australian' residents based on the meaning provided in the *Income Tax Assessment Act 1997*.

Basis of preparation – determination of tax residency

Section 295(3A) of the *Corporations Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement be disclosed. In determining tax residency, the Group has applied the following interpretations:

- Australian tax residency: The Group has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.
- Foreign tax residency: The Group has applied current legislation and where available judicial precedent in the determination of foreign tax residency.
- Trust tax residency: Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

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Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 49 to 88, and the Remuneration Report set out on pages 34 to 47 are in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
- (b) As stated in note 1 the consolidated financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2024 and of its performance for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Reece Limited ('the Company') will be able to pay its debts as and when they become due and payable.

In the Directors' opinion, the Consolidated Entity Disclosure Statement as at 30 June 2024, set out on page 89 is true and correct.

The Company and the group entities identified in note 5.1 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2024.

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

Dated at Melbourne on 22 August 2024.



T. Poole
Chair



P. J. Wilson
Chief Executive Officer
& Deputy Chair

Independent Auditor's Report



Independent Auditor's Report

To the shareholders of Reece Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Reece Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

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

- Valuation of goodwill and intangible assets; and
- Valuation of inventory.

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.

Valuation of goodwill and intangible assets (\$1.98bn)

Refer to Note 3.6 *Goodwill and intangible assets* to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The Group's annual testing of goodwill and intangible assets for impairment was a key audit matter due to:</p> <ul style="list-style-type: none"> • the size of the balance (being 28% of total assets); and • the inherent estimation uncertainty in auditing the significant forward-looking assumptions the Group applied in the value in use models (VIU) for each Cash Generating Unit (CGU). <p>We focused on the significant forward-looking assumptions the Group applied in their VIU models including forecast cash flows, discount rates and terminal growth rates.</p> <p>These forward-looking assumptions may be prone to greater risk for potential bias, error and inconsistent application, therefore necessitating additional scrutiny to address the objectivity of sources used for assumptions and the consistent application.</p>	<p>Working with our valuation specialists, our procedures included:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the value in use methodology applied by the Group to perform the annual impairment test of goodwill and intangible assets against the requirements of the accounting standards. • Assessing the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • Considering the sensitivity of the models by varying key assumptions, such as forecast growth rates, discount rates and terminal growth rates, within a reasonably possible range. • Assessing the accuracy of previous Group forecasts to inform our evaluation of those forecasts incorporated in the models. • Challenging the Group's key forecast cash flow and growth assumptions. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations and considered differences to the Group's operations. We used our knowledge of the Group, its past performance, business and customers, and our industry experience. • Checking the consistency of forecast cash flows and the growth rates to the Group's Board approved budget and strategy. • Independently developing discount rate ranges using publicly available data for comparable entities, adjusted by risk factors specific to the Group.

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Independent Auditor's Report

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	<ul style="list-style-type: none"> Assessing the Group's determination of CGU carrying values for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards. Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.
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Valuation of inventory (\$1.50bn)

Refer to Note 3.3 *Inventories* to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The valuation of inventory is a key audit matter due to:</p> <ul style="list-style-type: none"> the size of the inventory balance (being 21% of total assets); and the Group's judgement involved in estimating the level of inventory allowance at year end. <p>The Group exercises judgement in determining the likely sell-through rates of types of inventory to identify slow moving or obsolete inventory. This requires consideration of the ageing and condition of products on hand, level of inventory on hand, and current market conditions. Such judgements may have a significant impact on the Group's valuation of the allowance, and therefore the overall carrying value of inventories, necessitating additional audit effort.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Assessing the Group's policy for the valuation of inventory against the requirements of the accounting standards. Attending a sample of inventory counts to check the condition of inventory at year end. Comparing a sample of inventory carrying values recorded by the Group at year end to the Group's latest available selling prices to identify products at risk of selling below their recorded values. Testing the Group's slow moving and obsolete inventory assessment at year end by: <ul style="list-style-type: none"> assessing the integrity of the Group's excess or obsolete inventory model used, including the accuracy of the underlying calculation formulas. checking the age and cost of inventory at year end, for a sample of inventory, to underlying supporting documentation, as key inputs into the Group's assessment of excess or obsolete inventory. challenging the Group's judgements by comparing current inventory levels to historical sales, the Group's business strategy and current market conditions.

Independent Auditor's Report



Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

Independent Auditor's Report

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Reece Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report (excluding section 4.2) included in pages 34 to 47 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Julie Carey

Partner

Melbourne

22 August 2024

Shareholders' Information

In accordance with Section 4.10 of the Australian Stock Exchange Limited Listing Rules, the directors provide the following information.

Shareholding analysis

Distribution of shareholders

At 2 August 2024, the distribution of shareholdings was as follows:

Size of Shareholding	Number of Shareholders
1 – 1,000	3,490
1,001 – 5,000	2,094
5,001 – 10,000	492
10,001 – 100,000	446
Over 100,000	98
Holdings of less than a marketable parcel	-
	6,620

Substantial shareholdings

The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 2 August 2024 were:

Shareholder	Number of Shares
John Gay Wilson ¹	363,013,785
Leslie Alan Wilson ¹	359,709,180
Bruce Walter Campbell Wilson ¹	334,665,823
Wilaust Holdings Pty Ltd ¹	313,050,000
Two Hills Holding Pty Ltd ¹	120,168,788
AustralianSuper Pty Ltd	47,545,591

¹ Many of these substantial shareholdings relate to the same shares.

Class of shares and voting rights

At 2 August 2024, there were 6,620 holders of ordinary shares of the Company. All the issued shares in the capital of the parent entity are ordinary shares and each shareholder is entitled to one vote per share.

Shareholders' Information

Twenty largest shareholders, as at 2 August 2024:

Shareholder	Number of Shares	% Held
L.T. Wilson Pty Ltd	157,200,000	24.33%
J P Morgan Nominees Australia Limited	72,668,414	11.25%
L.T.W. Holdings Pty Ltd	60,000,000	9.29%
HSBC Custody Nominees (Australia) Limited	57,908,931	8.96%
Warramunda Investments Pty Ltd	48,645,000	7.53%
Geronimo Custodian Pty Ltd	26,580,080	4.11%
Glentemp Custodian Pty Ltd	25,820,366	4.00%
Citicorp Nominees Pty Ltd	18,715,916	2.90%
HSBC Custody Nominees (Australia) Limited Florizel Investments Pty Ltd	16,801,600	2.60%
J.G.W. Investments Pty Ltd	16,801,600	2.60%
W.A.L. Investments Pty Ltd	16,801,600	2.60%
Austral Hardware Pty Ltd	14,925,000	2.31%
Austral Hardware (Healesville) Pty Ltd	12,000,000	1.86%
Addawarra Nominees Pty Ltd	11,550,000	1.79%
Wilaust Holdings Pty Ltd	8,730,000	1.35%
Australian Foundation Investment Company Limited	5,940,000	0.92%
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	5,875,591	0.91%
Argo Investments Ltd	5,114,741	0.79%
John G. Wilson	4,671,819	0.72%
BNP Paribas Nominees Pty Ltd	3,480,611	0.54%

The twenty members holding the largest number of shares together held a total of 91.37% of the issued capital.

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Reece Limited

A.B.N. 49 004 313 133

Reece Limited subsidiaries

Reece Australia Pty Ltd
A.B.N. 84 004 097 090

Plumbing World Pty Ltd
A.B.N. 99 004 910 829

Reece Project Supply Pty Ltd
A.B.N. 54 100 065 307

Reece International Pty Ltd
A.B.N. 11 100 278 171

Reece New Zealand Limited
Company No. 1530569

Actrol Parts Holdings Pty Ltd
A.B.N. 98 142 644 488

Actrol Parts Finance Pty Ltd
A.B.N. 21 142 653 889

Actrol Parts Pty Ltd
A.B.N. 93 142 654 564

A.C. Components Pty Ltd
A.B.N. 69 134 588 935

Metalflex Pty Ltd
A.B.N. 18 007 133 057

Metalflex Regional Pty Ltd
A.B.N. 50 142 651 509

Metalflex (S.A.) Pty Ltd
A.B.N. 88 084 260 837

Metalflex (W.A.) Pty Ltd
A.B.N. 98 105 291 263

Air Plus Pty Ltd
A.B.N. 33 135 270 718

The Creative Plane Pty Ltd
A.B.N. 50 092 585 058

Viadux Holdco Pty Ltd
A.B.N. 51 603 303 368

Viadux Bidco Pty Ltd
A.B.N. 42 603 305 326

Viadux Pty Ltd
A.B.N. 75 087 415 745

International Quadratics
Pty Ltd
A.B.N. 36 091 533 167

Dontek Electronics
Pty Ltd
A.B.N. 60 147 554 943

Hamilton Holdco, LLC
Company Number
36-4897347

Patriot Supply Holdings,
Inc.
Company number
45-4808005

Patriot Supply
Intermediate, Inc.
Company number
45-3852987

Reece, Inc. (previously
MORSCO, Inc.)
Company number
75-0450550

Reece Supply, LLC
(previously MORSCO
Supply, LLC)
Company number
75-2588495

Fortiline, LLC
Company number
56-2136499

Fortiline, Inc.
Company number
57-0819190

MORSCO Properties,
LLC
Company number
86-1262225

MORSCO
Properties OK, LLC
Company number
87-2162861

Reece Mexico 1, Inc.
Company number
88-2047430

Reece Mexico 99, Inc.
Company number
88-2039114

RMx Dev S. de
R.L. de C.V.
Company number
RDE220722DY6

Barsco, Inc.
Company number
75-0751298

DKJ Family
Equipment, LLC
Company number
84-2024743

Directors

Tim Poole
(Chair)

Peter Wilson
(Chief Executive Officer
& Deputy Chair)

Alan Wilson

Bruce C. Wilson

Megan Quinn

Andrew Wilson

Karen Penrose

Sasha Nikolic
(Managing Director,
effective 1 July 2024)

Company Secretary

Chantelle Duffy

Bankers

National Australia Bank

Commonwealth Bank of Australia

Bank of New Zealand

Bank of America

Solicitors

Lander & Rogers

Mills Oakley Lawyers

DLA Piper

Allens

Auditors

KPMG

Registered Office

57 Balmain Street
Cremorne, Victoria, 3121
Telephone (03) 9274 0000
Facsimile (03) 9274 0197

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, Victoria, 3067
Telephone (03) 9415 5000
Facsimile (03) 9473 2500

Stock Exchange Listing

Reece Limited shares are listed on the
Australian Stock Exchange ASX Code: REH

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Reece Limited will be held virtually at 11am on Thursday, 24 October, 2024.

Another refrigeration install for Amir.

Water pipelines replaced

Betty's local park stays green

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