

ASX Announcement



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07 September 2023

Bisalloy Steel Group Limited Notice of Annual General Meeting

Bisalloy Steel Group Limited (ASX:BIS) is pleased to release the Notice of Meeting for its 2023 Annual General Meeting which will be held at 11.00am (Sydney time) on Friday 06 October 2023, at the Sir James Fairfax Room of the Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, NSW.

The Notice of Meeting, the FY23 Annual Report and Sample Proxy Form for the meeting, is attached.

-ENDS-

Bisalloy is Australia's only manufacturer of high-strength structural, wear-resistant and armour steel plates using quenched and tempered steel. Bisalloy products are used in the mining, construction, general fabrication and defence sectors. Bisalloy has an extensive distribution network across Australasia, Indonesia, Thailand, the People's Republic of China and the United Arab Emirates.

Authorised for lodgement by

A handwritten signature in black ink, appearing to read 'Carl Bowdler'.

Carl Bowdler
Chief Financial Officer & Company Secretary
Phone: +61 2 4272 0444
Mobile: +61 498 660 053

For personal use only



Notice of Meeting 2023

Notice of Meeting

For the year ended 30 June 2023

07 September 2023

Dear Shareholders

Attached is the Notice of Annual General Meeting to be held on Friday, 06 October 2023 at 11.00am.

The Annual General Meeting will be held in the Sir James Fairfax Room of the Radisson Blu Plaza Hotel, located at 27 O'Connell Street, Sydney, NSW. If you are unable to attend the Annual General Meeting in person, you may wish to appoint a proxy by completing and returning the attached Proxy Form.

Copies of the presentations given at the Annual General Meeting and the results of that meeting will be announced to the ASX and placed on the Company's website at www.bisalloy.com.au. The presentations will be available immediately prior to the Annual General Meeting with the results of the meeting available following the meeting.

In addition to the usual business to be conducted at the Annual General Meeting, I will take the opportunity to provide an update on our current trading conditions.

I look forward to welcoming you to the Annual General Meeting.

Yours sincerely



Mr David Balkin AM,
Chairman

BISALLOY STEEL GROUP LIMITED

ABN 22 098 674 545

NOTICE OF 2023 ANNUAL GENERAL MEETING

Notice is given that the 2023 Annual General Meeting (**Meeting**) of shareholders of Bisalloy Steel Group Limited (**Company**) will be held at the Sir James Fairfax Room of the Radisson Blu Plaza Hotel, located at 27 O'Connell Street, Sydney, NSW on Friday 06 October 2023, commencing at 11.00 am (Sydney time).

BUSINESS OF THE MEETING

Shareholders are invited to consider the following items of business at the Meeting:

Consideration of financial and related reports

Item 1	Financial and related reports
Description	To receive and consider the Financial Report of the Company and its controlled entities and the related Directors' and Auditor's Reports in respect of the financial year ended 30 June 2023.

Adoption of Remuneration Report (non-binding resolution)

Resolution 1	Financial and related reports
Description	Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the 2023 Annual Report and is available from the Company's website (https://www.bisalloy.com.au/investor-centre/). In accordance with section 250R of the Corporations Act, the vote on this resolution will be advisory only and will not bind the Directors of the Company.
Resolution (Ordinary)	To consider and, if thought fit, pass the following resolution as an ordinary resolution: <i>"THAT the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2023 be adopted."</i>
Voting Exclusion	The Company will disregard any votes cast on this resolution: (a) by or on behalf of a member of Key Management Personnel (KMP) named in the remuneration report for the year ended 30 June 2023, or that KMP's Closely Related Party, regardless of the capacity in which the vote is cast; and (b) as a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party. However, the Company will not disregard a vote if it is cast as a proxy for a person who is entitled to vote on this resolution: (c) in accordance with the directions of how to vote on the Proxy Form; or (d) by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

Notice of Meeting (continued)

For the year ended 30 June 2023

Re-election of Directors

Resolution 2	Re-election of Mr Ian Greenyer as Director
Description	Mr Ian Greenyer, who was appointed as a Director on 27 November 2020, and last re-elected by Shareholders on 24 November 2021, retires as a Director in accordance with rule 47(b)(i) of the Company's Constitution and, being eligible, offers himself for re-election.
Resolution (Ordinary)	To consider and, if thought fit, pass the following resolution as an ordinary resolution: <i>"THAT Mr Ian Greenyer, who retires as a Director in accordance with rule 47 (b) (i) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."</i>

Approval for the issue of Share Rights to Mr Rowan Melrose under LTIP

Resolution 3	Approval of the issue of Share Rights to Mr Rowan Melrose under LTIP
Description	The Company seeks shareholder approval for the issue of issue of Share Rights to Mr Rowan Melrose (CEO and Managing Director) under the Long Term Incentive Plan.
Resolution (Ordinary)	To consider and, if thought fit, pass the following resolution as an ordinary resolution: <i>"THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholder approval is given for the Company to grant 120,296 Share Rights, each to acquire 1 Share in the Company, to Mr Rowan Melrose (or his nominee(s)), pursuant to the Long Term Incentive Plan and on the terms set out in the Explanatory Statement accompanying this Notice."</i>
Voting Exclusion	The Company will disregard any votes cast: (a) in favour of the resolution by or on behalf of a person referred to in ASX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the LTIP, or any of their associates; and (b) on this resolution as a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party. However, this does not apply to a vote cast on the resolution by: (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and (ii) the holder votes on resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

IMPORTANT INFORMATION

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001*, the Company has determined that persons who are registered holders of shares of the Company as at **7.00pm (Sydney time)** on **Wednesday 04 October 2023**, will be entitled to attend and vote at the Meeting (subject to any applicable voting exclusion). Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

QUESTIONS FROM SHAREHOLDERS

In order to provide an equal opportunity for all shareholders to ask questions of the Board, we ask you to submit in writing any questions to the Company or the Company's auditor, RSM Australia Partners, in relation to the conduct of the external audit for the year ended 30 June 2023, or the content of its audit report. Please send your questions via email to:

Company Secretary
Bisalloy Steel Group Limited
companysecretary@bisalloy.com.au

Written questions must be received by no later than 5.00pm on Friday 29 September 2023.

Questions should relate to matters that are relevant to the business of the Annual General Meeting, as outlined in this Notice of Meeting and Explanatory Statement.

In accordance with the Corporations Act and the Company's policy, a reasonable opportunity will also be provided to shareholders attending the Annual General Meeting to ask questions about, or make comments upon, matters in relation to the Company, including the Company's Remuneration Report for the year ended 30 June 2023.

During the course of the Annual General Meeting, the Chairman will seek to address as many shareholder questions as reasonably practicable, and where appropriate, will give a representative of the auditor the opportunity to answer written questions addressed to it. However, there may not be sufficient time to answer all questions at the Annual General Meeting. Please note that individual responses may not be sent to shareholders.

VOTING INFORMATION

Voting by Proxy

- (a) A shareholder entitled to attend and vote at the Annual General Meeting may appoint one proxy or, if the shareholder is entitled to cast 2 or more votes at the Meeting, 2 proxies, to attend and vote instead of the shareholder.
- (b) Where 2 proxies are appointed to attend and vote at the Meeting, each proxy may be appointed to represent a specified proportion or number of the shareholder's voting rights at the Meeting.
- (c) A proxy need not be a shareholder of the Company.
- (d) A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name or title of the individual representative of the body corporate for the Meeting.
- (e) A proxy form accompanies this Notice. If a shareholder wishes to appoint more than 1 proxy, they may make a copy of the proxy form attached to this Notice. For the proxy form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power or authority by **11.00am (Sydney time)** on **Wednesday 04 October 2023** at the share registry, being Computershare Investor Services Pty Limited, as follows:

By post: Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

By facsimile: In Australia 1800 783 447
From outside Australia +61 3 9473 2555

By delivery: Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

Custodian voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Online: Lodge your vote online at www.investorvote.com.au

Notice of Meeting (continued)

For the year ended 30 June 2023

Voting by Attorney

A Proxy Form and the original power of attorney, if any, under which the Proxy Form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than **11.00am (Sydney time)** on **Wednesday 04 October 2023**.

Corporate Representatives

A body corporate that is a shareholder, or that has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Meeting a properly executed letter or other document confirming its authority to act as the Company's representative.

Proxy voting by the Chairman

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth), imposes prohibitions on Key Management Personnel and their Closely Related Parties from voting their shares (or voting undirected proxies) on, amongst other things, remuneration matters.

However, the Chair of a meeting may vote an undirected proxy (i.e. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given an express voting direction to the chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel.

The Chairman of the Meeting intends to vote all available undirected proxies in favour of each item of business.

If you complete a Proxy Form that authorises the Chairman of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then you will be taken to have expressly authorised the Chairman to exercise your proxy on Resolutions 1 and 3.

In accordance with this express authority provided by you, the Chairman will vote in favour of Resolutions 1 and 3. If you wish to appoint the Chairman of the Meeting as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the Proxy Form.

If you appoint as your proxy any Director of the Company, except the Chairman, or any other Key Management Personnel or any of their Closely Related Parties and you do not direct your proxy how to vote on Resolutions 1 and 3, he or she will not vote your proxy on those resolutions.

All resolutions will be by poll

The chair intends to call a poll on each of the Resolutions set out in this Notice of Meeting.

By order of the Board.



Carl Bowdler,
Company Secretary

07 September 2023

BISALLOY STEEL GROUP LIMITED

2023 ANNUAL GENERAL MEETING EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of shareholders in relation to the business to be conducted at the Company's 2023 Annual General Meeting.

The purpose of this Explanatory Statement is to provide shareholders with information they may reasonably require to decide how to vote upon the Resolutions. The Directors recommend that shareholders read this Explanatory Statement before determining whether or not to vote in favour of the Resolutions.

ITEM 1 – FINANCIAL STATEMENTS AND REPORTS

Section 317 of the Corporations Act requires the Company's Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2023 to be laid before the Company's 2023 Annual General Meeting. There is no requirement for a formal resolution on this item. The financial report contains the financial statements of the consolidated entity consisting of Bisalloy Steel Group Limited and its controlled entities.

As permitted by the Corporations Act, a printed copy of the Company's 2023 Annual Report has been sent only to those shareholders who have elected to receive a printed copy. A copy of the 2023 Annual Report is available from the Company's website (<https://www.bisalloy.com.au/investor-centre/>).

The Chairman of the Meeting will allow a reasonable opportunity at the Meeting for shareholders to ask questions. Shareholders will also be given a reasonable opportunity at the Meeting to ask the Company's auditor questions about its audit report, the conduct of its audit of the Company's financial report for the year ended 30 June 2023, the preparation and content of its audit report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of RSM Australia Partners in relation to the conduct of the audit.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (non-binding resolution)

1.1 Explanation

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the Company's 2023 Annual Report and is available from the Company's website (<https://www.bisalloy.com.au/investor-centre/>). The Remuneration Report:

- (a) describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;
- (b) sets out the remuneration arrangements in place for each Director and for certain members of the senior management team; and
- (c) explains the differences between the basis for remunerating Non-executive Directors and senior executives, including the Managing Director.

The vote on this item is advisory only and does not bind the Directors. However, the Board will take into account any discussion on this item and the outcome of the vote when considering the future remuneration policies and practices of the Company.

1.2 Voting Exclusion

A voting exclusion statement applies to this resolution, as set out in the Notice.

1.3 Board Recommendation

The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.

1.4 Chairman's available proxies

The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

Notice of Meeting (continued)

For the year ended 30 June 2023

2. RESOLUTION 2 – RE-ELECTION OF MR IAN GREENYER AS DIRECTOR

2.1 Explanation

Rule 47(a) of the Company's Constitution states that a Director must retire from office no later than the longer of (a) the third annual general meeting; or (b) 3 years, following that Director's last election or appointment.

Rule 47(b) of the Company's Constitution states that, if no Director would otherwise be required to retire pursuant to clause 47(a) or 47(b) at an annual general meeting, but the ASX Listing Rules require that an election of Directors be held at that annual general meeting, then the Director to retire at that meeting is any Director who wishes to retire and offer himself or herself for re-election, or otherwise it is:

- (i) the Director (other than the Managing Director) who has held office as Director the longest period of time since his or her last election or appointment to that office; or

- (ii) if two or more Directors have held office for the same period of time, the Director (other than the Managing Director) determined by lot, unless those Directors agree otherwise.

It is noted that:

- (a) No Directors have been in office for 3 years or 3 annual general meetings since their last re-election, and accordingly, no Director is required to retire under Rule 47(a) of the Constitution.
- (b) ASX Listing Rule 14.5 requires that an entity which has directors must hold an election of directors at each annual general meeting.
- (c) For the purposes of Rule 47(b) of the Constitution, Mr Ian Greenyer is the Director who has been longest in office since his last re-election, having last been re-elected by shareholders on 24 November 2021.

On this basis, Mr Greenyer retires as Director in accordance with rule 47(b)(i) of the Constitution, and, being eligible under rule 47(c) of the Constitution, offers himself for re-election.

2.2 About Mr Ian Greenyer

Name:	Mr Ian Greenyer
Title:	Non-Executive Director
Qualifications:	B Sc (Hons)
Experience and expertise:	Mr Greenyer brings significant financial and business analysis and improvement skills, through 27 years as an independent consultant, actively identifying and effecting change in small and medium sized companies operating in a broad range of business sectors based in Australia. These activities flowed from a background as an actuary, investment analyst and stockbroker.
Other current directorships:	NIL
Special responsibilities:	Chair of the Audit and Risk Committee and Member of the Nominations and Remuneration Committee.
Relevant interest in Bisalloy shares:	100,000 Shares.

Mr Ian Greenyer is considered by the Board to be an independent Director.

2.3 Board recommendation

The Board, with Mr Greenyer abstaining from making a recommendation, recommends that shareholders vote in favour of Resolution 2.

2.4 Chairman's available proxies

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 2.

3. RESOLUTION 3 – APPROVAL OF THE ISSUE OF SHARE RIGHTS TO MR ROWAN MELROSE UNDER LTIP

3.1 Explanation

The Company seeks shareholder approval under Resolution 3 for the issue of Share Rights to under the LTIP to the Company's CEO and Managing Director, Mr Rowan Melrose (or his nominee(s)).

3.2 ASX Listing Rules

ASX Listing Rule 10.14 states that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme, unless the issue has been approved by holders of ordinary securities:

- 10.14.1 A director of the entity.
- 10.14.2 An associate of a director of the entity.
- 10.14.3 A person whose relationship with the entity or a person in rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by shareholders.

For the purposes of ASX Listing Rule 10.14.1, Mr Melrose is a Director of the Company, and as such the Company is required to obtain shareholder approval to grant securities to him under the LTIP.

In accordance with the ASX Listing Rules, Shareholders are being asked under Resolution 3 to approve the grant of the Share Rights to Mr Melrose under the LTIP.

Exception 14 in ASX Listing Rule 7.2 provides that ASX Listing Rule 7.1 does not apply where shareholder approval for an issue of securities is obtained under ASX Listing Rule 10.14. This means that, if Shareholder approval is obtained for Resolution 3, approval is not required for the purposes of ASX Listing Rule 7.1.

3.3 Approval not sought under Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act, Mr Melrose is a related party of the Company, and the issue of Share Rights to him constitutes the provision of a "financial benefit" by the Company.

The giving of a financial benefit to a related party of a public company is prohibited by Chapter 2E of the Corporations Act, unless the benefit is given with the approval of shareholders or where an exception applies. One exception to the general rule is where the benefit constitutes "reasonable remuneration" in respect of the duties and responsibilities of the related party in the management of the public company.

The Directors consider that the granting of the Share Rights to Mr Melrose constitutes reasonable remuneration, given both the Company's circumstances and the responsibilities involved in Mr Melrose's role within the organisation. On this basis, as the provision of such a benefit is expressly permitted by section 211(1) of the Corporations Act, the Directors do not consider the Company is required to seek shareholder approval for the purposes of Chapter 2E of the Corporations Act in order to give Mr Melrose the financial benefit that is inherent in the issue of the Share Rights.

3.4 Terms of Share Rights

(a) Number of Share Rights

As part of Mr Melrose's FY23 remuneration package, he is entitled to receive a long term incentive in the form of Share Rights issued under the LTIP. The number of Share Rights to which Mr Melrose is entitled is determined by dividing 1/3rd of 140% of his fixed annual remuneration by the volume weighted average price of Bisalloy shares in the one month prior to 1 September each year (**FY23 Entitlement**).

Resolution 3 seeks approval for the Company to issue Mr Melrose's FY23 Entitlement. The total number of Share Rights to be issued to Mr Melrose under Resolution 3 is **120,296**.

(b) Vesting conditions

Mr Melrose's FY23 Entitlement is subject to both time and performance based vesting conditions, as detailed below. The Share Rights will not vest unless both the performance and time based conditions are satisfied by Mr Melrose.

(i) Performance based conditions

Mr Melrose's FY23 Entitlement is subject to the Company achieving superior long-term performance, which will be measured by Bisalloy's Return on Invested Capital (**ROIC**) over a three year period (1 July 2022 – 30 June 2025) (**Performance Period**).

The number of Share Rights that will vest will depend on Bisalloy achieving a target ROIC (which will be set annually by the Board in respect of the forthcoming 3 year Performance Period) (**Target ROIC**).

In particular:

- 100% of Mr Melrose's Share Rights will vest if the Company achieves the Target ROIC or above (and Mr Melrose satisfies the time based condition, as set out below); and

Notice of Meeting (continued)

For the year ended 30 June 2023

- No share rights will vest if the Target ROIC is not achieved by the Company.

(ii) Time based conditions

The vesting of Mr Melrose's Share Rights under his FY23 Entitlement is subject to his continued employment with the Company until 1 September 2025. If Mr Melrose does not satisfy this employment condition, none of his FY23 Entitlement Share Rights will vest (regardless of whether the performance based conditions have been satisfied).

(c) Vesting of Share Rights

Mr Melrose's satisfaction of the performance and time based vesting conditions will be tested at the end of the Performance Period.

If Mr Melrose satisfies the performance and time based vesting conditions, 100% of his FY23 Entitlement Share Rights will vest. Upon vesting, Mr Melrose may exercise the Share Rights into fully paid ordinary shares at no cost.

(d) Other terms

If Mr Melrose leaves the business, any unvested Share Rights lapse on the leaving date unless the Board determines otherwise.

In the event of a change in control of the Group, the vesting date will generally be brought forward to the date of change of control and the Share Rights will vest subject to performance over this shortened period, subject to the Board's overriding discretion.

3.5 Specific information required by ASX Listing Rule 10.15

For the purposes of the approval sought under ASX Listing Rule 10.14 and in accordance with the requirements of ASX Listing Rule 10.15 and for all other purposes, the following information is provided to shareholders in respect of the proposed grant of Share Rights to Mr Melrose under Resolution 3.

- (a) **Name of recipient:** Mr Rowan Melrose (or his nominee(s)), who is a Director of the Company and therefore falls within ASX Listing Rule 10.14.1.
- (b) **Number and class of securities to be issued:** 120,296 Share Rights.
- (c) **Details of Mr Melrose's current total remuneration package:** Mr Melrose's current remuneration package involves a combination of fixed pay and incentives, as follows:
 - (i) Fixed annual remuneration (**FAR**): \$486,450 per annum (inclusive of compulsory superannuation and a motor vehicle allowance);

- (ii) Short term incentive: annual short term incentive payment up to a maximum of 40% of FAR; and

- (iii) Annual Long term incentive: in the form of Share Rights, with the number to be determined by dividing 1/3rd of 140% of FAR by the volume weighted average Share price in the month prior to 1 September.

- (d) **The number of securities previously issued to Mr Melrose under the LTIP and the average acquisition price:** 52,742 rights were issued to Mr Melrose under the LTIP on 19 October 2022, at an average acquisition price of \$0.

- (e) **Terms of Share Rights:** See section 3.4 above.

- (f) **Reason why Share Rights have been selected for the issue:** The Company has determined to utilise Share Rights on the basis that they create Share price alignment between executives and ordinary shareholders, but do not provide executives with the full benefits of Share ownership (such as dividend and voting rights) unless and until the Share Rights vest.

- (g) **Value attributed to the Share Rights:** The value attributed to each Share Right is the volume weighted average price of Bisalloy shares in the one month prior to 1 September. For Mr Melrose's FY23 Entitlement, this has been determined to be \$1.8871, being the volume weighted average price of Bisalloy shares in the one month prior to 1 September 2022.

- (h) **Price:** No consideration will be payable for the grant of Share Rights under the LTIP to Mr Melrose, or for the issue of the underlying Shares upon vesting of the Share Rights.

- (i) **No loans:** No loans are proposed to be provided in relation to the acquisition of Share Rights under Resolution 3.

- (j) **Date of issue:** Subject to shareholder approval, the Share Rights will be issued to Mr Melrose as soon as possible after the Meeting, or in any event within 3 years after the Meeting.

- (k) **Summary of the LTIP:** A summary of the LTIP is set out in Annexure A to this Explanatory Statement.

Details of any securities issued under the LTIP will be published in the Company's annual report relating to the period in which they were issued, along with a statement that their approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the LTIP after the resolution is approved, and who were not named in the notice of

meeting, will not participate until approval is obtained under that Listing Rule.

3.6 If Resolution 3 is passed/not passed

If shareholders approve Resolution 3, the Company will issue 120,296 Share Rights to Mr Melrose as soon as possible after the Meeting (or in any event, within 3 years after the Meeting).

If shareholders do not approve Resolution 3, the Company will make a cash payment to Mr Melrose in lieu of the Share Rights which would have otherwise been awarded to him.

3.7 Voting exclusion

A voting exclusion statement applies to Resolution 3, as set out in the Notice.

3.8 Board recommendation

Mr Melrose declines to make a recommendation to shareholders in relation to Resolution 3, due to his interest in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of the Resolution, recommend that shareholders vote in favour of Resolution 3.

3.9 Chairman's available proxies

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 3.

Notice of Meeting (continued)

For the year ended 30 June 2023

GLOSSARY

Annual General Meeting or **Meeting** means the 2023 Annual General Meeting of the Company.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the securities exchange operated by ASX Limited (as the context requires).

Board means the board of directors of the Company.

Company or **Bisalloy** means Bisalloy Steel Group Limited ACN 098 674 545.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Closely Related Party has the definition given to it by section 9 of the Corporations Act, and means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or of the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the members dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition

Director means a director of the Company.

Equity Security means:

- (a) a Share;
- (b) a right to a Share or option;
- (c) an option over an issued or unissued security;
- (d) a convertible security; or
- (e) any security that ASX decides to classify as an equity security.

Key Management Personnel or **KMP** means those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

LTIP means the Company's Long Term Incentive Plan.

Notice means the notice of 2023 Annual General Meeting.

Proxy Form means the proxy form which accompanies the Notice.

Remuneration Report means the remuneration report as set out in the 2023 Annual Report.

Share means a fully paid ordinary share in the capital of the Company.

Share Right means a right to acquire a Share on the terms set out in the LTIP.

ANNEXURE A – TERMS OF BISALLOY LONG TERM INCENTIVE PLAN

Overview	Under the LTIP, the Board has discretion to grant Share Rights to eligible senior executives and key employees of the Company. Share Rights give a participant in the LTIP a right to acquire Shares in the Company, subject to the achievement of certain performance criteria. Awards under the LTIP are made at the Board's discretion.
Eligibility	The LTIP allows the Board, in its discretion, to invite any full-time or permanent part-time employee (including an executive director) of the Company to participate in and be granted Share Rights under the plan, on such terms and conditions as the Board determines. In making this determination, the Board may take into account any matter which it considers relevant, including the employee's position, employment arrangements, and contribution made to the Company, as well as the interests of the Company itself, and the cap on the total number of securities which may be issued by the Company under any employee incentive plan (being 5% of the issued Share capital of the Company).
Vesting of Share Rights	Share Rights may be issued under the LTIP subject to time and performance based conditions. The Board has discretion to determine the performance conditions applicable to a Share Right, and will determine whether or not a performance condition in relation to some or all of a participant's Share Rights has been satisfied. A Share Right will vest when the performance conditions applicable to that Share Right are satisfied or waived in accordance with the LTIP and the relevant terms and conditions. The Board will give the participant a "vesting notice" as soon as practicable after a Share Right vests.
Delivery of Shares	As soon as practicable after a Share Right vests, the Board will cause the number of shares specified in the vesting notice to be issued or transferred to the participant (unless the Board determines to satisfy the participant's entitlement wholly or partly in cash rather than shares).
Dealing with Share Rights	A participant must not grant any security interest in or over or otherwise dispose of or deal with any Share Rights (or interests in Share Rights), including by way of hedging activities, until the relevant underlying shares are either issued or transferred to the participant, unless prior approval is given by the Board. Participants are also required to abide by the Company's securities trading policy. Any Share Rights dealt with in breach of these requirements will immediately lapse.

Notice of Meeting (continued)

For the year ended 30 June 2023

Participation in future issues

A participant may only participate in new issues of securities to holders of shares if the Share Rights have vested and the shares in respect of those vested Share Rights have been issued or transferred to the participant, before the record date for determining entitlements for the new issue.

If a Share Right has not vested and shares have not been issued or transferred before the relevant record date:

- (a) if the Company makes a pro-rata offer or invitation to holders of Shares for a subscription price, the price (if any) payable by a participant upon vesting of a right will not be altered;
 - (b) if the Company makes a pro-rata bonus issue of securities to holders of shares, the participant will be eligible to receive the number of shares which would have been issued to the participant had their Share Rights vested before the record date;
 - (c) if the Company sub-divides or consolidates its Share capital, the Share Rights may be subdivided or consolidated in the same ratio as the shares;
 - (d) if the Company makes a return of capital, or cancels any paid up share capital that is lost, the number of Share Rights remains unaltered; and
 - (e) if the Company reduces its issued share capital on a pro-rata basis, the number of Share Rights must be reduced in the same ratio as the shares.
-

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Need assistance?**Phone:**

1300 738 768 (within Australia)
+61 (3) 9415 4377 (outside Australia)

**Online:**

www.investorcentre.com/contact

BIS

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Bisalloy Steel Group Limited Annual General Meeting

The Bisalloy Steel Group Limited Annual General Meeting will be held on Friday, 6 October 2023 at 11:00am (Sydney time). You are encouraged to participate in the meeting using the following options:



MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:

**Control Number: 999999****SRN/HIN: I9999999999****PIN: 99999**

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

For your proxy appointment to be effective it must be received by 11:00am (Sydney time) on Wednesday, 4 October 2023.



ATTENDING THE MEETING IN PERSON

The meeting will be held at:
the Sir James Fairfax Room of the Radisson Blu Plaza Hotel, located at 27 O'Connell Street,
Sydney, NSW 2000.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

BIS

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SAMPLEVILLE VIC 3030

Need assistance?

**Phone:**

1300 738 768 (within Australia)
+61 (3) 9415 4377 (outside Australia)

**Online:**

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (Sydney time)** on **Wednesday, 4 October 2023**.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 999999****SRN/HIN: I999999999****PIN: 99999**

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



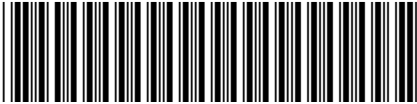
PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1

Appoint a Proxy to Vote on Your Behalf

XX

I/we being a member/s of Bisalloy Steel Group Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Bisalloy Steel Group Limited to be held at the Sir James Fairfax Room of the Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney, NSW 2000 on Friday, 6 October 2023 at 11:00am (Sydney time) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 3 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 3 by marking the appropriate box in step 2.

Step 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Mr. Ian Greenyer as Director	☐	☐	☐
Resolution 3	Approval of the issue of Share Rights to Mr. Rowan Melrose Under LTIP	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3

Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

B I S

3 0 1 8 3 9 A



Computershare



BISRM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SUBURB
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Bisalloy Steel Group Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Bisalloy Steel Group Limited

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 **Bisalloy Steel**
GROUP LIMITED

**Annual Report
2023**





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2023 highlights

We are a proudly Australian company producing the BISALLOY® range of quenched and tempered performance steels across three main product areas of high wear, structural and armour grade specialty steels.



\$23.0m
EBITDA



9.5c
Final Dividend

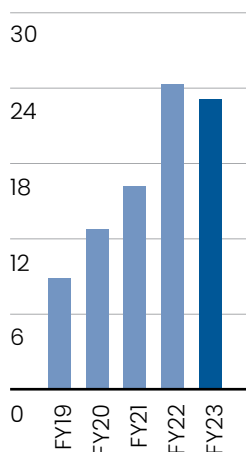


\$2.3m
Net Debt

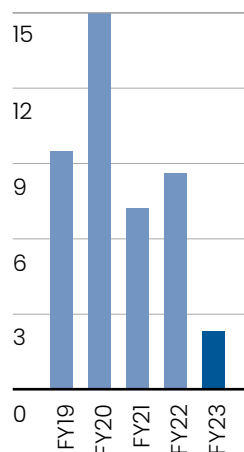


3%
Gearing

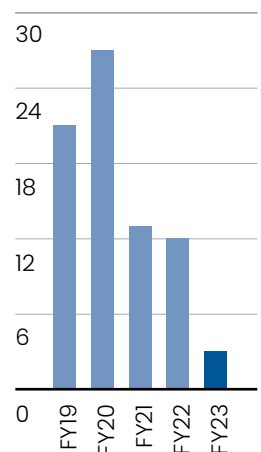
EBITDA \$m



Debt \$m



Gearing %



Chairman's Report

Your company is a safer and more capable company than it was 12 months ago.



Mr David Balkin AM,
Chairman

Our safety record is exceptional in absolute terms and way better than the industry average. Our balance sheet has very low levels of debt, and our strong financial performance for the year – despite some significant headwinds we continue to face – enables us to declare a final dividend of 9.5 cents, for a total year dividends of 13.5 cents.

Our domestic market share for our core products has grown because of our much better engagement with, and understanding of, our customers' needs and requirements. We have re-engaged with our Chinese Joint Venture (CJV) now that travel to China has reopened. We are intently focused on the key enablers of our growth strategy and intend to invest time and resources to advance and develop them in the next 12 months. Finally, our Governance frameworks are more refined without distracting the Board's focus from building a stronger and more profitable company.

However, we cannot be complacent.

We continue to compete with large multi-national quench and tempered steel producers who see supplying their steel to the Australian mining industry as core to their business. We compete, not by cutting prices, but by continuing to improve our product quality and using our local supply capability to serve our customers better than any steel importer can.

Global and local supply shocks combined with Government policies to reduce carbon emissions have delivered increases in both gas and electricity prices. These increases continue to erode our profitability at



a time when your company has continued its efforts to reduce emissions. We are concerned that state and federal governments have little real appreciation as to how sharply rising energy costs will ultimately make energy intensive manufacturing in Australia internationally uncompetitive. Bisalloy is Australia's only quench and tempered steel plate producer which serves our mining and defence industries. We believe that our local production capability is a vital part of Australia's self-reliance. We hope that the Australian and state governments share a similar view.

Changes to international shipping markets with the significant reduction of roll-on roll-off coastal shipping from Australia's east coast to the west coast, has forced the company to use significantly higher cost transportation to get its steel to the west coast. We are

working diligently to develop innovative alternatives to reduce our freight costs and expect to make significant progress in the next six months.

Finally, we would like to thank our stable group of shareholders for their loyalty and support. Our employees and the Board hope that we exceed your expectations as we continue to strive for a better performing and more profitable company.

Mr David Balkin AM,
Chairman





Managing Director and Chief Executive Officer's Report

Improving our Health, Safety and Environment performance and developing the right culture is of critical importance at Bisalloy.



Rowan Melrose
Managing Director and
Chief Executive Officer

The safety of all employees, contractors and stakeholders is our number one priority and we have continued to evolve our standards and expectations. Our focus on leading indicators such as hazards and near misses has led to a 69% increase in our reporting. This has allowed our business to take a much more proactive approach to identify and manage our risks.

The improvement in our lagging indicators has also been extremely positive. Our Lost Time Injury Frequency Rate (LTIFR) is zero, our Total Recordable Injury Frequency Rate (TRIFR) is zero, our Medical Treatment Injury Frequency Rate (MTIFR) is zero and our All Injury Frequency Rate (AIFR) for the group is 12.5. These are remarkable statistics and are testament to the dedication and commitment of all our employees at all our sites.

In consideration of our environmental impact, during the year we have undertaken a detailed analysis of the Australian manufacturing facility. This review was to understand our carbon footprint, our energy usage, and our waste generation to develop a program of works that will lead to a more efficient operation, a reduction in waste from the plant, and our commitment to be Carbon Neutral by 2030. We are in the process of developing these opportunities, and although we are setting longer term goals we continue to focus on daily improvements. As an example, during the year we were able to reduce our solid wastes by over 50%. This was achieved by increasing recycling and overall employee education.



In the annual report last year, we spoke of anticipated headwinds including, “international steel plate prices, increased shipping costs, disruptions to international and domestic shipping, and ever increasing energy costs”. These factors continued to affect the business during the year but were offset by a less volatile Quench and Tempered steel price cycle.

Our sales team have held their market positioning, and this has been a driving force for this year’s results. Their expertise and product knowledge, combined with their customer centric, collaborative, and solutions-oriented approach has delivered new partnerships and built on existing relationships.

As mentioned, our operations have had to deal with significant increases in both electricity and gas input costs during the year. To manage these increases we

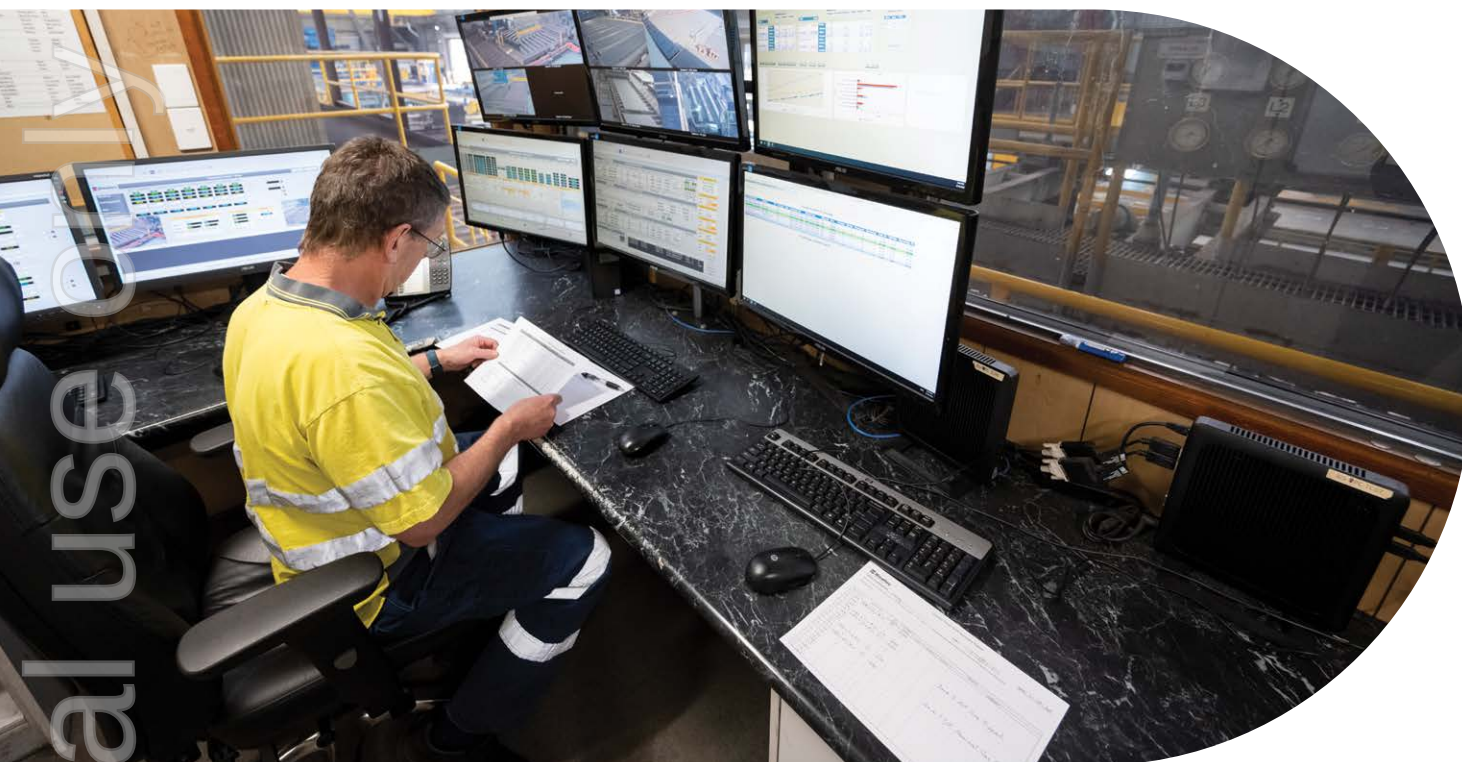
made the difficult decision to rationalize our workforce and reduce our workshop employees by approximately 20%. Our freight costs and in particular sea freight to our Western Australian market also increased significantly during the year. We do not see this situation changing in the near term and are looking at alternative and more cost-effective forms of transport to maintain our supply.

Our Joint Ventures remain a central pillar of our business strategy. The year has enabled enhanced communication and collaboration with our partners as travel restrictions have been removed, and we have established a deeper understanding of our joint venture partners’ goals and objectives. Our commitment to fostering mutually beneficial relationships creates a solid foundation for shared



Managing Director and Chief Executive Officer's Report

continued



success which has expanded our global reach, leveraged their local expertise and networks, and optimised our global supply chain.

Indonesia had a particularly strong year with a demonstrable improvement in the bottom line with their commitment to add more value to their distribution capability.

Thailand increased sales volume year on year, but increased product costs resulted in a reduction in margins. They are developing new market opportunities and value-added products which will begin generating income and improve margins this year.

We have been able to invest more time into the Chinese JV. They continue to make a significant contribution to Bisalloy despite China's difficult market conditions.

As much as we focus on optimizing the day-to-day operations, we are also focusing on our strategic and growth opportunities. During the year we have developed a suite of strategic priorities and business enablers to build and grow the business. Our planned approach has identified several new markets, new products and potential services that will be investigated and potentially developed.

The past 12 months has been very positive for our business. We continue to deliver very healthy financial performance, have dramatically improved our health and safety performance, and have made significant internal and business systems changes. Some of these changes have proved challenging but are beginning to deliver the right outcomes. Critically, these changes will be the foundation to allow significant ongoing improvements. We have a clearer view of our growth opportunities and growth enablers. This is a transformational time for Bisalloy.

I would like to thank all our customers for their ongoing support. We value your business, and we will continue to work hard to improve our performance by strengthening our relationships and building your trust.

I would also like to thank all the Bisalloy family for their contribution to our success. It is a result of their efforts, their contribution, and their resilience that we have been able to make the progress we have during the year and deliver a strong set of results for our shareholders.

Mr Rowan Melrose
Managing Director and CEO



2023

Financial Report

Directors' Report

For the Year ended 30 June 2023

Your Directors submit their report for the Year ended 30 June 2023.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr David Balkin, AM

BSc, Civil Engineering (WITS), MBA (Harvard)

Chairman

Skills and Experience:

Mr Balkin brings extensive knowledge and understanding of global basic materials industries through 25 years as a consultant, senior partner and leader of McKinsey & Company's global basic materials practice. He is also an experienced director and chairman of a number of private companies where he actively advises and supports management to improve shareholder returns and build more sustainable businesses.

Term of office:

Appointed as Director and Chairman on 27 November 2020. Last re-elected in October 2022.

Board Committees:

- Audit and Risk Committee
- Nominations and Remuneration Committee

Other Directorships:

- RIS Safety Pty Ltd, Chairman
- RP Infrastructure Pty Ltd, Chairman
- Commitworks Pty Ltd, Director

Mr Rowan Melrose

B.E (Hons), M.App.Sc, MBA

Managing Director and Chief Executive Officer

Skills and Experience:

Mr Melrose is an experienced executive with an extensive background in mining services, mining consumables, operations and manufacturing.

Mr Melrose has successfully worked and managed businesses in Australia, SE Asia, China, India, and New Zealand, including most recently as Executive General Manager of Bradken Limited's Mineral Processing and Fixed Plant division.

Mr Melrose holds a Bachelor of Engineering and a Master of Applied Science from the University of NSW as well as a Master of Business Administration from Wollongong University.

Term of office:

Appointed as CEO and Managing Director 01 March 2022. As the Managing Director he is not subject to re-election by rotation.

Other Directorships:

Bisalloy Shangang (Shandong) Steel Plate Co., Limited
Bisalloy (Thailand) Co Ltd

Supervisory Boards:

President Commissioner of PT Bima Bisalloy

Mr Ian Greenyer

B Sc (Hons)

Non-executive Director

Skills and Experience:

Mr Greenyer brings significant financial and business analysis and improvement skills, through 27 years as an independent consultant, actively identifying and effecting change in small and medium sized companies operating in a broad range of business sectors based in Australia. These activities flowed from a background as an actuary, investment analyst and stockbroker.

Term of office:

Appointed as Director on 27 November 2020. Last re-elected in November 2021 and subject to re-election by rotation in October 2023.

Board Committees:

- Audit and Risk Committee
- Nominations and Remuneration Committee

Other Directorships:

Nil

Mr Michael Gundy

MBA, B Bus, Assoc Dip
Metallurgy

Non-executive Director

Skills and Experience:

Mr Gundy is an experienced executive with 34 years of steel industry experience spread across Australia, S.E. Asia, New Zealand, and the United States. In his career Mr Gundy has been involved in profitably growing businesses, opening new markets, developing distribution channels and business restructuring.

Term of office:

Appointed as Director on 27 November 2020. Last re-elected in October 2022.

Board Committees:

- Audit and Risk Committee
- Nominations and Remuneration Committee

Other Directorships:

Nil

Supervisory Boards:

PT Bima Bisalloy

Directors' Report (continued)

For the year ended 30 June 2023

Mr Bernard Landy

Dip Eng(Mech), FAICD

Non-executive Director

Skills and Experience:

Mr Landy has more than 40 years of experience working as a steel industry executive in Australia, ASEAN and China; including almost seven years based in Shanghai where he successfully led BlueScope China's steel and building products manufacturing businesses. At board level, highlights include: chair and director of the Australian Steel Institute, chair and director of the Bureau of Steel Manufacturers of Australia and director of several BHP and BlueScope international subsidiaries. He is also currently an advisory board member of Swinburne University's Centre for Smart Infrastructure and Digital Construction.

Term of office:

Appointed as Director on 01 March 2022 and last re-elected in October 2022.

Board Committees:

- Audit and Risk Committee
- Nominations and Remuneration Committee

Other Directorships:

Nil

Supervisory Boards:

Bisalloy Shangang (Shandong) Steel Plate Co. Ltd.

Company Secretary

Mr Carl Bowdler

B Bus, FCPA, MAICD, FGIA

Company Secretary and Chief Financial Officer

Skills and Experience:

Appointed in November 2021. Mr Bowdler is a Fellow of CPA Australia with over 25 years experience in senior roles with strategic, financial, and operational responsibilities. Those roles include the CFO roles at Tribe Breweries, Kollaras & Co and Hagemeyer Brands Australia. Mr Bowdler is a Director of Bisalloy Steel Group's majority owned businesses – PT Bima Bisalloy and Bisalloy (Thailand) Co Ltd.

Interests in shares of the company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares of Bisalloy Steel Group Limited were:

	Number of ordinary shares	Number of shares rights
D Balkin	7,781,095	–
I Greenyer	100,000	–
M Gundy	67,054	–
B Landy	32,500	–
R Melrose	–	52,742

Dividends

	Cents	\$'000
Final dividend for FY23 recommended on ordinary shares (fully franked)	9.5	4,508
FY23 Interim Dividend paid in the year	4.0	1,898
FY22 Final Dividend paid in the year	9.0	4,238

Principal activities

The principal activity of the Group during the financial year was the manufacture and sale of quenched and tempered, high-tensile, and abrasion resistant steel plates ("Q&T plate").

Operating and financial review

Operations

Group

Bisalloy Steel Group comprises Bisalloy Steels Pty Ltd in Australia, the majority owned distribution businesses in Indonesia (PT Bima Bisalloy) and Thailand (Bisalloy (Thailand) Co Limited) and the investment in the Chinese Joint Venture (CJV) – Bisalloy Shangang (Shandong) Steel Plate Co, Ltd.

Bisalloy delivered strong results in the 2022-23 financial year. Our global Environment Health and Safety metrics were extremely pleasing, and there were no lost time or medically treated injuries. We were fully compliant from an environmental perspective, and we satisfied all safety, quality and environmental audits.

Our sales tonnes and our sales revenue improved year on year and despite significant increases in input costs (Greenfeed, power and transport), the business has again delivered strong financial results.

Throughout the year we added to the existing sales team through recruitment and internal role reassignment to increase our focus across our market segments. We now employ a diverse mix of sales professionals drawing from functional experience in steel distribution, plate processing, business development, engineering, operations, mining, earthmoving, and agriculture. Through reallocation of internal personnel, we have added to the focus on our armour business. Notably we were able to expand our service offering by partnering with selected channel partners to offer cut armour parts into key domestic Defence projects as well as export orders. This is a tremendous opportunity to further increase the margin opportunities in the Defence business utilising our nearly 30 years of experience as a Defence industry supplier.

Bisalloy Steels is Australia's only processor of quenched and tempered high strength, abrasion resistant and armour grade alloyed steel plates. Bisalloy distributes wear and structural grade plates through both distributors and directly to select manufacturers and end users in Australia and internationally. For armour grade steels, Bisalloy exclusively deals directly with select companies.

Bisalloy's unique stand-alone heat treatment facility at Unanderra, near Wollongong, is a highly automated and efficient operation providing a relatively low-cost base, allowing it to compete with a variety of imported products. During the twelve months ended 30 June 2023 Bisalloy utilised greenfeed steel supply mainly from neighbouring BlueScope Steel in Wollongong, complemented with selected supply from international greenfeed suppliers, including the CJV.

Financial review

Operating results

Our businesses continued to perform well with strong operational execution delivering growth in volume and sales revenue through customer focus and disciplined execution in a very competitive environment. While the Gross Margin percentages reverted to normalised levels in FY23 after increasing significantly in FY22 as market prices rose, strong volume growth in FY23 supported increased gross margin dollars, and offset the impact of higher greenfeed, energy and transportation costs as well as absorbing the one-off redundancy costs of our manufacturing staff reductions.

The Group's net profit for the year after income tax was lower at \$13,527,000 (2022: \$15,403,000).

Operating expenses increased compared to FY22, reflecting the one-off savings in overheads in FY22 not repeated in FY23. With Covid restriction over, and a full complement of employees on board, employment, marketing and travel costs increased.

The impacts from Covid-19 lock-downs and a tepid recovery in Chinese market conditions saw a fall in both Volume and Sales in the CJV for the year.

Directors' Report (continued)

For the year ended 30 June 2023

Fortunately, these lost sales have been more than offset by lower administration and operating costs, resulting in a small increase to earnings compared to FY22.

Operating results are summarised as follows:

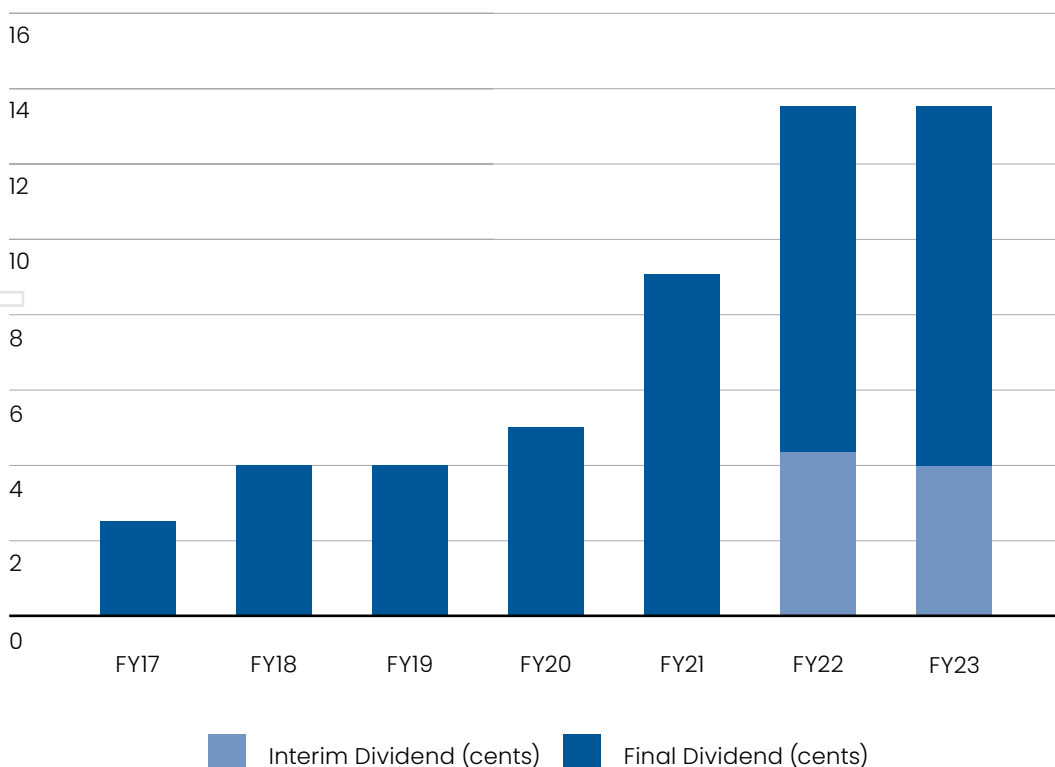
	FY23	
	Revenue \$'000	Profit after tax \$'000
Operating Segments		
Australia	131,198	11,864
Overseas	24,335	3,596
	155,533	15,460
Consolidated entity adjustments	(2,394)	(1,933)
Consolidated entity revenue and profit after tax for the year	153,139	13,527

Delivering for Shareholders

We seek to deliver sustainable dividends for our shareholders. We know that many shareholders rely on the dividends and related franking credits that they receive to support their income. By focusing on our operating performance and capital generation through different economic environments, we can achieve sustainable dividends over the long-term.

The Board has decided to pay a final dividend of 9.5 cents per share for the Year ended 30 June 2023, in addition to the 4.0 cent interim dividend paid in April. The Dividend Re-investment Scheme remains suspended.

Dividend per share (cents)



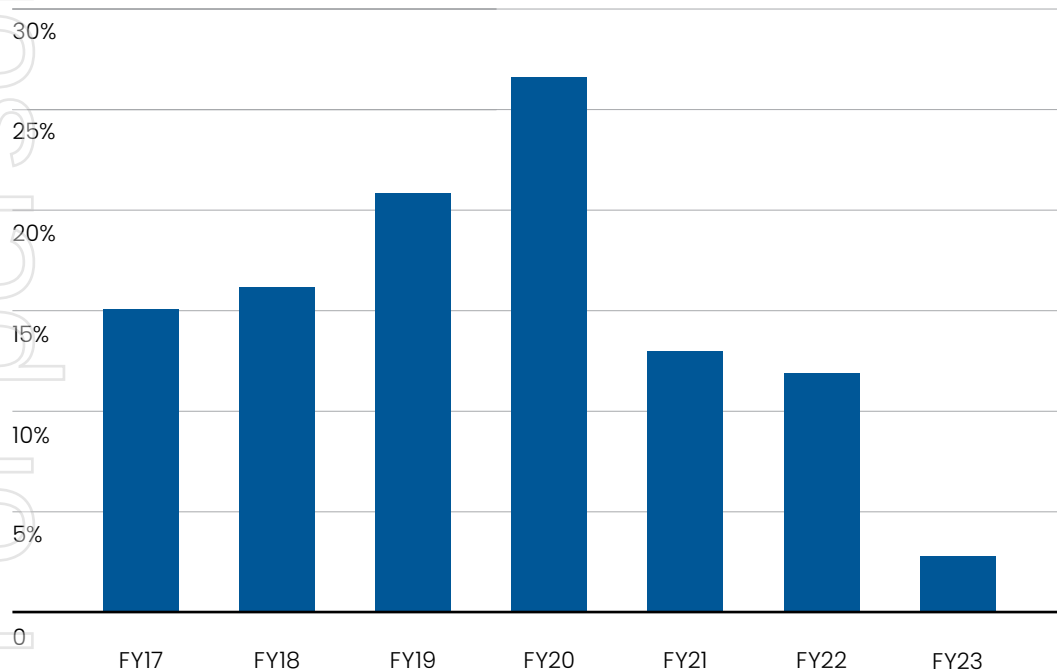
	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Basic earnings per share (cents)	3.4	8.2	8.3	14.9	19.3	32.2	27.0
Net profit attributable to members (\$'000)	1,509	3,636	3,682	6,736	8,810	14,991	12,796
Return on equity (reported PAT/ equity) (%)	6.6%	12.6%	12.6%	16.0%	18.5%	24.0%	18.6%
Gearing (net debt / net debt + equity) (%)	15%	16%	21%	27%	13%	12%	3%
Interim Dividend (cents)	–	–	–	–	–	4.5	4
Final Dividend (cents)	2.5	4	4	5	9	9	9.5
Dividend franking	100%	100%	100%	100%	100%	100%	100%
Dividend Payout Ratio	74%	49%	48%	34%	47%	42%	50%

Balance Sheet Strength

Balance Sheet strength is critical to our ability to serve our customers, drive core business outcomes and deliver sustainable returns for our shareholders. Our liquidity and funding metrics remained strong. The strength of our balance sheet means we are positioned to continue supporting our customers while delivering sustainable returns to our shareholders.

Liquidity and Funding

Gearing (net debt / net debt + equity) (%)



The Group has funded the cash paid in dividends from Operating Activities, whilst delivering lower gearing compared to FY22.

The consolidated statement of cash flows details an increase in cash and cash equivalents before exchange rate differences for the Year ended 30 June 2023 of \$170,000 (2022: decrease of \$564,000).

Operating Activities resulted in a net cash inflow of \$11,138,000 (2022: inflow of \$4,285,000).

Directors' Report (continued)

For the year ended 30 June 2023

Investing activities resulting in a net cash inflow of \$922,000 (2022: outflow of \$341,000). This included cash outflows of \$915,000 (2022: \$842,000) for investment in operating plant and equipment, outflows of \$112,000 (2022: \$120,000) for intangibles and dividends received of \$1,949,000 (2022: \$620,000).

Financing activities resulted in a net cash outflow of \$11,890,000 (2022: outflow of \$4,508,000), including a decrease of \$6,081,000 in borrowings (2022: increase in borrowings of \$727,000) and the dividend paid in cash to shareholders in October 2022 and April 2023 totalling \$5,416,000 (2022: \$4,630,000).

The Group's net debt decreased to \$2.3m at 30 June 2023, down from \$8.6m at 30 June 2022, with a decrease in gearing to 3%, down from 12% at the end of last year.

Bisalloy Steel Group Limited and Bisalloy Steels Pty Limited have the following facilities in place with Westpac Banking Corporation: a trade finance facility of \$9 million, an invoice finance facility of \$12 million, a two-year bank bill business facility of \$5.5 million and a premium finance facility of \$0.42 million. The total limit of these facilities is \$26.9 million.

The Group has IDR 44.5b revolver facilities as well as a USD \$0.5m Letter of Credit facility available to its Indonesian based subsidiary.

Business strategy and outlook

Strategy

Domestic Australian Sales and Margins

We are accelerating product development efforts, with several new products now or soon to be released including;

Bisalloy® WEAR & STRUCTURAL steel development

- Bisalloy® WEAR 500XT – is a high hardness wear steel with guaranteed toughness for applications typically in off highway mining trucks. Materials used in these applications demand superior in-service properties such as toughness and hardness, with the need for maximum workshop productivity. Bisalloy® Wear 500XT has been qualified with two global mining machinery OEMs, with ensuing sales into the Chinese market, and pending sales expected in the APAC market in FY24.
- Bisalloy® WEAR 550 – Extreme wearing high hardness steel with crack resistance for liner plate applications in mining, mineral processing, quarrying and agriculture.
- Bisalloy® STRUCTURAL 110 – is a higher strength structural grade now available particularly for

heavy vehicle builders seeking to optimise overall design weight.

Bisalloy® ARMOUR/ARMOR steel development

- Bisalloy® ARMOUR VHH500 – is an existing product now with upgraded hardness and toughness properties for applications in applique armour.
- Bisalloy® ARMOUR RHA360 – is an existing product now with extended thickness range to cater to a broader range of applications in mobile military equipment, particularly heavy tracked armoured vehicles, needing higher blast protection.

ERP

With the introduction of our ERP upgrade combined with the introduction of more modern reporting platforms, this project will manage our movement to an Integrated Business Planning system that is anticipated to generate additional sales through better stock fulfilment, while optimising working capital.

Joint Venture in China (CJV)

With the Chinese Steel Market under significant pressure, we will invest further in product development, with several new products scheduled to be released in the coming months. Additionally, we are supporting further efforts to strengthen the Bisalloy Bisplate brand in the Chinese Domestic Market along with a greater focus on opportunities in international markets.

Overseas Distribution

The Group's overseas distribution operations in Indonesia and Thailand continue to be profitable and we are focussed on developing further their higher margin processed Product sales opportunities.

Armour

Our Armour business continues to be of importance both domestically and internationally. Current market development activities are examining feasibility of a greater presence in the North American defence supply chain, while continuing to service our export opportunity with global defence primes such as Hanwha, Rheinmetall, and Thales.

FY24 Outlook

The Australian economy has been resilient with relatively high commodity prices and low unemployment. However, there are signs of downside risks building, and a global slowdown driven by Chinese demand poses a significant threat to steel prices and therefore margins. Despite these headwinds, we remain optimistic to deliver another strong year.

We will continue to invest domestically and internationally in our business and execute on our

purpose to provide innovative steel solutions for extreme environments.

Business risk management

The Group's operating environment is complex and dynamic. This introduces new risks and opportunities and affects our current risk priorities. The Group Risk Management Framework enables the Board, Executive Leadership Team (ELT) and our people to make informed risk decisions to support the delivery of our strategy. The Board takes a proactive approach to risk management and is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has established an Audit and Risk Committee comprising non-executive Directors, whose meetings are also attended by the executive Director. In addition, sub-committees are convened as appropriate in response to issues and risks identified by the Board, and the sub-committee further examines the issue and reports back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's purpose, vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.
- Establishment of committees to report on specific business risks, including for example, such matters as environmental and governance issues along with work, health and safety.
- Board review of financial risks such as the Group's liquidity, currency, interest rate and credit policies and exposures and monitors management's actions to ensure they are in line with Group policy.

The Board and management are placing extra focus on mitigating a number of our material strategic, financial and non-financial risk types, due to their potential to have a material impact on the Group, our customers, shareholders and the community, now or in the future.

The material business risks with the greatest potential to impact on the financial outlook for the Group

continue to be energy prices and ongoing disruption on the east to west coast domestic sea-freight route.

- Both electricity, and natural gas in particular, are integral inputs into the Group's manufacturing process, and affordable energy resources are critical if the Group is to maintain its competitive advantage.
- Operations on the east coast, we are reliant on regular and affordable shipping to the West Australian market to meet demand. Alternative transportation options would have a material impact on the financial outlook in the near term.
- Supply constraints, market dysfunction and higher gas prices may impact many sectors of the economy including the mining and agricultural sectors on the demand side and the Group's ability to source competitively priced raw material on the supply side.

Significant changes in the state of affairs

Total equity increased from \$64,286,000 to \$72,562,000 an increase of \$8,275,000 that was driven by the increase in net profit for the year offset by FY23 interim and FY22 final dividends totalling \$6,136,000 which were paid to shareholders in October 2022 and April 2023.

Significant events after the balance date

There have been no significant events after the balance date.

Indemnification and insurance of directors and officers

The Group must, subject to certain exceptions set out in the constitution, indemnify each of its officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the officer, as an officer of the Group (including all liabilities incurred where the officer acts as an officer of any other body corporate at the request of the Group) including any liability for negligence and for reasonable legal costs.

During the year or since the end of the year, the Group has paid premiums in respect of a directors and officers liability insurance policy. Details of the nature of the liabilities covered or the amount of the premium paid in respect of the policy have not been disclosed, as such disclosure is prohibited under the terms of the contract.

Directors' Report (continued)

For the year ended 30 June 2023

Environmental regulation

The Group's activities are governed by a range of environmental legislation and regulations. The Group utilises both internal and external environmental assessments to verify its compliance with applicable environmental legislation and regulations.

The Group is registered under National Greenhouse and Energy Reporting Act 2007 under which it is required to report energy consumption and greenhouse gas emissions for its Australian facilities. The Group has implemented systems and processes for the collection and calculation of the data to meet its reporting requirements.

The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations Instrument 2016/191. The company is an entity to which the Class Order applies.

Auditor independence

The Directors received the declaration on page 19 from the auditor of Bisalloy Steel Group Limited which forms part of this report.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM Australia Partners during or since the financial year.

Non-audit services

During the year the Company's auditor, RSM Australia Partners, has performed no other services other than the audit and review of the financial statements.

Details of the amounts paid to the Company's auditor for audit and non-audit services provided during the year are set out below.

In dollars

FY23

Audit and review of financial statements	190,000
Total paid to RSM Australia Partners	190,000

Proceedings on behalf of the company

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

Likely developments and expected results

In FY24 Bisalloy is continuing with its growth strategy of focusing on the premium grades of QT steels from its Unanderra plant, including armour and defence grades while developing the volume growth of other products including those sourced from Bisalloy's CJV operation.

This strategy and focus has resulted in market share gains in FY23 with good momentum going into FY24.

Our Board in Action

Board Planning and Agenda Setting

The primary purpose of the Board is to ensure sound and prudent management of the Group, providing leadership and strategic guidance, and overseeing the effective delivery of our purpose. Board meetings are core to fulfilling these duties. In the 2023 financial year, the Board held 18 meetings. In addition, the Board and Executive Leadership Team (ELT) held a multi-day strategy workshop.

To ensure the Board's time is used efficiently and discussions reflect the Group's priorities, Board annual plan and agendas are reviewed by respective Board and Committee Chairs, in consultation with the Group Company Secretary and CEO. Importantly, the Board also retains flexibility for ad hoc matters to be raised and discussed where appropriate.

Board Activities

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

	Committee meetings		
	Directors' meetings	Audit and Risk	Nominations and Remuneration
Number of Meetings Held	11	4	3
Number of Meetings Attended			
D Balkin	11	4	3
I Greenyer	11	4	3
M Gundy	11	4	3
R Melrose	11	4	3
B Landy	11	4	3

Remuneration report (audited)

The remuneration report for the Year ended 30 June 2023 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, and includes the three executives in the Group receiving the highest remuneration.

Remuneration policy

The remuneration policy is set in recognition that the performance of the Group depends upon the quality of its Directors and executives. In order to perform, the Group must be successful in attracting, motivating and retaining Directors and executives of the highest quality.

To assist in achieving this objective, the remuneration policy embodies the following principles:

1. Provide competitive remuneration to attract high calibre Directors and executives.
2. Align executive rewards with creation of shareholder value.

3. Ensure a significant component of executive remuneration is 'at risk' dependent upon meeting pre-determined performance hurdles.
4. Establish appropriately demanding performance hurdles in relation to variable executive remuneration.
5. Provide the opportunity for non-executive Directors to sacrifice a portion of their fees to acquire shares in the Company at market price.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director and CEO and other senior executives, and the review and recommendation of general remuneration principles.

Remuneration structure

The structure of non-executive Director and executive remuneration is separate and distinct, in accordance with good corporate governance principles.

Non-executive director remuneration

Objective

The Board sets aggregate remuneration at a level which is intended to provide the Company with the ability to attract and retain non-executive Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Directors' Report (continued)

For the year ended 30 June 2023

Structure

The Company's constitution and the ASX listing rules specify that the non-executive Director fee pool shall be determined from time to time by a general meeting. The non-executive Director fee pool is currently set at \$700,000.

The remuneration of non-executive Directors must not include a commission on, or a percentage of, profits or operating revenue but non-executive Directors are entitled to be reimbursed for travelling and other expenses incurred in attending to the Company's affairs.

Each non-executive Director receives a fee for being a non-executive Director of the Company and an additional fee for each Board Committee on which a non-executive Director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by non-executive Directors who serve on one or more sub committees.

Non-executive Directors are encouraged by the Board to hold shares in the Company and are able to participate in the Non-executive Director ("NED") Share Plan. Under the NED Share Plan a non-executive Director can choose to sacrifice up to 100% of their annual Director's fee and instead be allocated shares up to the equivalent value. The value of the allocated shares is determined by reference to the market value on the day they are acquired on market.

The remuneration of non-executive Directors for the period ended 30 June 2023 is detailed in the table on page 15 of this report.

Executive director and executive manager remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their duties and responsibilities within the Group and to:

- reward executives for Group, business unit and individual performance measured against targets set by reference to appropriate benchmarks;
- link reward with the achievement of the Group's strategic goals;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive.

Structure

Executive Director and executive manager remuneration consists of the following key components:

1. Fixed Remuneration
2. Variable Remuneration made up of:
 - Short Term Incentive (STI); and
 - Long Term Incentive (LTI)

The proportion of total remuneration that is fixed or variable (either short term or long term incentives) is determined for each individual executive by the Nominations and Remuneration Committee.

The remuneration of members of management who have the authority and responsibility for planning, directing and controlling the activities of the Group for the Year ended 30 June 2023 is detailed in the table on page 15 of this report.

Fixed remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both commensurate with the individual's duties and responsibilities within the Group and competitive in the market.

Fixed remuneration is reviewed annually by the Nominations and Remuneration Committee utilising a process of reviewing group-wide, business unit and individual performance, relevant comparative remuneration in the market and internal and external advice on policies and practice.

Structure

Executive Directors and executive managers are provided with the opportunity to receive their fixed remuneration in a variety of forms, including cash, additional superannuation contributions and fringe benefits such as motor vehicles. The aim is to provide payments in a form that is both optimal for the recipient and cost efficient for the Group.

The fixed remuneration component of executive Directors and members of management who have the authority and responsibility for planning, directing and controlling the activities of the Group for the Year ended 30 June 2023 is detailed in the table on page 15 of this report.

Variable remuneration – short term incentives (STI)

Objective

The STI program has been designed to align the remuneration received by executive Directors and executive managers with the achievement of the Group's operational and financial targets. The total potential STI available for payment is determined so as to provide sufficient incentive to executive Directors and executive managers to achieve the targets and so that the cost to the Group is reasonable in the circumstances.

Structure

The actual STI payments granted to each executive Director and executive manager depends upon the extent to which specific operational and financial targets set at the beginning of the financial year are met. The targets consist of a number of both financial and non-financial Key Performance Indicators (KPIs).

After the end of each financial year, consideration is given to performance against each of these KPIs to determine the extent of any payment to an individual executive Director or executive manager. The aggregate of STI payments and STI payments to individuals is subject to the approval of the Nominations and Remuneration Committee. The individual needs to be employed at the time of payment to be eligible for the payment.

Payments made are normally paid as cash but the recipient is also able to elect to receive payment in alternative forms.

Variable remuneration – long term incentives (LTI)

Objective

The LTI program has been designed to align the remuneration received by executive Directors and executive managers with the creation of shareholder wealth.

Consequently, LTI grants are only made to executives who are in a position to influence shareholder wealth and thus have the opportunity to influence the company's performance against the relevant long term performance hurdles.

Structure

At the 2022 Annual General Meeting (AGM), the LTI plan was renewed for LTI grants to executives in the form of share rights.

For grants prior to 2022, these rights are granted in two equal parts. The first part is based on retention and requires the holder remain an employee for three years

from grant date. The second part is based on delivering superior long-term performance as measured by Return on Equity ("ROE"), with each grant of rights divided into three equal tranches. For each tranche, actual ROE is measured against a budget ROE and a stretch ROE as determined annually by the Board in respect of the forthcoming year. The proportion of the rights which vest depend on where within this range the Group performs, with 100% vesting on achieving the stretch ROE and no rights vesting if actual ROE is less than 90% of the budgeted ROE. For the rights granted prior to the 2022 year, the stretch ROE was set at 115% of the budget ROE. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to the three year retention criteria before they can vest.

For grants since 2022, these rights are granted based on delivering superior long-term performance as measured by Return on Invested Capital ("ROIC") over a three year performance period, determined by the Board in respect of each forthcoming three year period. The rights which vest depend on achieving this target ROIC, with 100% vesting on achieving the ROIC and no rights vesting if actual ROIC is less than the target ROIC. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to being employed by Bisalloy for the whole performance period.

Any share rights which do not vest, as a result of the relevant performance condition not being satisfied, lapse. If the holder leaves the business, the unvested rights lapse on the leaving date unless the Board determines otherwise. In the event of a change in control of the Group, the vesting date will generally be brought forward to the date of change of control and share rights will vest subject to performance over this shortened period, subject to ultimate Board discretion.

Once vested a holder may exercise their share rights and be allocated a fully paid ordinary share of Bisalloy at no cost to the employee or the equivalent in cash at the Board's discretion. Precedence suggests all plans will be settled 50/50 between cash and shares.

A total of 274,824 share rights (2022: 217,905) were granted under this scheme during the year.

At the 2022 AGM, 98.10% of the votes received supported the adoption of the remuneration report for the Year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Directors' Report (continued)

For the year ended 30 June 2023

Group performance

The Board has determined that 100% of the performance components of the 2023 share rights have vested based on an ROE achieved that was above stretch ROE.

For further detail of historical performance, refer to the following table.

	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Return on equity (reported PAT/equity) (%)	18.60%	24.00%	18.50%	16.00%	12.60%	12.60%	6.60%

Details of key management personnel of the company and group

(i) Directors

D Balkin	Non-executive Chairman (from 27 November 2020)
I Greenyer	Non-executive Director (from 27 November 2020)
M Gundy	Non-executive Director (from 27 November 2020)
R Melrose	Managing Director and Chief Executive Officer (from 1 March 2022)
B Landy	Non-executive Director (from 1 March 2022)

(ii) Executives

M Enbom	Chief Operating Officer (from November 2019)
C Bowdler	Chief Financial Officer and Company Secretary (from 29 November 2021)

Executive contracts

Remuneration arrangements for the key management personnel are formalised in employment contracts.

Details of these contracts are provided below.

R Melrose – Managing Director and Chief Executive Officer (from 1 March 2022)

- Regular employment contract without fixed term
- Participation in STI and LTI schemes
- 6 months notice required for termination of employment

C Bowdler – Chief Financial Officer and Company Secretary (from 29 November 2021)

- Regular employment contract without fixed term
- Participation in STI and LTI schemes
- 3 months notice required for termination of employment

M Enbom – Chief Operating Officer (from 1 November 2019)

- Regular employment contract without fixed term
- Participation in STI and LTI schemes
- 3 months notice required for termination of employment

There are no termination benefits aside from the potential, at the board's discretion, to payout any notice period.

Remuneration of key management personnel of the company and group

Year ended 30 June 2023

	Short-term		Long-term		Post employment				Share-based payments		Total
	Salary and fees \$	Cash bonus \$	Long service and annual leave \$	Superannuation \$	Retirement benefits \$	Termination benefits \$	Other \$	Share rights \$	Performance related %		
Non-Executive Directors											
B Landy	100,000	-	-	10,500	-	-	-	-	110,500	-	
D Balkin	150,000	-	-	15,750	-	-	-	-	165,750	-	
I Greenyer	100,000	-	-	10,500	-	-	-	-	110,500	-	
M Gundy	100,000	-	-	10,500	-	-	-	-	110,500	-	
Sub-total Non-Executive Directors	450,000	-	-	47,250	-	-	-	-	497,250	-	
Executive Directors											
R Melrose	449,786	198,472	34,383	27,500	-	-	-	109,548	819,688	38%	
Sub-total Executive Directors	449,786	198,472	34,383	27,500	-	-	-	109,548	819,688	-	
Other key management personnel											
M Enbom	341,863	113,006	19,121	27,500	-	-	-	233,280	734,770	47%	
C Bowdler	332,162	108,142	11,537	27,500	-	-	-	84,352	563,693	34%	
Sub-total Executive KMP	674,025	221,148	30,658	55,000	-	-	-	317,632	1,298,463	41%	
Totals	1,573,811	419,620	65,041	129,750	-	-	-	427,180	2,615,402	32%	

Directors' Report (continued)

For the year ended 30 June 2023

Year ended 30 June 2022

	Short-term		Long-term		Post employment			Share-based payments		Total
	Salary and fees \$	Cash bonus \$	Long-term service and annual leave \$	Super-annuation \$	Retirement benefits \$	Termination benefits \$	Other \$	Share rights \$		
Non-Executive Directors										
B Landy ¹	33,333	-	-	3,333	-	-	-	-	-	36,666
D Balkin	150,000	-	-	15,000	-	-	-	-	-	165,000
I Greenyer	100,000	-	-	10,000	-	-	-	-	-	110,000
M Gundy ²	64,110	-	-	6,411	-	-	-	-	-	70,521
Sub-total Non-Executive Directors	347,443	-	-	34,744	-	-	-	-	-	382,187
Executive Directors										
M Gundy ²	132,250	-	-	6,650	-	-	-	-	-	138,899
R Melrose ³	157,198	62,838	13,532	9,167	-	-	-	12,022	-	254,757
G Cooper ⁴	204,608	-	5,656	19,920	-	107,834	-	(332,649)	-	5,369 (6,196%)
Sub-total Executive Directors	494,056	62,838	19,188	35,737	-	107,834	-	(320,627)	-	399,026 (65%)
Other key management personnel										
L Beale ⁵	91,179	-	(9,146)	9,167	-	-	-	(20,968)	-	70,232 (30%)
M Enbom	329,372	107,062	23,826	27,500	-	-	-	206,426	-	694,186 45%
C Bowdler ⁶	189,128	61,122	14,713	16,042	-	-	-	23,090	-	304,095 28%
A Egan ⁷	125,329	-	1,082	12,210	-	-	-	(41,467)	-	97,154 (43%)
Sub-total Executive KMP	735,008	168,184	30,475	64,919	-	-	-	167,081	-	1,165,667 29%
Totals	1,576,507	231,022	49,663	135,400	-	107,834	-	(153,546)	-	1,946,880 4%

Notes:

- 1 Mr Landy was appointed 1 March 2022.
- 2 Mr Gundy was appointed Interim Executive Director on 20 December 2021 until 30 April 2022. For the period 5 January until 1 March 2022 he was appointed CEO and Managing Director. From 1 May 2022 he returned to his role as Non-executive Director.
- 3 Mr Melrose was appointed CEO and Managing Director on 1 March 2022.
- 4 Mr Cooper's final day of employment was 16 December 2021.
- 5 Mr Beale's final day of employment was 12 October 2021.
- 6 Mr Bowdler was appointed CFO and Company Secretary on 29 November 2021.
- 7 Mr Egan's final day of employment was 31 January 2022.

Share rights

Share rights holders do not have any entitlement, by virtue of the rights, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

Performance rights holdings of key management personnel of the company and group

	Balance at 1 July 2021	Granted during the year	Rights exercised during the year	Forfeited or lapsed	Balance at 30 June 2022	Vested and exercisable	Unvested	
Executives								
M Enbom	338,337	78,292	-	-	416,629	-	416,629	
C Bowdler	62,466	76,236	-	-	138,702	-	138,702	
R Melrose	52,742	120,296	-	-	173,038	-	173,038	
	453,545	274,824	-	-	728,369	-	728,369	
	M Enbom #2	M Enbom #3	C Bowdler	R Melrose ¹	M Enbom #4	C Bowdler #2	R Melrose ² #2	Total
Grant date	6-Jul-20	27-Apr-22	27-Apr-22	27-Apr-22	21-Sep-22	21-Sep-22	21-Sep-22	
Vesting date	5-Jul-23	1-Sep-24	1-Sep-24	1-Sep-24	1-Sep-25	1-Sep-25	1-Sep-25	
Fair value at grant date	\$0.82	\$1.430	\$1.430	\$1.890	\$1.800	\$1.800	\$1.800	
Balance at 1 July 2022	235,640	102,697	62,466	52,742	-	-	-	453,545
New grants in the year	-	-	-	-	78,292	76,236	120,296	274,824
Exercised in the year	-	-	-	-	-	-	-	-
Lapsed during the year	-	-	-	-	-	-	-	-
Balance at 30 June 2023	235,640	102,697	62,466	52,742	78,292	76,236	120,296	728,369
Vested and exercisable at 30 June 2023								
	-	-	-	-	-	-	-	-

Notes:

- Mr Melrose's share rights awarded on 27 April 2022 were approved at the AGM on 19 October 2022. The Fair Value at the initial award was \$1.43. The fair value on the date of approval was \$1.89.
- Mr Melrose's grant date is shown the date of the initial award. The Fair Value at this time was \$1.80. This grant remains subject to shareholder approval at the upcoming AGM and the fair value as at 30 June 2023 was \$1.53.

For Grants issued prior to 2022, the Board has determined that 100% of the FY2023 performance components of those share rights have vested based on an ROE achieved that was above stretch ROE. Final vesting of the share rights is subject to each executive remaining employed by the Group until the vesting date.

Directors' Report (continued)

For the year ended 30 June 2023

Shareholdings of key management personnel

Shareholdings include shares held personally and through related parties.

	Balance at 30-Jun-22	Performance rights exercised	Other	Balance at 30-Jun-23
Directors				
D Balkin	7,781,095	–	–	7,781,095
I Greenyer	100,000	–	–	100,000
M Gundy	64,157	–	2,897	67,054
B Landy	2,500	–	30,000	32,500
R Melrose	–	–	–	–
Executives				
M Enbom	77,589	–	–	77,589
C Bowdler	–	–	–	–
	8,025,341	–	32,897	8,058,238

Audit

The information contained in the Remuneration Report has been audited.

Signed in accordance with a resolution of the Directors.

The Directors have received the Auditors independence declaration which is included on page [19].



Mr Rowan Melrose
CEO and Managing Director

24 August 2023

Auditor's Independence Declaration

For the year ended 30 June 2023



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Bisalloy Steel Group Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**RSM Australia
Partners**

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RSM AUSTRALIA PARTNERS

Louis Quintal

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LOUIS QUINTAL
Partner

Sydney, NSW
Dated: 24 August 2023

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Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2023

		Consolidated	
		Year ended	Year ended
In thousands of dollars	Notes	30 June 2023	30 June 2022
Continuing operations			
Revenue from contracts with customers	2	153,139	117,827
Cost of goods sold		(120,521)	(86,754)
Gross profit		32,618	31,073
Other (expenses) / income	4(a)	(35)	127
Distribution expenses		(2,385)	(2,238)
Marketing expenses		(4,017)	(2,513)
Occupancy expenses		(841)	(765)
Administrative expenses		(7,925)	(6,121)
Gain on sale of fixed assets		–	1
Operating profit		17,415	19,564
Finance costs	4(b)	(1,306)	(693)
Finance income	4(b)	227	11
Share of profit of joint venture, net of tax	5	2,433	2,300
Profit before income tax		18,769	21,182
Income tax expense	6(a)	(5,242)	(5,779)
Profit after income tax		13,527	15,403
Attributable to:			
Non-controlling interests	22(d)	731	412
Owners of the parent		12,796	14,991
Profit for the year		13,527	15,403
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value revaluation of land and buildings		–	6,366
Foreign currency translation		218	831
Net loss on cash flow hedge reserve		(42)	–
Actuarial gains		43	51
Income tax effect on items in other comprehensive income		(52)	(1,905)
Other comprehensive income for the period, net of tax		167	5,343
Total comprehensive income for the period, net of tax		13,694	20,746
Attributable to:			
Non-controlling interests		856	653
Owners of the parent		12,838	20,093
		13,694	20,746
Earnings per share for profit attributable to ordinary equity holders of the parent			
– Basic earnings per share (cents)	7	27.0	32.2
– Diluted earnings per share (cents)	7	26.7	31.6

Consolidated Statement of Financial Position

As at 30 June 2023

		Consolidated	
In thousands of dollars	Notes	Year ended 30 June 2023	Year ended 30 June 2022
ASSETS			
Current assets			
Cash and cash equivalents	9(a)	2,052	1,834
Trade and other receivables	10	23,421	26,240
Inventories	11	47,106	39,847
Other current assets	12	2,427	1,505
Contract assets	2.2	247	138
Derivative Asset	21	33	–
Income tax receivable	6(e)	485	–
Total current assets		75,771	69,564
Non-current assets			
Investment in joint venture	5	9,583	9,299
Other non-current assets	12	123	125
Property, plant and equipment	13	26,090	26,738
Intangible assets	14	580	634
Income tax receivable	6(e)	53	157
Deferred tax assets	6(d)	59	69
Total non-current assets		36,488	37,022
Total assets		112,259	106,586
LIABILITIES			
Current liabilities			
Trade and other payables	17	25,838	20,888
Loans and borrowings	18.2	1,020	7,526
Income tax payable	6(e)	360	2,729
Employee benefit liabilities	19	1,971	1,790
Lease liabilities	20	373	317
Dividend Payable		183	–
Contract liabilities	2.2	376	386
Derivative liabilities	21	108	95
Total current liabilities		30,229	33,731
Non-current liabilities			
Loans and borrowings	18.2	3,358	2,932
Employee benefit liabilities	19	1,342	1,194
Lease liabilities	20	288	387
Deferred tax liabilities	6(d)	4,480	4,056
Total non-current liabilities		9,468	8,569
Total liabilities		39,697	42,300
NET ASSETS		72,562	64,286
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	22(a)	15,227	14,507
Accumulated profits	22(e)	40,674	33,907
Other reserves	22(f)	12,066	11,950
Parent interests		67,967	60,364
Non-controlling interests	22(d)	4,595	3,922
TOTAL EQUITY		72,562	64,286

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

		Consolidated	
In thousands of dollars	Notes	Year ended 30 June 2023	Year ended 30 June 2022
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		165,766	124,098
Payments to suppliers and employees (inclusive of GST)		(145,949)	(114,812)
Interest received		39	11
Borrowing costs		(1,205)	(694)
Income tax paid		(7,513)	(4,318)
Net cash received from operating activities	9(b)	11,138	4,285
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		–	1
Payments for property, plant and equipment		(915)	(842)
Payments for intangible assets		(112)	(120)
Dividends received from investments		1,949	620
Net cash received / (used) from investing activities		922	(341)
Cash flows from financing activities			
(Repayments) / Proceeds from borrowings	9(d)	(6,081)	727
Dividends paid to non-controlling interests		–	(188)
Dividends paid to shareholders of the parent		(5,416)	(4,630)
Principal lease payments		(393)	(417)
Net cash used in financing activities		(11,890)	(4,508)
Net increase / (decrease) in cash held		170	(564)
Net foreign exchange differences		48	51
Cash at the beginning of the financial year		1,834	2,347
Cash at the end of the financial year	9(a)	2,052	1,834

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

In thousands of dollars	Issued capital	Employee equity benefits reserve	Cash flow hedge reserve	Foreign currency translation reserve	Asset revaluation reserve	Equity settlement reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total Equity
1 July 2021	12,886	295	-	159	6,187	398	(84)	25,116	44,957	3,457	48,414
Profit for the period	-	-	-	-	-	-	-	14,991	14,991	412	15,403
Other comprehensive income	-	-	-	655	4,406	-	41	-	5,102	241	5,343
Depreciation transfer for building revaluation	-	-	-	-	(51)	-	-	51	-	-	-
Total comprehensive income	-	-	-	655	4,355	-	41	15,042	20,093	653	20,746
Transactions with owners in their capacity as owners:											
Ordinary dividends paid to shareholders (Note 8)	-	-	-	-	-	-	-	(6,251)	(6,251)	-	(6,251)
Dividend Reinvestment Plan (Note 22 (b))	1,621	-	-	-	-	-	-	-	1,621	-	1,621
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(188)	(188)
Settlement of performance rights	-	(152)	-	-	-	152	-	-	-	-	-
Share based payments (Note 15)	-	(56)	-	-	-	-	-	-	(56)	-	(56)
At 30 June 2022	14,507	87	-	814	10,542	550	(43)	33,907	60,364	3,922	64,286
1 July 2022	14,507	87	-	814	10,542	550	(43)	33,907	60,364	3,922	64,286
Profit for the period	-	-	-	-	-	-	-	12,796	12,796	731	13,527
Other comprehensive income	-	-	(30)	66	-	-	34	-	70	125	195
Depreciation transfer for building revaluation	-	-	-	-	(135)	-	-	107	(28)	-	(28)
Total comprehensive income	-	-	(30)	66	(135)	-	34	12,903	12,838	856	13,694
Transactions with owners in their capacity as owners:											
Ordinary dividends paid to shareholders (Note 8)	-	-	-	-	-	-	-	(6,136)	(6,136)	-	(6,136)
Dividend Reinvestment Plan (Note 22 (b))	720	-	-	-	-	-	-	-	720	-	720
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(183)	(183)
Share based payments (Note 15)	-	181	-	-	-	-	-	-	181	-	181
At 30 June 2023	15,227	268	(30)	880	10,407	550	(9)	40,674	67,967	4,595	72,562

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

1. Corporate information

The financial report of Bisalloy Steel Group Limited and its subsidiaries ("the Group") for the Year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 22 August 2023.

Bisalloy Steel Group Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Revenue from contracts with customers

2.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

In thousands of dollars	For the year ended 30 June 2023		
	Australia	Overseas	Total
Performance obligation			
Sales of steel plates	117,924	23,957	141,881
Shipping and handling	10,880	378	11,258
Total revenue from contracts with customers	128,804	24,335	153,139
Timing of revenue recognition			
Goods transferred at a point in time	117,924	23,957	141,881
Services transferred over time	10,880	378	11,258
Total revenue from contracts with customers	128,804	24,335	153,139

In thousands of dollars	For the year ended 30 June 2022		
	Australia	Overseas	Total
Performance obligation			
Sales of steel plates	92,837	19,431	112,268
Shipping and handling	5,221	338	5,559
Total revenue from contracts with customers	98,058	19,769	117,827
Timing of revenue recognition			
Goods transferred at a point in time	92,837	19,431	112,268
Services transferred over time	5,221	338	5,559
Total revenue from contracts with customers	98,058	19,769	117,827

2.2 Contract balances

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Trade receivables (refer to note 10)	23,113	25,898
Contract assets	247	138
Contract liabilities	(376)	(386)

2. Revenue from contracts with customers (continued)

2.2 Contract balances (continued)

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days end of month.

Contract assets are initially recognised for revenue earned from shipping and handling services as receipt of consideration is conditional on delivery of the steel plates. Upon delivery of the steel plates, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities are recognised for shipping and handling services yet to be provided with respect to the steel plates invoiced and for any settlement discounts expected to be obtained by customers.

2.3 Performance Obligations

The Group's contracts with customers are for the sale of steel plates. In completing the sale of the steel plates, there are two performance obligations identified, being the provision of steel plates and the provision of shipping and handling. The Group has concluded that revenue from the provision of steel plates is recognised at the point in time when control of the asset is transferred to the customer and revenue from the services of shipping and handling are recognised over time as the service is performed.

As at 30 June 2023, the unsatisfied performance obligations per each segment is presented below.

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Shipping and handling	376	386
Total Revenue from contracts with customers	376	386

The remaining performance obligations are expected to be recognised within the next 12 months.

3. Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on country of origin. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of economic characteristics.

Geographical areas

Australian operations

The Australian operations are comprised of Bisalloy Steels Pty Limited and Bisalloy Steel Group Limited.

Bisalloy Steels Pty Limited manufactures and sells wear-grade and high tensile plate through distributors and directly to original equipment manufacturers in both Australia and Overseas. Bisalloy Steels is located in Unanderra, near Wollongong, NSW.

Bisalloy Steel Group Limited is the corporate entity, also located in Unanderra, NSW, which incurs expenses such as head office costs and interest. Corporate charges are allocated across the Australian and Overseas segments.

Overseas operations

The Overseas operations comprise of PT Bima Bisalloy and Bisalloy (Thailand) Co Limited located in Indonesia and Thailand respectively. These businesses distribute Bisalloy Q&T plate as well as other steel plate products. The Overseas operations also includes the co-operative joint venture Bisalloy Shangang (Shandong) Steel Plate Co. Limited in the People's Republic of China for the marketing, sale and distribution of quench & tempered steel plate.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

3. Operating Segments (continued)

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 28 to the accounts and in the prior period except as detailed below:

Inter-entity sales

Inter-entity sales are recognised based on an internally set transfer price. This price is set periodically and aims to reflect what the business operation could achieve if they sold their output to external parties at arm's length.

Major customers

The group has a number of customers to which it provides products. There are three customers who account for 29% (2022: 30%), 11% (2022: 5%) and 10% (2022: 14%) of total external revenue. All these customers are in the Australian operating segment.

In thousands of dollars	For the year ended 30 June 2023		
	Australia	Overseas	Total
Revenue:			
Sales to external customers	128,804	24,335	153,139
Inter-segment sales	2,394	-	2,394
Total segment revenue	131,198	24,335	155,533
Inter-segment elimination			(2,394)
Total consolidated revenue			153,139
Segment net operating profit after tax	11,864	3,596	15,460
Interest income	210	17	227
Interest expense	1,072	234	1,306
Depreciation	1,836	325	2,161
Share of profit of joint venture	-	2,433	2,433
Income tax expense	4,542	575	5,117
Segment assets	93,333	19,323	112,656
Capital expenditure	957	421	1,378
Segment liabilities	28,670	4,009	32,679

3. Operating Segments (continued)

For the year ended 30 June 2022

In thousands of dollars	Australia	Overseas	Total
Revenue:			
Sales to external customers	98,058	19,769	117,827
Inter-segment sales	4,328	-	4,328
Total segment revenue	102,386	19,769	122,155
Inter-segment elimination			(4,328)
Total consolidated revenue			117,827
Segment net operating profit after tax	13,201	3,054	16,255
Interest income	-	11	11
Interest expense	507	186	693
Depreciation	1,895	335	2,230
Share of profit of joint venture	-	2,300	2,300
Income tax expense	5,409	390	5,799
Segment assets	90,145	18,844	108,989
Capital expenditure	1,356	89	1,445
Segment liabilities	28,411	6,183	34,594

Consolidated

In thousands of dollars	Year ended 30 June 2023	Year ended 30 June 2022
i) Segment revenue reconciliation to the statement of comprehensive income		
Total segment revenue	155,533	122,155
Inter-segment sales elimination	(2,394)	(4,328)
Total revenue	153,139	117,827

Revenue from external customers by geographical location is detailed below. Revenue is attributed to geographic location based on the location of the customers.

Consolidated

In thousands of dollars	Year ended 30 June 2023	Year ended 30 June 2022
Australia	106,779	86,387
Indonesia	33,565	21,083
Thailand	3,917	3,495
Other foreign countries	8,878	6,862
Total revenue	153,139	117,827

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

3. Operating Segments (continued)

ii) Segment net operating profit after tax reconciliation to the statement of comprehensive income

The executive management committee meets on a monthly basis to assess the performance of each segment by analysing the segment's net operating profit after tax.

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Reconciliation of segment net operating profit after tax to net profit before tax		
Segment net operating profit after tax	15,460	16,255
Intercompany eliminations (net of tax)	(1,933)	(852)
Income tax expense	5,242	5,779
Total net profit before tax per the statement of profit or loss	18,769	21,182

iii) Segment assets reconciliation to the statement of financial position

In assessing the segment performance on a monthly basis, the executive management committee analyses the segment result as described above and its relation to segment assets. Segment assets are those operating assets of the entity that the management committee views as directly attributing to the performance of the segment. These assets include plant and equipment, receivables, inventory and intangibles and exclude derivative assets, deferred tax assets, and pension assets.

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Reconciliation of segment operating assets to total assets		
Segment operating assets	112,656	108,989
Inter-segment eliminations	(1,027)	(2,629)
Deferred tax assets	59	69
Income tax receivable	538	157
Derivative assets	33	–
Total assets per the statement of financial position	112,259	106,586

The analysis of the location of non-current assets other than financial instruments, deferred tax assets and pension assets is as follows:

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Australia	33,433	34,029
Overseas	2,996	2,924
Total non-current assets	36,429	36,953

3. Operating Segments (continued)

iv) Segment liabilities reconciliation to the statement of financial position

Segment liabilities include trade and other payables and debt. The Group has a centralised finance function that is responsible for raising debt and capital for the Group operations. The executive management committee reviews the level of debt for each segment in the monthly meetings.

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Reconciliation of segment operating liabilities to total liabilities		
Segment operating liabilities	32,679	34,594
Inter-segment eliminations	(1,243)	(2,158)
Income tax payable	360	2,729
Employee benefit liabilities	3,313	2,984
Derivative liability	108	95
Deferred tax liabilities	4,480	4,056
Total liabilities per the statement of financial position	39,697	42,300

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

4. Other income and expenses

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
(a) Other expenses / (income)		
Foreign exchange loss / (gain)	55	(114)
Other Income	(20)	(13)
	35	(127)
(b) Finance (income) and costs		
Bank interest and borrowing costs	1,306	693
Total finance costs	1,306	693
Bank interest	(227)	(11)
Total finance income	(227)	(11)
(c) Depreciation and costs of inventories included in statement of comprehensive income		
Depreciation and amortisation*	2,161	2,315
Cost of inventories	108,508	80,794
Provision for inventory	31	148
Cost of inventories recognised as an expense	108,539	80,942
Freight	11,982	5,812
Cost of goods sold	120,521	86,754
(d) Employee benefits expense*		
Wages and salaries	14,547	12,991
Superannuation costs	1,062	840
Expense of share-based payments	427	(154)
	16,036	13,677

*These costs are apportioned over several functions of the Group.

5. Investment in joint venture

Interests in the joint venture (JV) are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

The financial statements of the joint venture are prepared on a December balance date, however, as the Group equity accounts for this, the necessary adjustments are made to align these to the Group's reporting period. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In June 2021, it was agreed that Bisalloy would increase their contribution to registered capital to ensure both parties had a 50% share in equity. Bisalloy's contribution increased from US\$2.5m to US\$3.5m, representing a 50% ownership of the equity and a continuation of the 50% share in the operating result of the joint venture. The increase was funded through distributable profits from 2021 calendar year that would have otherwise been fully paid to Bisalloy as a dividend in November 2021.

Dividends of \$1,949,365 (2022:\$620,090) were received from the JV during the year.

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Joint venture's statement of financial position:		
Current assets, including cash of \$2,374,064 (2022: \$2,083,397)	27,340	30,674
Non-current assets	26	21
Current liabilities	(8,200)	(12,097)
Equity	19,166	18,598
Joint ventures revenue and profit:		
Revenue	76,895	102,847
Expenses	(70,275)	(96,790)
Finance (expense) / income	(151)	(43)
Profit before income tax	6,469	6,014
Income tax	(1,603)	(1,414)
Profit for the year	4,866	4,600
Group's share of profit	2,433	2,300
Carrying amount of the investment	9,583	9,299
Movement in carrying amount of the investment		
Balance at 1 July	9,299	6,601
Share of profit	2,433	2,300
Dividend declared	(1,949)	–
Currency translation differences	(200)	398
Balance at 30 June	9,583	9,299

The joint venture has no capital commitments or contingent liabilities at 30 June 2023 (2022: None).

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

6. Income tax

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
(a) Income Tax Expense		
The major components of income tax expense are:		
Income Statement		
<i>Current income tax</i>		
Current income tax charge	4,861	5,555
	4,861	5,555
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	381	224
	381	224
Income tax expense	5,242	5,779
The income tax expense for the period is disclosed as follows:		
Income tax expense attributable to continuing operations	5,242	5,779
	5,242	5,779
(b) Amounts charged or credited directly to equity		
<i>Deferred income tax related to items charged or credited directly to equity</i>		
Actuarial losses and gains	(41)	(10)
Net gain on revaluation of land and buildings and derivative assets	13	(1,895)
Income tax expense reported in equity	(28)	(1,905)

(c) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Accounting profit before tax	18,769	21,182
At the Group's statutory income tax rate of 30% (2022: 30%)	5,631	6,355
Income assessable for tax purposes	209	225
Expenditure not allowable for tax purposes	232	13
De-recognition of foreign income tax credits	218	137
Foreign tax credits allowed	(95)	(118)
Share of profit of equity-accounted investees reported net of tax	(730)	(690)
Effect of tax rates in foreign jurisdictions	(223)	(143)
Income tax expense on pre-tax net profit	5,242	5,779

6. Income tax (continued)

In thousands of dollars	Consolidated			
	Net DTA		Net DTL	
	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2023	Year ended 30 June 2022
(d) Deferred tax assets (DTA) and liabilities (DTL)				
The balance comprises of temporary differences attributable to:				
Property, plant and equipment	–	–	(5,532)	(5,365)
Employee entitlement provisions	44	45	724	728
Other provisions and accruals	22	24	554	407
Inventory	–	–	137	262
Other	–	–	(395)	(116)
Derivatives	(7)	–	32	28
Deferred tax assets and liabilities reflected in the balance sheet	59	69	(4,480)	(4,056)
<i>Movements</i>				
Opening balance at 1 July	69	51	(4,056)	(1,929)
Charged / (credited) to profit or loss	(10)	18	(396)	(222)
Charged / (credited) to other comprehensive income	–	–	(28)	(1,905)
Closing balance at 30 June	59	69	(4,480)	(4,056)

Of the DTA and DTL's recognised for the Group the following amounts are attributed to the Thailand and Indonesian tax jurisdiction at 30 June 2023, the balance relates to the Australian tax jurisdiction:

In thousands of dollars	Net DTA / (DTL)			
	Thailand 2023	Indonesia 2023	Thailand 2022	Indonesia 2022
The balance comprises of temporary differences attributable to:				
Property, plant and equipment	–	(463)	–	(404)
Employee entitlement provisions	44	116	45	112
Other provisions and accruals	22	171	24	92
Derivatives	(7)	–	–	–
Deferred tax assets and liabilities reflected in the balance sheet	59	(176)	69	(200)

(e) Current income tax at 30 June 2023 relates to the following:

The current tax payable for the Group of \$360,154 (2022: \$2,729,004) represents the amount of income tax payable in respect of the current and prior periods. The current tax payable of the Group is made up of \$0 payable in the Australian jurisdiction, \$321,326 in the Indonesian tax jurisdiction and \$38,828 in the Thailand tax jurisdiction.

The current tax receivable of \$484,956 (2022: \$Nil) and the non-current tax receivable of \$53,247 (2022: \$157,488) for the Group represents the amount of income tax receivable in respect of the current and prior periods. The

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

6. Income tax (continued)

amount of current tax receivable is attributed to the Australian tax jurisdiction and the non-current tax receivable is attributable to the Indonesian tax jurisdiction.

The Group liability includes both the income tax payable by all members of the tax consolidated group and those members outside the tax consolidated group and outside the Australian tax jurisdiction.

(f) Unrecognised temporary differences

At 30 June 2023, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, as the Group has no liability for additional taxation should unremitted earnings be remitted (2022: Nil).

(g) Tax consolidation

(i) Members of the tax consolidation group and the tax sharing arrangement

Effective 1 July 2003, for the purposes of income taxation, the Company and its 100% owned Australian subsidiaries formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement. This arrangement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of a default is remote. The head entity of the group is Bisalloy Steel Group Limited.

(ii) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The allocation of taxes under the tax funding agreement is recognised under the separate tax payer within a group approach. Allocations under the tax funding agreement are made on a semi-annual basis.

The amount that is allocated under the tax funding agreement is done so in accordance with a method permitted by Urgent Issues Group Interpretation 1052 and is recognised by way of an increase or decrease in the subsidiaries intercompany accounts.

7. Earnings per share (EPS)

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Net profit for the period	13,527	15,403
Net profit attributable to non-controlling interest holders	(731)	(412)
Net profit attributable to equity holders of the parent (used in calculating basic and diluted EPS)	12,796	14,991
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	47,345	46,546
Effects of dilution:		
Performance rights	671	913
Adjusted weighted average number of ordinary shares for diluted earnings per share	48,016	47,459
Weighted average number of lapsed or cancelled potential ordinary shares included in diluted earnings per share	–	597

8. Dividends paid or proposed

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
(a) Dividends paid during the year		
Interim: 4.0 cents per share (2022: 4.5 cents per share)	1,898	2,104
Final: 9.0 cents per share (2022: 9.0 cents per share)	4,238	4,147
	6,136	6,251
(b) Proposed dividend (not recognised as a liability as at 30 June)		
Final dividend for 2023: 9.5 cents per share (2022: 9.0 cents per share)	4,508	4,238
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30%	13,633	9,199
Franking (debits) / credits that will arise from the receipt of tax as at the end of the financial year	(485)	2,589
Franking debits that will arise from the payment of dividends as at the end of the financial year	(1,932)	(1,816)
	11,216	9,972

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

9. Cash and cash equivalents

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
(a) Reconciliation of cash		
For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank	2,051	1,833
Cash at hand	1	1
Total	2,052	1,834
(b) Reconciliation of net profit after income tax to net cash provided by operations		
Net profit after tax	13,527	15,403
Non-cash items		
Depreciation and amortisation	2,161	2,315
Share-based payments expense	427	(154)
Provision for stock obsolescence	31	148
Provision for doubtful debts	(103)	78
Share of profit of a joint venture	(2,433)	(2,300)
Net fair value change on derivatives	10	61
Decrease in foreign currency translation	73	314
Change in operating assets and liabilities		
Decrease / (increase) in receivables and other assets	2,813	(3,402)
Increase in inventories	(7,290)	(12,059)
(Decrease) / increase in tax assets and liabilities	(2,361)	1,463
Increase in prepayments	(921)	(18)
Increase in trade creditors	5,122	2,965
Increase / (decrease) in employee benefit liabilities	82	(529)
Net cash from operating activities	11,138	4,285
(c) Disclosure of financing facilities		
Refer note 18.2		
(d) Reconciliation of movements of liabilities to cash flows arising from financing activities		
Changes from financing cash flows		
Proceeds from loans and borrowings	1,329	5,817
Repayment of borrowings	(7,410)	(5,090)
Net increase / (decrease) in borrowings	(6,081)	727

10. Trade and other receivables

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Current		
Trade receivables	23,321	26,210
Less: Allowance for expected credit losses	(208)	(312)
	23,113	25,898
Other	236	269
Goods and services tax	72	73
	308	342
	23,421	26,240

Trade receivables are non-interest bearing and are generally on 30-90 day terms. Refer to note 18.3 for more information of the allowance for expected credit losses.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

The Group has a credit insurance policy in place that covers 90% of the sales value to Australian and Indonesian eligible customers.

Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is the Group's policy to transfer (on-sell) receivables to special purpose entities.

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 18.3.

11. Inventories

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Current		
Raw materials	6,965	614
Finished goods	40,141	39,233
	47,106	39,847

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

12. Other current assets

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Current		
Prepayments	2,427	1,505
	2,427	1,505
Non-current		
Prepayments	123	125
	123	125

13. Property, plant and equipment

a) Reconciliation of carrying amounts at the beginning and end of the period

In thousands of dollars	Freehold land and buildings	Leasehold improvements	Plant and Equipment	Total
Consolidated				
Year ended 30 June 2023				
At 1 July 2022, net of accumulated depreciation and impairment	20,213	–	6,525	26,738
Additions	414	–	852	1,266
Depreciation and amortisation charge for the year	(490)	–	(1,505)	(1,995)
Exchange adjustment	73	–	8	81
At 30 June 2023, net of accumulated depreciation and impairment	20,210	–	5,880	26,090
At 1 July 2022				
Cost or fair value	20,562	34	26,945	47,541
Accumulated depreciation and impairment	(349)	(34)	(20,420)	(20,803)
Net carrying value	20,213	–	6,525	26,738
At 30 June 2023				
Cost or fair value	20,657	34	23,423	44,114
Accumulated depreciation and impairment	(447)	(34)	(17,543)	(18,024)
Net carrying value	20,210	–	5,880	26,090

13. Property, plant and equipment (continued)

b) Revaluation of freehold land and freehold buildings

Freehold land and freehold buildings are required by the Group to be externally revalued every three years at minimum. In addition to this, Indonesian freehold land and freehold buildings are required to be externally revalued every 12 months in order to meet lending requirements stipulated by their finance provider.

Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market based yields for comparable properties.

In 2022, the Group engaged KJPP Jimmy Prasetyo & Rekan, accredited independent valuers to determine the fair value of its Indonesian land and buildings. The effective date of the valuation was 30 June 2022 and fair value was determined as \$2,347,391.

In 2022, the Group engaged Herron Todd White, accredited independent valuers to determine the fair value of its Australian land and buildings respectively. The effective date of the valuation was 30 June 2022 and fair value was determined as \$17,800,000.

There has been no change in the valuation technique in current or prior period.

For June 2023, it was determined by the finance provider and supported by the directors that there was no significant change in fair value for its Indonesian land and buildings. The directors also determined that there was no significant change in fair value for its Australian land and buildings.

c) Carrying amounts if land and buildings were measured at cost less accumulated depreciation and impairment

If land and buildings were measured using the cost model the carrying amounts would be as follows:

In thousands of dollars	Consolidated	
	2023 Freehold land and buildings	2022 Freehold land and buildings
Cost	7,632	7,028
Accumulated depreciation and impairment	(2,967)	(2,524)
Net carrying amount	4,665	4,504

d) Leased assets

'Property, plant and equipment' comprise of owned and leased assets that do not meet the definition of investment property.

In thousands of dollars	Note	Consolidated	
		2023	2022
Property, plant and equipment owned		25,431	26,046
Right-of-use assets		659	692
	13(a)	26,090	26,738

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

13. Property, plant and equipment (continued)

Right-of-use assets in each category is shown below:

In thousands of dollars	Freehold land and buildings	Plant and equipment	Total
Balance at 1 July 2022	70	622	692
Additions	393	1	394
Depreciation charge for the year	(166)	(258)	(424)
Exchange adjustment	(3)	–	(3)
Balance at 30 June 2023	294	365	659

In thousands of dollars	Freehold land and buildings	Plant and equipment	Total
Balance at 1 July 2021	182	445	627
Additions	42	473	515
Depreciation charge for the year	(150)	(297)	(447)
Exchange adjustment	(4)	1	(3)
Balance at 30 June 2022	70	622	692

14. Intangible Assets

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Cost	746	634
Accumulated depreciation and impairment	(166)	–
Net carrying amount	580	634

The Group invested in the further development of their existing enterprise resource planning system. These developments were completed in October 2022 and the new system went live in October 2022.

15. Share-based payment plans

Long Term Incentives (LTI) Plan

The LTI program has been designed to align the remuneration received by executive directors and senior managers with the creation of shareholder wealth.

Consequently LTI grants are only made to executives who are in a position to influence shareholder wealth and thus have the opportunity to influence the company's performance against the relevant long term performance hurdles.

Structure

At the 2022 Annual General Meeting, an LTI plan was renewed for LTI grants to executives in the form of share rights.

For grants prior to 2022, those rights were granted in two equal parts. The first part is based on retention and requires the holder remain an employee for three years from grant date. The second part is based on delivering superior long-term performance as measured by Return on Equity ("ROE"), with each grant of rights divided into three equal tranches. For each tranche, actual ROE is measured against a budget ROE and a stretch ROE as determined annually by the Board in respect of the forthcoming year. The proportion of the rights which vest depend on where within this range the Group performs, with 100% vesting on achieving the stretch ROE and no rights vesting if actual ROE is less than 90% of the budgeted ROE. For the 2023 year the stretch ROE was set at 115% of the budget ROE. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to the three year retention criteria before they can vest.

Any share rights which do not vest, as a result of the relevant performance condition not being satisfied,

lapse. If the holder leaves the business, the unvested rights lapse on the leaving date unless the Board determines otherwise. In the event of a change in control of the Group, the vesting date will generally be brought forward to the date of change of control and share rights will vest subject to performance over this shortened period, subject to ultimate Board discretion.

For grants in 2022 and 2023, these rights are granted are based on delivering superior long-term performance as measured by Return on Invested Capital ("ROIC") over a three year performance period, determined by the Board in respect of each forthcoming three year period. The rights which vest depend on achieving this target ROIC, with 100% vesting on achieving the ROIC and no rights vesting if actual ROIC is less than the target ROIC. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to being employed by Bisalloy for the whole performance period.

Once vested a holder may exercise their share rights and be allocated a fully paid ordinary share of Bisalloy at no cost to the employee or the equivalent in cash at the Board's discretion.

During the 30 June 2023 financial year, 274,824 share rights were awarded to executives under this scheme.

A fair value expressed as a value per share right has been determined as at the grant date for each grant of rights. The rights have been valued according to a discounted cash flow (DCF) methodology. The share price at valuation date and a 5.0% dividend yield for Grants 21 and 22, and a 7.3% dividend yield for Grant 20 (based on historic and future estimates at the time) formed the basis of the valuation. Refer to note 28(n) for further details on the valuation methodology.

The following table lists the valuation outputs for outstanding grants as at 30 June 2023:

	Expiry term of three years	
	Value of one right	Proportion of rights that are outstanding
Grant 15	\$0.82	94.26%
Grant 17	\$1.89	100.00%
Grant 18	\$1.43	100.00%
Grant 19	\$1.43	100.00%
Grant 20	\$1.53	100.00%
Grant 21	\$1.80	100.00%
Grant 22	\$1.80	100.00%

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

15. Share-based payment plans (continued)

The fair value of the performance rights granted is brought to account as an expense in the profit and loss over the three year vesting period. The following table shows the number of rights outstanding during the year and in the previous year. The expense recognised in the statement of comprehensive income in relation to share based payments is disclosed in note 4(d).

	Grant 9 Vested	Grant 11 Vested	Grant 13 Forfeited	Grant 14 Forfeited	Grant 15 Unvested	Grant 16 Forfeited
Grant date	16 Apr 2018	05 Nov 2018	11 Nov 2019	01 Jul 2021	06 Jul 2021	06 Jul 2021
Expiry date	30 Jun 2021	04 Nov 2021	10 Nov 2022	30 Jun 2023	05 Jul 2023	05 Jul 2023
Exercise price	\$1.19	\$1.66	\$0.00	\$0.00	\$0.00	\$0.00
Balance at 30 June 2021	110,357	155,179	377,024	188,512	235,640	565,536
New grants in the year	–	–	–	–	–	–
Exercised in the year	(110,357)	(155,179)	–	–	–	–
Forfeited during the year	–	–	(377,024)	(188,512)	–	(565,536)
Balance at 30 June 2022	–	–	–	–	235,640	–
Exercisable at 30 June 2022	–	–	–	–	–	–
New grants in the year	–	–	–	–	–	–
Balance at 30 June 2023	–	–	–	–	235,640	–
Exercisable at 30 June 2023	–	–	–	–	–	–

1. The grant date shown is the date of the initial award. The grant was formally approved by the shareholders at the AGM on the 21 October 2022.

2. The grant date shown is the date of the initial award. However, the 120,296 balance at 30 June 2023 still remains subject to shareholder approval at the upcoming AGM and the fair value determined as at 30 June 2023 is \$1.53

The weighted average remaining contractual life for the share rights outstanding as at 30 June 2023 is 1.177 years (2022: 1.53 years).

Share Rights Plan

The net amount entered in the Profit or Loss in relation to the above for the current year was a debit of \$427,180 (2022: credit \$153,545).

16. Pensions and other post-employment benefit plans

Superannuation commitments

The Group contributes to externally managed defined contribution superannuation plans, as well as an unfunded defined benefit plan in Indonesia and a defined benefit plan in Thailand. The contributions are defined by the terms of each individual employee's employment.

15. Share-based payment plans (continued)

	Grant 17 Unvested	Grant 18 Unvested	Grant 19 Unvested	Grant 20 Unvested	Grant 21 Unvested	Grant 22 Unvested	Total
Grant date	27 Apr 2022 ¹	27 Apr 2022	27 Apr 2022	22 Sep 2022 ²	22 Sep 2022	22 Sep 2022	–
Expiry date	01 Sep 2024	01 Sep 2024	01 Sep 2024	01 Sep 2025	01 Sep 2025	01 Sep 2025	–
Exercise price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	–
Balance at 30 June 2021	–	–	–	–	–	–	1,632,248
New grants in the year	52,742	62,466	102,697	–	–	–	217,905
Exercised in the year	–	–	–	–	–	–	(265,536)
Forfeited during the year	–	–	–	–	–	–	(1,131,072)
Balance at 30 June 2022	52,742	62,466	102,697	–	–	–	453,545
Exercisable at 30 June 2022	–	–	–	–	–	–	–
New grants in the year	–	–	–	120,296	76,236	78,292	274,824
Balance at 30 June 2023	52,742	62,466	102,697	120,296	76,236	78,292	728,369
Exercisable at 30 June 2023	–	–	–	–	–	–	–

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

17. Trade and other payables

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Current		
Trade payables	20,975	17,883
Other payables and accruals	4,863	3,005
	25,838	20,888

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.

Other payables and accruals are non-interest bearing and have an average term of three months.

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 18.3.

18. Financial assets and financial liabilities

18.1 Financial assets

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Financial assets at amortised cost		
Trade receivables (note 10)	23,113	25,898
Total financial assets	23,113	25,898
Total current	23,113	25,898
Total non-current	–	–

18.2 Financial liabilities

Interest-bearing loans and borrowings

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Current		
Borrowings secured by fixed and floating charges	1,020	7,526
Non-current		
Borrowings secured by fixed and floating charges	3,358	2,932

Fair values

Unless disclosed below, the carrying amount of the Group's current and non-current borrowings approximate their fair value.

18. Financial assets and financial liabilities (continued)

18.2 Financial liabilities (continued)

Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in note 18.3.

Assets pledged as security

The fixed and floating charge covers all current and future assets of the Bisalloy Closed Group (note 24).

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
At reporting date, the following financing facilities had been negotiated and were available:		
Total facilities		
– invoice finance facility (incl. bank guarantees) (i)	12,000	12,000
– bank bill facility (i)	5,486	5,951
– trade finance facility (i)	9,000	9,000
– premium finance facility (i)	416	490
– Bisalloy Thailand facility (ii)	127	123
– PT Bima facility (iii)	4,477	4,348
	31,506	31,912
Facilities used at reporting date		
Current		
– invoice finance facility	–	5,243
– bank bill facility	–	–
– trade finance facility	–	330
– premium finance facility	416	490
– PT Bima facility	604	1,463
	1,020	7,526
Non-current		
– bank bill facility	3,358	2,932
	3,358	2,932
Total facilities used at reporting date	4,378	10,458
Facilities unused at reporting date		
– invoice finance facility (incl. bank guarantees)	12,000	6,757
– bank bill facility	2,128	3,019
– trade finance facility	9,000	8,670
– premium finance facility	–	–
– Bisalloy Thailand facility	127	123
– PT Bima facility	3,873	2,885
Total facilities unused at reporting date	27,128	21,454

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

18. Financial assets and financial liabilities (continued)

18.2 Financial liabilities (continued)

- (i) Bisalloy Steel Group Limited's facility with Westpac Banking Corporation is secured by a fixed and floating charge over all assets of the Closed Group. The facility is subject to usual provisions such as negative covenants and various undertakings, including compliance with an equity ratio covenant, a leverage ratio covenant and an interest coverage ratio. The bank bill facility has a three-year term, whilst the other facilities are ongoing. The drawn invoice finance facility balance is limited to the value of the available collateral being eligible receivables and fluctuates daily. The facility is linked to a variable interest rate plus a fixed margin. The average variable interest rate for the year is 5.34% (2022: 2.84%).
- ii) The bank overdraft facility available to its Thailand based subsidiary is secured by a guarantee from Bisalloy Steel Group Limited.
- iii) The revolver facility and Letter of Credit facility available to its Indonesian based subsidiary are secured by a charge over the assets of the Indonesian subsidiary and mature on 30 September 2023.

Other financial liabilities

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings		
Trade and other payables (note 17)	25,838	20,888
Total financial liabilities	25,838	20,888
Total current	25,838	20,888
Total non-current	-	-

18.3 Financial risk management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has established an Audit and Risk Committee comprising non-executive directors, whose meetings are also attended by the executive directors. In addition sub-committees are convened as appropriate in response to issues and risks identified by the Board, and the sub-committee further examines the issue and reports back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision, mission

and strategy statements, designed to meet stakeholders' needs and manage business risk.

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.
- The establishment of committees to report on specific business risks, including for example, matters such as environmental issues and concerns and occupational health and safety.
- The Board reviews financial risks such as the Group's liquidity, currency, interest rate and credit policies and exposures and monitors management's actions to ensure they are in line with Group policy.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a narrow customer base

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

and has the potential to be exposed to credit risk on a specific customer.

A credit policy is in place, the objective of which is:

- To ensure all credit worthiness checks are carried out prior to opening new credit accounts and appropriate authorisations obtained;
- To ensure the approved credit limit is appropriate to the inherent risk of trading with any particular customer;
- To ensure all orders are converted into cash within trading terms;
- To minimise late payments and any potential bad debts through the constant application of sound commercial debtor management on a continuing basis;

Goods are sold subject to retention of title clauses that permit the Group to reclaim stock from a customer up to the value of monies owed in the event:

- Official Manager
- Receiver and Manager
- Administrator
- Liquidator

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

30 June 2023

In thousands of dollars	Trade Receivables						Total
	Current	<=30 days	30-60 days	61-90 days	>91 days	>91 days*	
Expected credit loss rate	0.04%	0.35%	0.36%	0.00%	0.00%	56.30%	0.89%
Estimated total gross carrying amount at default	20,892	1,132	834	67	55	341	23,321
Expected Credit Loss	9	4	3	-	-	192	208

30 June 2022

In thousands of dollars	Trade Receivables						Total
	Current	<=30 days	30-60 days	61-90 days	>91 days	>91 days*	
Expected credit loss rate	0.02%	0.23%	0.17%	0.38%	2.94%	78.04%	1.19%
Estimated total gross carrying amount at default	21,043	3,044	1,189	522	34	378	26,210
Expected Credit Loss	5	7	2	2	1	295	312

*Indonesian and Thai receivables with no insurance coverage.

or similar business administration is appointed to the customer's business.

The Group performs an impairment analysis at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. geographical region and coverage by insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk for these financial assets is limited to their carrying amounts as disclosed in note 10. The Group does not hold collateral as security.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group has for a number of years had credit insurance in place for Australian, selected export sales, and Indonesian local sales.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as and when they fall due without incurring unacceptable losses or risking damaging the Group's reputation.

On 17 December 2021 the Group entered into a new facility agreement with Westpac Banking Corporation. The facility comprises a \$5.5m bank bill facility (decreased from \$7.0m), a \$12m invoice finance facility and a \$9m trade finance facility. The drawn invoice finance facility balance is limited to the value of the available collateral being eligible receivables and fluctuates daily. Eligible trade receivables, eligible inventory, plant and equipment and real property constitute available collateral. At reporting date, the carrying amount of assets pledged as collateral was \$90.0m (2022: \$86.2m).

The Group also has a IDR 44.5 billion revolver facility with BCA in Indonesia. This facility is renewed annually with land and buildings pledged as collateral.

In addition to the eligible collateral, the Group has several general and financial undertakings which it must comply with including an Equity Ratio covenant, a Leverage Ratio covenant and an Interest Cover Ratio covenant.

Due to the nature of the facility, cashflow is managed on a daily basis, comparing actual against forecast collateral, receipts and payments. Each month a complete review is undertaken of the projected daily cashflow.

Contractual maturity of financial liabilities

The table below reflects all contractually fixed payments for settlement, repayments and interest resulting from recognised financial liabilities, including derivative financial instruments as at 30 June 2023.

For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2023.

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
6 months or less	27,637	29,191
6-12 months	342	289
1-5 years	3,657	3,330
Over 5 years	–	–
	31,636	32,810

Management analysis of financial assets and liabilities

The table below is based on management expectations of the timing of cash inflows and outflows from its financial assets and liabilities which reflect a balanced view of cash inflows and outflows. Net settled derivatives comprise forward exchange contracts that are used to hedge future sales and purchase commitments.

Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g., inventories and trade receivables). These assets are considered in the Group's overall liquidity risk.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its operation that reflects expectations of management of expected settlement of financial assets and liabilities.

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

In thousands of dollars	<=6 months	6-12 months	1-5 years	>5 years	Total
Year ended 30 June 2023					
Consolidated					
Financial assets					
Cash and cash equivalents	2,052	–	–	–	2,052
Trade and other receivables	23,421	–	–	–	23,421
Contract assets	247	–	–	–	247
Derivatives – gross settled					
Inflows	–	–	–	–	–
Outflows	33	–	–	–	33
	25,753	–	–	–	25,753
Financial liabilities					
Trade and other payables	25,838	–	–	–	25,838
Interest bearing loans and borrowings	1,153	107	3,358	–	4,618
Contract liabilities	376	–	–	–	376
Lease liabilities	162	235	299	–	696
Derivatives – gross settled					
Inflows	108	–	–	–	108
Outflows	–	–	–	–	–
	27,637	342	3,657	–	31,636
Net outflow	(1,884)	(342)	(3,657)	–	(5,883)

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

In thousands of dollars	<=6 months	6-12 months	1-5 years	>5 years	Total
Year ended 30 June 2022					
Consolidated					
Financial assets					
Cash and cash equivalents	1,834	–	–	–	1,834
Trade and other receivables	26,240	–	–	–	26,240
Contract assets	138	–	–	–	138
Derivatives					
Inflows	–	–	–	–	–
Outflows	–	–	–	–	–
	28,212	–	–	–	28,212
Financial liabilities					
Trade and other payables	20,888	–	–	–	20,888
Interest bearing loans and borrowings	7,660	114	2,932	–	10,706
Contract liabilities	386	–	–	–	386
Lease liabilities	162	175	398	–	735
Derivatives – gross settled					
Inflows	95	–	–	–	95
Outflows	–	–	–	–	–
	29,191	289	3,330	–	32,810
Net outflow	(979)	(289)	(3,330)	–	(4,598)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in different currency from the Group's functional currency) and the Group's net investment in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within

a maximum twelve-month period. The Group generally adopts a policy of covering exchange exposures related to purchases and sales of product at the time they are incurred or committed.

Throughout the year the foreign exchange risk has been actively managed through periodic risk assessments. The objective of these assessments is to stratify foreign exchange exposure into risk categories and enable available hedge facilities to be applied to those assessed as higher risk.

Risk assessments take into account macroeconomic lead indicators such as interest rate differentials, inflation rate differentials and externally published market analytical data to determine the likelihood of movement in exchange rates. The likelihood is applied to the Group's foreign currency exposure to determine financial impact on a sensitivity basis.

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

Sensitivity analysis

The following table summarises the sensitivity of financial instruments held at balance date to possible movements in the exchange rate of the Australian dollar to foreign currencies, with all other variables held constant. The +10%/-10% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding 5 year period, along with consideration for current market trends.

In thousands of dollars	Post tax profit Higher/(Lower)		Effect on equity Higher/(Lower)	
	2023	2022	2023	2022
Sensitivity to USD				
Consolidated				
AUD/USD +10%	(88)	(77)	(608)	(592)
AUD/USD -10%	107	194	743	723

Interest rate risk

The Group's borrowing facility has a variable interest rate attached to it. The Group monitors the underlying interest rate outlook and considers the use of interest rate derivatives (principally swaps) to manage the exposure to interest rate fluctuations.

The Group's exposure to market interest rates relates primarily to the Group's interest bearing borrowings. At 30 June 2023, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated in cash flow hedges.

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Financial Assets		
Cash and cash equivalents less cash on hand	2,051	1,833
Financial Liabilities		
Bank loans	(4,378)	(10,458)
Net exposure	(2,327)	(8,625)

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

Interest rate sensitivity analysis

The following table summarises the sensitivity of the fair value of financial instruments held at the balance date following a movement in interest rates, with all other variables held constant. The +100/-100 basis points sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding 5 year period.

In thousands of dollars	Post tax profit Higher/(Lower)		Other comprehensive income Higher/(Lower)	
	2023	2022	2023	2022
Consolidated				
+1% (100 basis points)	(16)	(60)	–	–
– 1% (100 basis points)	(16)	60	–	–

Commodity risk

The Group does not hedge for movements in the underlying price of product but manages commodity risk within the parameters of the markets within which it trades.

Assets/Liabilities Measured at Fair value

The Group uses various methods in estimating the fair value of assets and liabilities. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is calculated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the assets and liabilities as well as the methods used to estimate the fair value are summarised in the table below. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At 30 June 2023 the fair values of land, buildings and improvements were determined by reference to valuations performed in June 2022 (Note 13 (b)). For properties not subject to independent valuations, fair value was determined by Directors' valuation.

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

In thousands of dollars	Year ended 30 June 2023			Year ended 30 June 2022		
	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)
Consolidated						
Assets						
Land & Buildings	–	20,147	–	–	20,147	–
Foreign exchange contracts	–	33	–	–	–	–
	–	20,180	–	–	20,147	–
Liabilities						
Foreign exchange contracts	–	108	–	–	95	–
	–	108	–	–	95	–

The fair value of forward currency contracts is calculated by reference to the current exchange rate at balance date.

Transfer between categories

There were no transfers between levels during the year. The fair value of loans and borrowings approximates the carrying value.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

19. Employee benefit liabilities

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Current		
Employee entitlements	1,767	1,790
Share based payment	191	–
Defined benefit plan	13	–
	1,971	1,790
Non- current		
Employee entitlements	258	260
Share based payment	201	146
Defined benefit plan	883	788
	1,342	1,194

The Group has an unfunded defined benefit plan in Indonesia and a defined benefit plan in Thailand. The Indonesian plan provides severance and service benefits pursuant to Indonesian Labor Law No. 13/2003 and Company Regulation.

The principal assumptions used in determining the obligation under the defined benefit plan are shown below:

In percentages	2023		2022	
	Indonesia	Thailand	Indonesia	Thailand
Discount Rate	6.29	2.58	7.25	1.04
Future Salary Increases	8.00	3.00	8.00	3.00

20. Lease liabilities

a) Maturity analysis of contractual cash flows

In thousands of dollars	Consolidated		
	For the year ended 30 June 2023		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	397	(24)	373
Between one and five years	299	(11)	288
More than five years	–	–	–
	696	(35)	661

20. Lease liabilities (continued)

Consolidated

For the year ended 30 June 2022

In thousands of dollars	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	337	(20)	317
Between one and five years	398	(11)	387
More than five years	–	–	–
	735	(31)	704

b) Amounts recognised in profit or loss

Consolidated

In thousands of dollars	Year ended 30 June 2023	Year ended 30 June 2022
Interest on lease liabilities	43	25
Expenses relating to short-term leases or low-value assets	46	85
	89	110

21. Derivative financial instruments

Consolidated

In thousands of dollars	Year ended 30 June 2023	Year ended 30 June 2022
Current Assets		
Forward currency contracts – Fair value hedges	33	–
	33	–
Current Liabilities		
Forward currency contracts – Fair value hedges	65	95
Forward currency contracts – Cash flow hedges	43	–
	108	95

Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates.

Forward currency contracts

Payables

During the Year ended 30 June 2023, in order to protect against exchange rate movements and to manage the payables process, the Group had entered into forward exchange contracts to purchase \$EUR 1.39m (2022: \$EUR 0.35m), \$USD 6.55m (2022: Nil) and \$AUD 2.47m (2022: \$AUD 4.2m). These contracts hedged highly probable forecasted purchases and they were timed to mature when payments are scheduled to be made.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

21. Derivative financial instruments (continued)

Fair value hedges

As at balance date, the details of outstanding contracts in respect of fair value hedges were:

In thousands of dollars	30 June 2023	30 June 2022	Average exchange rate	
			30 June 2023	30 June 2022
Buy USD \$ Sell AUD \$	(1)	–	0.6666	–
Buy AUD \$ Sell IDR \$	–	(6)	–	10,209.0000
Buy USD \$ Sell THB \$	(4)	–	34.5700	–
Buy AUD \$ Sell THB \$	(30)	–	23.1257	–

Cash flow hedges

As at balance date, the details of outstanding contracts in respect of cash flow hedges were:

In thousands of dollars	30 June 2023	30 June 2022	Average exchange rate	
			30 June 2023	30 June 2022
Buy USD \$ Sell AUD \$	(19)	–	0.6684	–

Receivables

During the Year ended 30 June 2023, in order to protect against exchange rate movements and to manage the receivables process, the Group had entered into forward exchange contracts to sell \$USD 5.3m (2022: \$USD 4.8m). These contracts hedged highly probable forecasted receipts and they were timed to mature when payments are scheduled to be received.

Fair value hedges

As at balance date, the details of outstanding contracts in respect of fair value hedges were:

In thousands of dollars	30 June 2023	30 June 2022	Average exchange rate	
			30 June 2023	30 June 2022
Buy AUD \$ Sell USD \$	66	(89)	0.6887	0.6889

Cash flow hedges

As at balance date, the details of outstanding contracts in respect of fair value hedges were:

In thousands of dollars	30 June 2023	30 June 2022	Average exchange rate	
			30 June 2023	30 June 2022
Buy AUD \$ Sell USD \$	62	–	0.6908	–

22. Contributed equity and reserves

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
(a) Ordinary shares, issued and fully paid	15,227	14,507

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Shares have no par value.

	Number of shares	2023 \$'000	Number of shares	2022 \$'000
(b) Movements in shares on issue				
Balance at 1 July	47,088,677	14,507	45,967,851	12,886
New shares issued under Dividend Reinvestment Plan	361,379	720	932,880	1,621
Exercise of performance rights	–	–	187,946	–
Balance at 30 June	47,450,056	15,227	47,088,677	14,507

Capital management

When managing capital, the Group's objective is to maintain optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that delivers the lowest cost of capital available to its operations.

The Group adjusts the capital structure to take advantage of favourable costs of capital or high returns on assets. As the economic conditions change, the Group may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2023 and 2022.

The Group monitors capital through the gearing ratio (net debt/ total equity plus net debt) and currently targets a gearing ratio of between 0% and 35%. The Group includes within net debt interest bearing loans and borrowings less cash and cash equivalents. The gearing ratios based on continuing operations at 30 June 2023 and 2022 were as follows:

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Total borrowings	4,378	10,458
Less cash and cash equivalents	(2,052)	(1,834)
Net debt	2,326	8,624
Total equity	72,562	64,286
Total capital	74,888	72,910
Gearing ratio	3%	12%

The Group is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

22. Contributed equity and reserves (continued)

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
(d) Non-controlling interests		
Balance at 1 July	3,922	3,457
Gain / (loss) on translation of overseas controlled entities	134	176
Other reserves	(9)	–
Revaluation of land and buildings	–	65
Share of net profit for the year	731	412
Dividends paid	(183)	(188)
Balance at 30 June	4,595	3,922

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
(e) Retained earnings		
Balance at 1 July	33,907	25,116
Net profit for the year	12,796	14,991
Depreciation transfer for revaluation of buildings	107	51
Dividends paid	(6,136)	(6,251)
Balance at 30 June	40,674	33,907

22. Contributed equity and reserves (continued)

	Consolidated						
	Employee equity benefits reserve	Foreign currency translation reserve	Cash flow hedge reserve	Asset revaluation reserve	Equity settlement reserve	Other reserves	
In thousands of dollars							Total
(f) Reserves							
At 30 June 2021	295	159	–	6,187	398	(84)	6,955
Currency translation differences	–	655	–	–	–	–	655
Share-based payments	(56)	–	–	–	–	–	(56)
Settlement of performance rights	(152)	–	–	–	152	–	–
Depreciation transfer for revaluation of buildings	–	–	–	(51)	–	–	(51)
Actuarial gains / (losses)	–	–	–	–	–	41	41
Revaluation of land and buildings	–	–	–	4,406	–	–	4,406
At 30 June 2022	87	814	–	10,542	550	(43)	11,950
Currency translation differences	–	66	–	–	–	–	66
Share-based payments	181	–	–	–	–	–	181
Depreciation transfer for revaluation of buildings	–	–	–	(135)	–	–	(135)
Net gain / (loss) on cash flow hedge	–	–	(30)	–	–	–	(30)
Actuarial gains / (losses)	–	–	–	–	–	34	34
At 30 June 2023	268	880	(30)	10,407	550	(9)	12,066

Nature and purpose of reserves

Employee equity benefits reserve

This reserve is used to record the value of share-based payments provided to employees and directors as part of their remuneration. Refer to note 15 for further details of these plans.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Cash flow hedge reserve

This 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.

Asset Revaluation Reserve

The asset revaluation reserve is used to record increases and decreases in the fair value of land and buildings (net of tax) to the extent that they offset one another. The reserve can only be used to pay dividends in limited circumstances.

Equity Settlement Reserve

The equity settlement reserve records the net difference between payment for shares upon the exercise of performance rights under the LTIP and the amount expensed in the profit and loss and recorded in the employee equity benefits reserve over the three year vesting period.

Other Reserve

Relates to actuarial losses from defined benefit pensions.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

23. Commitments and contingencies

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
(a) Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date, but not provided for payable:		
Not later than one year	192	299
Later than one year, but not later than five years	–	–
	192	299

These capital expenditure commitments relate to plant upgrade works.

(b) Contingent liabilities

The directors draw the following contingent liabilities to the attention of users of the financial statements:

Note 24 regarding the class order between certain subsidiaries and the Company.

24. Related parties

The terms and conditions of any transactions with Directors and their Director related entities are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non Director related entities on arm's length basis.

There were no transactions during the year with Director related entities.

Investments

Name of parent	Country of Incorporation	Percentage of equity interest held by the consolidated entity 30 June 2023 %	Percentage of equity interest held by the consolidated entity 30 June 2022 %
Bisalloy Steel Group Limited	Australia		
Controlled entities			
Bisalloy Steels Pty Limited	Australia	100.00	100.00
PT Bima Bisalloy	Indonesia	60.00	60.00
Bisalloy Holdings (Thailand) Co Ltd	Thailand	85.00	85.00
Bisalloy (Thailand) Co Limited	Thailand	85.00	85.00
Bisalloy North America LLC [^]	United States of America	100.00	100.00
Joint venture			
Bisalloy Shangang (Shandong) Steel Plate Co., Limited*	People's Republic of China	50.00	50.00

* Refer Note 5 for details regarding equity interest, share of interest and joint control.

[^]This entity continues to be dormant.

Entities subject to class order relief

Pursuant to Class Order 2016/785, relief has been granted to Bisalloy Steels Pty Limited from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports. As a condition of the Class Order, Bisalloy Steel Group Limited and Bisalloy Steels Pty Limited (the "closed" Group) entered into a Deed of Cross Guarantee on the 18th April 2002. The effect of the deed is that Bisalloy Steel Group Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entity. The controlled entity has also given a similar guarantee in the event that Bisalloy Steel Group Limited is wound up.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

24. Related parties (continued)

The consolidated statement of profit or loss and statement of financial position of the entities which are members of the "Closed Group" are as follows:

In thousands of dollars	Closed Group 30 June 2023	Closed Group 30 June 2022
i. Consolidated Income Statement		
Profit from continuing operations before income tax	15,503	18,004
Income tax expense	(4,542)	(5,409)
Profit after income tax	10,961	12,595
Accumulated profits at the beginning of the year	25,889	19,501
Depreciation transfer for revaluation of buildings	73	44
Dividends provided for or paid	(6,136)	(6,251)
Accumulated profits at the end of the year	30,787	25,889
ii. Consolidated Balance Sheet		
Current assets		
Cash and cash equivalents	606	63
Trade and other receivables	19,946	23,671
Inventories	37,443	31,262
Income tax receivable	530	–
Contract assets	247	138
Other current assets	2,210	1,248
Total current assets	60,982	56,382
Non-current assets		
Investments	5,125	5,125
Property, plant and equipment	23,147	23,972
Intangible assets	580	634
Other non-current assets	123	125
Total non-current assets	28,975	29,856
Total assets	89,957	86,238
Current liabilities		
Trade and other payables	23,904	18,352
Income tax payable	–	2,589
Loans and borrowings	416	6,063
Employee benefit liabilities	1,955	1,791
Lease liabilities	252	256
Derivative Liability	108	89
Contract liabilities	376	386
Total current liabilities	27,011	29,526

24. Related parties (continued)

In thousands of dollars	Closed Group 30 June 2023	Closed Group 30 June 2022
Non-current liabilities		
Loans and borrowings	3,358	2,932
Lease liabilities	121	387
Employee benefit liabilities	460	406
Deferred tax liability	4,442	4,118
Total non-current liabilities	8,381	7,843
Total liabilities	35,392	37,369
NET ASSETS	54,565	48,869
Shareholders' equity		
Contributed equity	15,228	14,508
Reserves	8,550	8,472
Accumulated profits	30,787	25,889
TOTAL SHAREHOLDERS' EQUITY	54,565	48,869

The following table provides the total amount of transactions, other than amounts disclosed above, that have been entered into between the Group and related parties for the relevant financial year:

In thousands of dollars		Sales to & purchases from	Amounts owed by related parties	Amounts owed to related parties
Related Party				
Bisalloy Shangang (Shandong) Steel Plate Co., Limited	2023	2,017	—	—
	2022	655	86	305

Terms and conditions of transactions with related parties

Sales to and purchase from related parties are made in arm's length transactions both at normal market price and on normal commercial terms. Sale and purchases with related parties during 2023 were \$2,016,827 (2022: \$655,118).

Outstanding balances at year-end are unsecured.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

24. Related parties (continued)

Compensation of key management personnel of the Group

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Short-term employee benefits	1,993,431	1,807,529
Post employment benefits	129,750	135,400
Other long-term benefits	65,041	49,663
Termination benefits	–	–
Other	–	107,834
Share-based payments	427,180	(153,546)
Total compensation paid to key management personnel	2,615,402	1,946,880

25. Events after the balance date

No significant events after the balance sheet date.

26. Auditors' remuneration

The auditor of Bisalloy Steel Group Limited is RSM Australia Partners.

In thousands of dollars	Consolidated	
	Year ended 30 June 2023	Year ended 30 June 2022
Amounts received or due and receivable by RSM* for:		
– an audit or review of the financial report of the entity and any other entity in the consolidated Group	140	144
– tax compliance and advice	–	12
Amounts received or due and receivable by related practices of RSM for:		
– an audit or review of the financial report of any other entity in the consolidated Group	50	63
	190	219

*Bisalloy Steel Group Limited's auditor in 2022 was KPMG.

27. Parent entity information

In thousands of dollars	30 June 2023	30 June 2022
Information relating to Bisalloy Steel Group Limited:		
Current assets	530	–
Total assets	1,922	3,153
Current liabilities	–	2,589
Total liabilities	–	2,589
Issued capital	15,227	14,508
Accumulated losses	(13,341)	(13,980)
Reserves	36	36
Total shareholder's equity	1,922	564
Profit of the parent entity	6,775	207
Total comprehensive income of the parent entity	6,775	4,107

Guarantees have been entered into by the Parent entity on behalf of Bisalloy Steels Pty Limited and Bisalloy (Thailand) Co Limited. The guarantees in place cover Bisalloy Steels Pty Limited's \$27M Westpac facility and 85% of Bisalloy Thailand's THB 3M bank overdraft facility.

There are no contingent liabilities or contractual commitments as at the reporting date.

28. Summary of significant accounting policies

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a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report complies with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost basis, except for land and buildings classified as property, plant and equipment and derivative financial instruments, which are measured at fair value.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

28. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

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, all financial information presented in Australian Dollars has been rounded to the nearest thousand unless otherwise stated.

The consolidated financial statements provide comparative information in respect of the previous period.

Comparative information

Comparative information is consistent with the current years presentation.

b) Basis of consolidation and investments in joint venture

The consolidated financial statements comprise the financial statements of the Company, being Bisalloy Steel Group Limited, and its subsidiaries ("the Group") as at the reporting date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

The Group has an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint

control over the economic activities of the entity. The Group's investment in the joint venture is accounted for using the equity method and is not part of the consolidated Group.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. When there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The Group's share of profit of the joint venture is shown on the face of the statement of profit or loss and other comprehensive income.

In the application of the Group's accounting policies as described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

c) Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, management have not made any significant accounting judgements which affect the amounts recognised in the financial statements.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain

28. Summary of significant accounting policies (continued)

c) Significant accounting judgements, estimates and assumptions (continued)

assets and liabilities within the next annual reporting period are:

Property, plant and equipment

The Group measures the fair value of land buildings by reference to valuations performed at reporting date. The fair value is determined by an external valuer every three years, unless determined by Directors' valuation that the fair value has moved significantly or at the request of a finance provider. The valuation method is detailed in note 18.3.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees (including directors and other senior executives) by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using discounted cash flow models using the assumptions dealt with in note 28(n).

The Group measures the cost of cash-settled transactions with employees (including directors and other senior executives) by reference to the fair value at the reporting date. The fair value is determined by reference to the price of shares of the issuer.

d) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of directors.

Operating segments have been identified and based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- nature of the products and services,
- nature of production processes,
- type or class of customer for their products and services,
- methods use to distribute their products or provide their services, and if applicable
- nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately.

However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

e) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, when the

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

28. Summary of significant accounting policies (continued)

e) Taxation (continued)

timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset 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.

Bisalloy Steel Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Bisalloy Steel Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Bisalloy Steel Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused losses.

Assets or liabilities under tax funding arrangements with the tax consolidation entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

f) Cash and cash equivalents

Cash and short term deposits in the statement of financial position and the cash flow statement is comprised of cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

g) Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 28(p) Financial instruments.

h) Inventories

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: Purchase cost is on a weighted average cost basis.

28. Summary of significant accounting policies (continued)

h) Inventories (continued)

Work in progress and finished goods: Cost of direct materials, labour and an appropriate proportion of manufacturing overheads is based on normal operating capacity, but excluding borrowing costs.

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

i) Property, plant and equipment

Plant and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if the recognition criteria are satisfied. All other repairs and maintenance are recognised in the profit or loss as incurred.

Land and buildings are measured at fair value using the revaluation model, less accumulated depreciation on buildings and any impairment losses recognised after the date of the revaluation. Valuations are performed every three years, or sooner should there be a significant change in market conditions or other market requirements such as in Indonesia where land and buildings are revalued every 12 months as a result of lending requirements, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

– Land	not depreciated
– Buildings	50 years
– Plant and equipment	1 – 20 years
– Leasehold improvements	5 – 10 years or lease life if shorter

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset

previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the period the item is derecognised.

j) Intangible assets

Recognition and measurement

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

28. Summary of significant accounting policies (continued)

j) Intangible assets (continued)

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful life for current periods for development costs is 3 years.

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

k) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

l) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the share proceeds received.

m) Employee benefits

Liabilities arising in respect of short-term employee benefits such as annual leave and sick leave represent the amount which the entity has a present obligation to pay resulting from employees' services provided up to the balance date. Liabilities in respect of short-term employee benefits are measured at their nominal amounts.

Long-term employee benefit liabilities such as long service leave represent the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. Long-term employee benefit liabilities are measured at their present values using corporate bond rates which most closely match the terms of maturity of the related liabilities.

In determining the employee benefit liabilities, consideration has been given to future increases in wage and salary rates, and the Group's experience with staff departures. Related on-costs have also been included in the liability.

The Group contributes to defined contribution superannuation plans, as well as an unfunded defined benefit plan in Indonesia and a defined benefit plan in Thailand.

n) Share-based payment transactions

Employees (including directors and other senior executives) of the Group receive remuneration in the form of a grant of Rights, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). There is currently a Share Rights Plan in place to provide these benefits. If the issue of shares in the Board's opinion does not achieve the desired outcome, then the Board may determine to satisfy the entitlement to Shares under a Vested Right in the form of cash rather than Shares. In recent years, there have been a number of instances in which settlement has taken the form of 50% equity and 50% cash ('cash-settled transactions').

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a discounted cash flow methodology. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the issuer ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Cash-settled transactions

The cost of cash-settled transactions with employees is measured by reference to the fair value at the reporting date and ultimately at settlement. The fair value is determined by reference to the price of the shares of the issuer ('market conditions').

The cost of cash-settled transactions is recognised, together with a corresponding increase in liability, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for both equity-settled and cash-settled transactions at each reporting date until vesting date reflects the extent to

28. Summary of significant accounting policies (continued)

n) Share-based payment transactions (continued)

which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. This estimate is formed based on the best available information at balance date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for Rights that do not ultimately vest. Any Rights that do not become vested Rights, lapse.

The dilutive effect, if any, of outstanding Rights is reflected as additional share dilution in the computation of diluted earnings per share.

o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where 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 related to any provision is presented in the statement of comprehensive income 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception

of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 28(r) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

28. Summary of significant accounting policies (continued)

p) Financial instruments (continued)

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative assets which are mandatorily required to be measured at fair value. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Significant accounting judgements, estimates and assumptions Note 28(c)
- Trade and other receivables Note 28(g)

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the

sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial

28. Summary of significant accounting policies (continued)

p) Financial instruments (continued)

liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

All loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 18.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), or GST equivalents, such as Value Added Tax, except:

- where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO), or equivalent foreign organisations. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses;
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

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

r) Revenue from contracts with customers

The Group is in the business of manufacturing and selling quenched and tempered steel plates. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements, as it controls the goods or services before transferring them to the customer.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

28. Summary of significant accounting policies (continued)

r) Revenue from contracts with customers (continued)

Sale of goods

Revenue from the sale of steel plates is recognised at the point in time when control of the asset is transferred to the customer, which is on delivery of the goods for domestic sales, on invoice for Bill and Hold sales and on bill of lading for export sales. Revenue from the services of shipping and handling is recognised over time as the service is performed. The normal credit terms are 30 to 90 days upon end of month invoiced.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., shipping). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of steel plates provide customers with a right of return and early settlement discounts. The rights of return and early settlement discounts give rise to variable consideration.

Early Settlement Discounts

The Group provides early settlement discounts to certain customers if the payment for the sale of goods is made within a specified period of time. The discounts are offset against amounts payable by the customer. To estimate the variable consideration to which it will be entitled, the Group applies the 'expected value method' to estimate the settlement discounts that will be issued. This method best predicts the amount of variable consideration to which the Group will be entitled. The Group then applies the requirements on constraining estimates of variable consideration that can be included in the transaction price.

(ii) Significant financing component

Generally, the Group receives payment for the sale of goods between 30 to 90 days after the goods

have been delivered. Should a significant financing component exist, the Group will apply the practical expedient in AASB 15. Using this, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(iii) Non-cash consideration

The Group does not receive non-cash consideration for the sale of goods.

Contract balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section p) Financial instruments – initial recognition and subsequent measurement.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

s) Other Income

Interest income

Interest income is recognised as it accrues using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the net carrying amount of the financial asset. Interest income

28. Summary of significant accounting policies (continued)

s) Other Income (continued)

is included in finance income in the statement of profit or loss and other comprehensive income.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Bisalloy Steel Group Limited does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

u) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2020.

Group as a lessee

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, the Group has elected for all leases in which it is a lessee, not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct

costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed payments, included in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

28. Summary of significant accounting policies (continued)

u) Leases (continued)

in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of where it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns and lease liabilities in 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

v) Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars (AUD\$), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date.

All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The functional currency of the foreign operations is the currency in circulation in the country they each reside in. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the Company's presentation currency (AUD\$) at the rate of exchange ruling at balance date, and their income statements are translated at the weighted average exchange rates for the year. The exchange

differences arising on the translation are recognised in the foreign currency translation reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

w) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

x) Derivative financial instruments and hedging

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

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

28. Summary of significant accounting policies (continued)

x) Derivative financial instruments and hedging (continued)

- fair value hedges: when hedging the exposure to changes in the fair value of a recognised asset or liability; or
- cash flow hedges: when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below:

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the statement of profit or loss and other comprehensive income when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken

to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Fair Value Hedges

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss and other comprehensive income as a finance cost.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedge financial instrument for which the effective interest method is used is amortised to the profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

y) Fair Value Measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

28. Summary of significant accounting policies (continued)

y) Fair Value Measurement (continued)

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

z) Changes in accounting standards

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the Year ended 30 June 2022, except for the adoption of new standards effective as of 1 July 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

aa) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. No new standard is considered to have a material impact on the Group.

Directors' Declaration

For the year ended 30 June 2023

In accordance with a resolution of the directors of Bisalloy Steel Group Limited, I state that:

In the opinion of the directors:

- a. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the Year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial statements and notes also comply with International Financial Reporting Standards (AASB) as disclosed in note 28.
- c. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- d. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 24 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.
- e. this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial Year ended 30 June 2023.

On behalf of the Board



Mr Rowan Melrose
CEO and Managing Director

24 August 2023

Independent Auditor's Report

For the year ended 30 June 2023



RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

To the Members of Bisalloy Steel Group Limited

Opinion

We have audited the financial report of Bisalloy Steel Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

THE POWER OF BEING UNDERSTOOD

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Key Audit Matter	How our audit addressed this matter
Recognition of revenue from contracts with customers Refer to Note 2 in the financial statements	
Revenue for the year ended 30 June 2023 was \$153,156,000. The primary revenue stream is sale of goods. Revenue is considered to be a Key Audit Matter because: - significance of revenue in financial statement - there are contracts that contain few performance obligations that include the services of shipping and handling. This performance obligation is satisfied over time as the service is performed. This results in complex and judgemental revenue recognition to allocate the accurate transaction prices of sale of goods portion and services portion. - in determining the transaction price for the sale of goods, the management considers the effects of variable consideration, existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). - the Group has a revenue recognised over a satisfaction of performance obligation in a bill-and-hold arrangement in which the management recognise revenue on invoice.	Our audit procedures included, among others: - Obtaining an understanding of the systems and procedures put in place by management in adopting AASB 15, and evaluating their effectiveness; - Assessing the appropriateness of the Group's accounting policies for the recognition and measurement of revenue, including variable consideration, against the requirements of AASB 15 Revenue from Contracts with Customers. - Obtaining external audit confirmation of sales transactions from a sample of customers. - Year-end cut-off, selecting samples of revenue transactions across varying contract arrangements applicable to the Group and test against the timing of revenue recognition to underlying documents including, the sales invoice, delivery dockets and bill of lading. - Obtaining understanding of the Group's estimate of the highly probable amount of the variable consideration against the specific contract terms. This includes the customers' early settlement discounts against the terms of the contract. - Considering the management's presentation of sales performance obligation satisfied in a bill-and-hold arrangement per AASB 15 para. 119(a). - Assessing the adequacy of the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

Independent Auditor's Report (continued)

For the year ended 30 June 2023



Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 18 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Bisalloy Steel Group Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Louis.Quintal Digitally signed by Louis.Quintal
Date: 2023.08.24 16:00:14 +10'00'

RSM Australia Partners Digitally signed by RSM Australia Partners
Date: 2023.08.24 16:00:43 +10'00'

LOUIS QUINTAL
Partner

RSM Australia Partners

Sydney, NSW
Dated: 24 August 2023

ASX Additional Information

For the year ended 30 June 2023

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 31 July 2023.

	Ordinary shares	
	Number of holders	Number of shares
a. Distribution of equity securities		
The number of shareholders, by size of holding in each class of share are:		
1 – 1,000	935	549,358
1,001 – 5,000	1,154	3,152,170
5,001 – 10,000	409	3,172,102
10,001 – 100,000	464	13,297,780
100,001 and over	35	27,278,646
Total	2,997	47,450,056
The number of shareholders holding less than a marketable parcel of shares based on a share price of \$1.995		
	128	14,720

There are performance rights issued. Performance rights do not carry a right to vote.

ASX Additional Information (continued)

For the year ended 30 June 2023

		Listed ordinary shares	
		Number of shares	% of ordinary shares
b. Twenty largest shareholders			
1	BALRON NOMINEES PTY LIMITED	7,409,505	15.62
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,428,683	11.44
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,432,036	5.13
4	EVELIN INVESTMENTS PTY LIMITED	1,349,330	2.84
5	HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	1,340,482	2.83
6	CITICORP NOMINEES PTY LIMITED	910,563	1.92
7	SOUTHERN STEEL INVESTMENTS PTY LIMITED	867,393	1.83
8	MR MANFRED REIS + MRS EVELYN JEANETTE REIS <REIS PENSION&SUPER FUND A/C>	650,000	1.37
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	549,601	1.16
10	RATHVALE PTY LIMITED	520,240	1.10
11	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	506,000	1.07
12	MR NIGEL BURGESS + MRS YUKARI BURGESS <NENKIN SUPER FUND A/C>	447,317	0.94
13	KILCONQUHAR SUPERANNUATION FUND PTY LTD <KILCONQUHAR SUPER FUND A/C>	436,000	0.92
14	HILLMORTON CUSTODIANS PTY LTD <THE LENNOX UNIT A/C>	434,121	0.91
15	BALKIN PTY LTD <BALKIN SUPER FUND A/C>	371,590	0.78
16	FINANCE ASSOCIATES PTY LTD <FINANCE ASSOCIATES SF A/C>	300,600	0.63
17	NEWECOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	258,436	0.54
18	ALLOY STEELS AUSTRALIA PTY LTD	256,935	0.54
19	G CHAN PENSION PTY LTD <CHAN SUPER FUND A/C>	239,990	0.51
20	KELPADOR INVESTMENTS PTY LTD <KELPADOR SUPERANNUATION A/C>	233,113	0.49

	Date of last notice	Number of shares	Full paid %
c. Substantial Shareholders			
The names of substantial shareholders who have notified the Company in accordance with section 671B of the <i>Corporations Act 2001</i> are:			
SOUTHERN STEEL INVESTMENTS Pty Limited	31 August 2020	8,664,611	18.26
SAMUEL TERRY ASSET MANAGEMENT PTY LTD	29 July 2022	5,769,463	12.16
GREIG & HARRISON PTY LTD	10 January 2023	3,988,102	8.40

Voting Rights:

All ordinary shares carry one vote per share without restriction.

Corporate Directory

For the year ended 30 June 2023

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companysecretary@bisalloy.com.au

Auditors

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Facsimile: +61 (0)2 8226 4501
www.rsm.global/australia

Bankers

Westpac Banking Corporation

Share Registry

Computershare Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
GPO Box 2975
Melbourne VIC 3001
Telephone (within Australia): 1300 738 768
Telephone: +61 (0)3 9415 4377
Facsimile: +61 (0)3 9473 2500
www.computershare.com

Legal Advisors

Holding Redlich
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Melbourne VIC 3000
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www.holdingredlich.com

Corporate Governance Report

www.bisalloy.com.au/investor-centre/corporate-governance/

Annual General Meeting

The Group will hold its 2023 Annual General Meeting at 11:00am on Friday, 06 October 2023. Copies of the annual report or further information can be obtained by emailing companysecretary@bisalloy.com.au or writing to the Company Secretary at the registered office. An electronic copy of this report is available on the Company's website.

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