

**Appendix 4D**  
**Half Yearly Report**

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

**1. Reporting Period**

<b>Reporting Period:</b>	<b>Half year ended 31 December 2021 ("current period")</b>
<b>Previous Reporting Period</b>	<b>Half year ended 31 December 2020 ("previous corresponding period")</b>

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

**A\$'000**

Revenues from ordinary activities	Up	22.3%	to	\$45,522
Profit / (loss) from ordinary activities after tax attributed to members	Up	14.1%	to	\$7,504
Profit / (loss) for the period attributed to members	Up	52.6%	to	\$7,938

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<i>Current period</i> Interim dividend	3.50 cents	100%
<i>Previous corresponding period</i> Interim dividend	2.80 cents	100%
Record date for determining entitlements to the dividend		
18 March 2022		

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

Information on results and operations is included in the Directors' Report.
Subsequent to the end of the reporting period, the directors declared a fully franked interim dividend for the half year ending 31 December 2021 of 3.50 cents per ordinary share to be paid on 25 March 2022, a total estimated distribution of \$3.5 million based on the number of ordinary shares on issue as at 17 February 2022 and representing 47% of NPAT.

**3. Net Tangible assets per security**

	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible assets per security	\$0.51	\$0.41

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

**Control gained over entities**

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

**Loss of control of entities**

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

**Details of Individual and Total Dividends**

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend Current period	25 March 2022	3.50 cents	100%	-
Previous corresponding period	26 March 2021	2.80 cents	100%	-

**5. Dividend reinvestment plan**

Details of any dividend reinvestment plans in operation

N/A

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

N/A

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

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

Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period:

N/A

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

N/A

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

N/A

**This report is based on:** Accounts that have been subject to review.



**Kees Weel**  
Managing Director  
17 February 2022



# Interim Financial Report

For the six months ended 31  
December 2021



PWR Holdings Limited (PWH:ASX)

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The directors present their report together with the financial report of PWR Holdings Limited (the “Company”) and its controlled entities (the “Group”) for the six months ended 31 December 2021 and the review report thereon.

## Directors

The directors of the Company at any time during or since the end of the period are:

Director		Commencement Date
Teresa Gayle Handicott	<i>Independent, Non-Executive Director and Chairman</i>	1 October 2015
Kees Cornelius Weel	<i>Managing Director</i>	30 June 2003
Jeffrey Ian Forbes	<i>Independent, Non-Executive Director</i>	7 August 2015
Roland Dane	<i>Independent, Non-Executive Director</i>	1 March 2017

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

## Operating and financial review

During the half year, the Group has continued with its previously announced commitment to strategic diversification focussing on defence and aerospace applications, in addition to maintaining and growing existing core market segments.

Our investment of over \$3.7 million during the period, in additional capital equipment, has provided improved capability, increased capacity and extended quality control processes.

The operating segments of PWR Performance Products and PWR North America (also referred to as C&R Racing) have continued to perform.

Period ending 31 December	PWR Performance Products		PWR North America		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	34,527	25,987	13,764	14,136	48,291	40,123
Segment EBIT <sup>1</sup>	8,318	7,084	2,339	2,502	10,657	9,586

PWR Performance Products segment revenue of \$34.5 million was an increase of 32.9% on the prior corresponding period revenue of \$26.0 million. This increase was driven by strong sales in motorsports as motor racing events return to more traditional race programs, commencement of new original equipment manufacturer (OEM) programs and continued growth in emerging technologies. PWR Performance Products segment EBIT<sup>1</sup> of \$8.3 million was an increase of 17.4% on the prior corresponding period EBIT<sup>1</sup> of \$7.1 million. There was no COVID-19 support payment for the six months ended 31 December 2021 (1H FY21: \$2.0 million).

PWR North America segment revenue of \$13.8 million was a decrease of (2.6%) on the prior corresponding period revenue of \$14.1 million. This decrease was due to interruptions in customer production programs from computer chip shortages and the timing of defence programs. PWR North America segment EBIT<sup>1</sup> of \$2.3 million was a decrease of (6.5%) on the prior corresponding period EBIT<sup>1</sup> of \$2.5 million due to the reduced revenue.

<sup>1</sup> Earnings before interest and tax (“EBIT”) and underlying EBIT are non-IFRS terms which have not been subject to audit or review but have been determined using information presented in the Group’s interim financial report.

## Operating and financial review (continued)

Net profit after tax of the Group for the six months ended 31 December 2021 was \$7.50 million (1H FY21: \$6.58 million). Earnings per ordinary share of 7.48c was an increase of 13.9% on the previous corresponding period earnings per ordinary share of 6.57c.

### *COVID-19*

Notwithstanding the continuing public health issues, unlike the previous corresponding period, few motor sport events were deferred and/or rescheduled.

COVID-19 has however impacted supply chains for some raw materials, extending lead times, increasing minimum order quantities, and increasing freight costs. Where possible, the Group has passed through cost increases to customers and increased raw material inventories to ensure continuity of operations.

The Group has not received any COVID-19 support payments for the six months ended 31 December 2021 (1H FY21: \$2.0 million).

The future potential impacts on the business include increased employee absences due to Government imposed isolation requirements impacting production capacity and continued supply chain delays while other impacts are unknown. Maintaining our liquidity and ensuring safe work practices will be continued and we will adapt our business as circumstances require. During this reporting period, we have not terminated any staff due to this public health issue.

### *Revenue*

The Group achieved overall revenue growth of 22.3% compared to the previous corresponding period.

Revenue grew across all major market segments with strong growth in motorsports, emerging technologies, and original equipment manufacturer (OEM) sales. Despite currency fluctuations during the reporting period, movements in the exchange rates had a negligible impact on revenue growth.

PWR North America saw a 2.6% revenue decrease due to the timing of defence contracts and supply chain interruptions in OEM vehicle production due to a shortage of computer chips.

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

The higher EBITDA of \$14.2 million in 1H FY22 (1H FY21: \$12.2 million) was mainly due to:

- Economies of scale from higher volumes; and
- Increased revenue at similar gross profit margins.

No grant income was received for COVID-19 support (1H FY21 : \$2.0 million).

### *Operating cash flow*

H1 FY22 operating cash flow (excluding interest and tax) of \$9.6 million (1H FY21: \$17.3 million) was an EBITDA to operating cash conversion of 67.6% (1H FY21: 142.2%).

The prior corresponding period included \$2.0 million in COVID-19 support payments and \$2.7 million customer contract pre-payments.

Working capital increased by \$6.4 million (1H FY21: nil), including \$2.2 million increase in trade debtors due to strong sales in December 2021 and a \$3.7 million increase in inventory and pre-payments to manage supply chain risks.

The Group continues to fund revenue growth, working capital and capital expenditure from cash resources with no change in borrowings. The Group maintains its net cash position.

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<sup>1</sup> Earnings before interest, tax, depreciation and amortisation ("EBITDA") and underlying EBITDA are non-IFRS terms which have not been subject to audit or review but have been determined using information presented in the Group's interim financial report.

## Operating and financial review (continued)

### Foreign currency

Foreign currency movements during the period combined with the Group's hedging strategy resulted in foreign exchange losses of \$0.2 million (1H FY21 \$0.2 million loss). The Group is exposed to movements in foreign exchange rates, with consolidated revenue generated in various currencies as outlined below:

	1H FY22	1H FY21
British pounds (GBP)	56%	48%
US dollars (USD)	27%	36%
Australian dollars (AUD)	13%	14%
Euro (€)	4%	2%
	<b>100%</b>	<b>100%</b>

### Review of principal business

During the six months ended 31 December 2021, the Group focussed on diversifying its operations into new targeted segments as well as managing growth opportunities in core business segments in a sustainable and profitable manner for the long-term benefit of stakeholders including shareholders, staff, customers, and suppliers.

### Balance sheet management

The balance sheet remains strong with cash of \$16.7 million (31 December 2020: \$16.8 million).

Working capital has increased during the reporting period with an increase in debtors due to the increase in revenue, and increased raw material and finished goods inventories in response to supply chain delays resulting in an increase in working capital (including prepayments) of \$6.4 million (1H FY21: nil).

Capital expenditure for the reporting period was \$3.7 million (1H FY21: \$8.3 million). This investment provides both additional capacity and increased quality control capability as part of the program to manage expected growth.

### Impacts of Climate Change

The Group is currently assessing the impacts of climate change on operations and customers, with senior management workshops to discuss the impacts and mitigation responses scheduled for the second half of FY22. The outcomes of these workshops will be included in the 2022 Annual Report.



### Events subsequent to reporting date

The Board declared an interim dividend of 3.50 cents per share. The financial effect of the interim dividend has not been brought to account in the consolidated financial statements for the half year ended 31 December 2021.

The relaxation in COVID-19 restrictions in Australia has seen a significant increase in community transmission and Government imposed isolation requirements have impacted the Group's employees. The introduction of a COVID-19 vaccine mandate in December 2021 that was effective from 4 January 2022 has resulted in the loss of nine employees. While production in January 2022 has been impacted, the Group has been actively preparing for and managing the COVID-19 risk through establishing a double vaccination mandate for the Ormeau site and maintaining robust hygiene protocols. These measures will continue to be reviewed and updated to remain compliant with Government legislation and operating requirements. Subject to future uncertainty relating to COVID-19, any production delays are expected to be temporary and recovered over future months.

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

### Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the six months ended 31 December 2021.

### Rounding of amounts

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

Signed in accordance with a resolution of the directors:



Teresa Handicott  
*Chairman*

Brisbane  
17 February 2022



Kees Weel  
*Managing Director*





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

To the Directors of PWR Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of PWR Holdings Limited for the half-year ended 31 December 2021 there have been:

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

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Tracey Barker'.

Tracey Barker  
*Partner*

Brisbane  
17 February 2022

**PWR Holdings Limited  
and its controlled entities**

**Consolidated Statement of Profit or Loss  
and Other Comprehensive Income**

**For the six months ended 31 December 2021**

	<i>Note</i>	<b>31 Dec 2021 \$'000</b>	<b>31 Dec 2020 \$'000</b>
Revenue	<i>B1</i>	45,522	37,226
Other income	<i>B2</i>	324	2,264
Raw materials and consumables used		(8,716)	(10,114)
Employee expenses		(20,293)	(15,197)
Occupancy expenses		(401)	(276)
Other expenses		(2,220)	(1,713)
<b>Profit before depreciation, net finance costs and income tax</b>		<b>14,216</b>	<b>12,190</b>
Depreciation and amortisation		(3,601)	(2,637)
<b>Total depreciation and amortisation expense</b>		<b>(3,601)</b>	<b>(2,637)</b>
Finance income	<i>B3</i>	8	16
Finance costs	<i>B3</i>	(261)	(385)
<b>Net finance income/(costs)</b>	<i>B3</i>	<b>(253)</b>	<b>(369)</b>
<b>Profit before income tax</b>		<b>10,362</b>	<b>9,184</b>
Income tax expense	<i>B4</i>	(2,858)	(2,608)
<b>Profit for the period</b>		<b>7,504</b>	<b>6,576</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss:</b>			
Exchange differences on translating foreign operations		434	(1,374)
<b>Total comprehensive income for the period</b>		<b>7,938</b>	<b>5,202</b>
<b>Basic and diluted earnings per share</b>		<b>7.48 Cents</b>	<b>6.57 cents</b>

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

**PWR Holdings Limited**  
**and its controlled entities**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2021**

	<i>Note</i>	<b>31 Dec 2021</b> <b>\$'000</b>	<b>30 Jun 2021</b> <b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		16,718	19,857
Trade and other receivables		8,890	9,341
Inventories		9,536	6,489
Other assets		3,073	1,646
<b>Total current assets</b>		<u>38,217</u>	<u>37,333</u>
<b>Non-current assets</b>			
Property, plant and equipment	<i>B5</i>	34,613	34,280
Intangible assets		14,960	14,915
Deferred tax assets		135	770
<b>Total non-current assets</b>		<u>49,708</u>	<u>49,965</u>
<b>Total assets</b>		<u>87,925</u>	<u>87,298</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		6,406	5,333
Lease liabilities		1,789	1,789
Deferred income		460	443
Contract liabilities		901	901
Employee benefits		2,725	2,626
Current tax liabilities		837	2,001
Provisions		198	173
<b>Total current liabilities</b>		<u>13,316</u>	<u>13,266</u>
<b>Non-current liabilities</b>			
Lease liabilities		5,842	6,667
Deferred income		1,395	1,746
Contract liabilities		901	1,351
Employee benefits		303	306
<b>Total non-current liabilities</b>		<u>8,441</u>	<u>10,070</u>
<b>Total liabilities</b>		<u>21,757</u>	<u>23,336</u>
<b>Net assets</b>		<u>66,168</u>	<u>63,962</u>
<b>Equity</b>			
Share capital	<i>C1</i>	26,484	26,223
Reserves		464	12
Retained earnings		39,220	37,727
<b>Total equity</b>		<u>66,168</u>	<u>63,962</u>

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

**PWR Holdings Limited  
and its controlled entities**

**Consolidated Statement of Changes in Equity  
For the six months ended 31 December 2021**

		Share capital \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
	<i>Note</i>					
Balance at 1 July 2021		26,223	(615)	627	37,727	63,962
<b>Total comprehensive income for the period</b>						
Profit for the period		-	-	-	7,504	7,504
Other comprehensive income		-	434	-	-	434
Total comprehensive income		-	434	-	7,504	7,938
<b>Transactions with owners, recorded directly in equity</b>						
Dividends paid	C3	-	-	-	(6,011)	(6,011)
Employee share based payments		-	-	279	-	279
Share options exercised		261	-	(261)	-	-
Total transactions with owners		261	-	18	(6,011)	(5,732)
<b>Balance at 31 December 2021</b>		<b>26,484</b>	<b>(181)</b>	<b>645</b>	<b>39,220</b>	<b>66,168</b>
Balance at 1 July 2020		26,071	(87)	524	27,742	54,250
<b>Total comprehensive income for the period</b>						
Profit for the period		-	-	-	6,576	6,576
Other comprehensive income		-	(1,374)	-	-	(1,374)
Total comprehensive income		-	(1,374)	-	6,576	5,202
<b>Transactions with owners, recorded directly in equity</b>						
Dividends paid	C3	-	-	-	(4,008)	(4,008)
Employee share based payments		152	-	28	-	180
Total transactions with owners		152	-	28	(4,008)	(3,828)
<b>Balance at 31 December 2020</b>		<b>26,223</b>	<b>(1,461)</b>	<b>552</b>	<b>30,310</b>	<b>55,624</b>

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

**PWR Holdings Limited  
and its controlled entities**

**Consolidated Statement of Cash Flows**

**For the six months ended 31 December 2021**

	<i>Note</i>	<b>31 Dec 2021 \$'000</b>	<b>31 Dec 2020 \$'000</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers		45,890	40,399
Cash paid to suppliers and employees		(36,285)	(25,045)
Government COVID-19 grants received		-	1,985
Cash generated from operations		9,605	17,339
Interest paid		(104)	(198)
Income tax received/(paid)		(2,877)	(2,828)
<b>Net cash from operating activities</b>		6,624	14,313
<b>Cash flows from investing activities</b>			
Interest received		8	16
Investment grant received		789	-
Proceeds from sale of property, plant and equipment		70	3
Payments for property, plant and equipment	<i>B5</i>	(3,721)	(8,274)
<b>Net cash used in investing activities</b>		(2,854)	(8,255)
<b>Cash flows from financing activities</b>			
Dividends paid	<i>C3</i>	(6,011)	(4,008)
Proceeds from / (repayment of) borrowings	<i>B6</i>	-	(5,044)
Payment of lease liabilities		(903)	(1,024)
<b>Net cash used in financing activities</b>		(6,914)	(10,076)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(3,144)	(4,018)
Cash and cash equivalents at 1 July		19,857	20,805
Effect of exchange rate fluctuations on cash held		5	1
<b>Cash and cash equivalents at 31 December</b>		16,718	16,788

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

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements  
For the six months ended 31 December 2021**

**Section A About this report**

**A1 Reporting entity**

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

These consolidated interim financial statements of the Company as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group Entities”).

The Group is involved in the design, engineering, production, testing, validation and sales of customised cooling products and solutions to the motorsports, automotive original equipment manufacturing, automotive aftermarket, emerging technologies and industrial industries for domestic and international markets.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2021 are available from the Company’s website ([www.pwr.com.au](http://www.pwr.com.au)) or upon request from the Company’s registered office at 103 Lahrs Road, Ormeau, Queensland 4208.

**A2 Basis of preparation**

**(a) Statement of compliance**

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2021.

The accounting policies applied in these interim financial statements are the same applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2021.

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

These interim financial statements were approved by the Board of Directors on 17 February 2022.

**(b) Use of estimates and judgements**

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2021**

**Section B Business performance**

**B1 Operating segments**

The Group determines its operating segments based on information presented to the Managing Director being the chief operating decision maker. Intersegment pricing is determined based on cost plus a margin.

	<b>PWR Performance Products</b>		<b>PWR North America</b>		<b>Total</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from sale of manufactured products	33,449	23,600	11,436	13,236	44,885	36,836
Revenue from services	20	255	617	135	637	390
External revenues	33,469	23,855	12,053	13,371	45,522	37,226
Inter-segment revenues	1,058	2,132	1,711	765	2,769	2,897
Segment revenue	34,527	25,987	13,764	14,136	48,291	40,123
Operating EBITDA <sup>1</sup>	11,222	9,020	3,036	3,203	14,258	12,223
Depreciation	(2,904)	(1,936)	(697)	(701)	(3,601)	(2,637)
Segment profit/(loss) before interest and tax	8,318	7,084	2,339	2,502	10,657	9,586

1 Operating EBITDA is the segment's profit from operations before interest, taxation, depreciation and amortisation.

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of reportable segment profit or loss</b>		
Segment profit before interest and tax for reportable segments	10,657	9,586
Net finance income/(costs)	(253)	(369)
Elimination of inter-segment loss	(42)	(33)
Consolidated profit before tax	10,362	9,184



**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2021**

**Section B Business performance (continued)**

**B1 Operating segments (continued)**

**Geographic information**

The Group operates manufacturing facilities and/or sales offices in Australia, the UK and the USA and sells its products to customers in various countries around the world. An analysis of the Group's revenue on the basis of the location of the Group's customers is outlined below.

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Australia	5,388	4,424
USA	11,458	12,294
UK	15,778	10,898
Italy	4,186	3,412
Other	8,712	6,198
	<u>45,522</u>	<u>37,226</u>

**B2 Other Income**

	\$'000	\$'000
R&D tax incentive	300	302
Indiana Investment grant receipts	16	-
JobKeeper receipts	-	1,985
Gain/(loss) on sale of assets	8	(23)
	<u>324</u>	<u>2,264</u>

**B3 Finance income and finance costs**

Interest income	8	16
<b>Finance income</b>	<u>8</u>	<u>16</u>
Net foreign exchange loss	(157)	(187)
Interest expense	(8)	(85)
Lease liability interest	(96)	(113)
<b>Finance costs</b>	<u>(261)</u>	<u>(385)</u>
<b>Net finance income/(costs)</b>	<u>(253)</u>	<u>(369)</u>

**B4 Income tax expense**

The Group's consolidated effective tax rate for the six months ended 31 December 2021 was 27.6% (H1 FY21: 28.4%).

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2021**

**B5 Property, plant and equipment**

Capital expenditure of \$3.7 million (1H FY21: \$8.3 million) during the reporting period has been funded from the Group's cash reserves.

**B6 Loans and borrowings**

Multi-currency and finance facilities remain undrawn. No financing facility repayments were made during the reporting period (1H FY21: \$5.0 million).

**B7 Seasonality of operations**

The Group's operations are subject to seasonal fluctuations as motorsports seasons typically operate on a calendar year basis, with the majority of motorsports team spend occurring in the second half of the financial year. As a result, the Group typically has lower revenues and profits in the first half of the financial year. Revenue growth in Automotive OEM and Aerospace and Defence programs has begun to reduce the impact of motorsports seasonality; however, for the reporting period motorsports remains the dominant market.

**Section C Capital structure**

**C1 Capital and reserves**

	31 Dec 2021		31 Dec 2020	
Share capital	No. of shares	\$'000	No. of shares	\$'000
<i>Ordinary shares</i>				
Balance at 1 July	100,179,774	26,223	100,087,694	26,071
Issue of shares on vesting of performance rights - FY18			92,080	152
- FY19	116,272	261	-	-
Balance at 31 December	100,296,046	26,484	100,179,774	26,223

**C2 Performance Rights**

Performance Rights that vested and lapsed during the Reporting Period and total Performance Rights issued at 31 December 2021 are as follows:

	Number of Performance Rights				
	Balance at 30 June 2021	Issued in period	Lapsed during period	Vested & exercised during period	Balance at 31 December 2021
<b>KMP</b>					
Matthew Bryson	82,259	17,188	-	(31,417)	68,030
Martin McIver	-	15,690	-	-	15,690
	82,259	32,878	-	(31,417)	83,720
<b>Non - KMP</b>	225,493	48,980	-	(84,855)	189,618
<b>Total</b>	307,752	81,858	-	(116,272)	273,338

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2021**

**C3 Dividends**

Dividends recognised in the current and prior comparative period by the Company are:

**Current period**

	<b>Cents per share</b>	<b>Total amount \$'000</b>	<b>Franked/unfranked</b>	<b>Date of payment</b>
2021 Final Dividend	6.00	6,011	Franked	24 September 2021
Total amount		<u>6,011</u>		

**Prior comparative period**

	<b>Cents per share</b>	<b>Total amount \$'000</b>	<b>Franked/unfranked</b>	<b>Date of payment</b>
2020 Final Dividend	4.00	4,007	Franked	25 September 2020
Total amount		<u>4,007</u>		

Subsequent to half year end, the Company declared the following dividend:

	<b>Cents per share</b>	<b>Total amount \$'000</b>	<b>Franked/unfranked</b>	<b>Date of payment</b>
2022 Interim Dividend	3.50	3,510	Franked	25 March 2022
Total amount		<u>3,510</u>		

**Section D Change in significant accounting policies**

Several amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new standards.

**Section E Other information**

**E1 Subsequent events**

The Board declared an interim dividend of 3.50 cents per share. The financial effect of the interim dividend has not been brought to account in the consolidated financial statements for the half year ended 31 December 2021.

The relaxation in COVID-19 restrictions in Australia has seen a significant increase in community transmission and Government imposed isolation requirements have impacted the Group's employees. The introduction of a COVID-19 vaccine mandate in December 2021 that was effective from 4 January 2022 has resulted in the loss of nine employees. While production in January 2022 has been impacted, the Group has been actively preparing for and managing the COVID-19 risk through establishing a double vaccination mandate for the Ormeau site and maintaining robust hygiene protocols. These measures will continue to be reviewed and updated to remain compliant with Government legislation and operating requirements. Subject to future uncertainty relating to COVID-19, any production delays are expected to be temporary and recovered over future months.

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

**PWR Holdings Limited  
and its controlled entities**

**Directors' declaration**

In the opinion of the directors of PWR Holdings Limited (the "Company"):

- (a) the consolidated financial statements and notes, set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the six month period ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Teresa Handicott  
*Chairman*  
Brisbane  
17 February 2022



Kees Weel  
*Managing Director*  
Brisbane  
17 February 2022

# Independent Auditor's Review Report

To the shareholders of PWR Holdings Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of PWR Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of PWR Holdings Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes A1 to E1 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises PWR Holdings Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Tracey Barker  
Partner

Brisbane  
17 February 2022