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GR Engineering Services Limited
Half Year Financial Report
For the Half Year Ended 31 December 2024

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

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GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT

Your directors present their report on GR Engineering Services Limited (ASX:GNG) (GR Engineering or consolidated entity) for the half year ended 31 December 2024 (HY25).

DIRECTORS

The names of the consolidated entity's directors in office during the half year and until the date of this report follow. The Directors were in office for this entire period unless otherwise stated.

Phillip Lockyer (Non-Executive Chairman)
Tony Patrizi (Managing Director)
Peter Hood (Non-Executive Director)
Giuseppe (Joe) Totaro (Non-Executive Director)
Deborah (Deb) Morrow (Non-Executive Director)

COMPANY SECRETARY

Omesh Motiwalla

PRINCIPAL ACTIVITIES

During the financial period, the consolidated entity's activities have been the provision of high quality process engineering, detailed engineering design, process control and automation design and construction services to the mining and mineral processing industry and the provision of operations, maintenance and advisory services to the energy sector.

REVIEW OF RESULTS AND OPERATIONS

The HY25 EBITDA of the consolidated entity was \$34.5 million (HY24: \$22.6 million) on revenue of \$272.1 million (HY24: \$187.3 million). Refer to note 10 on page 16 of this report for segment analysis.

The HY25 results were characterised by solid operational performance across the group, with work on major projects continuing into the second half of FY25 and FY26. GR Engineering's key subsidiaries provided solid contributions to the group for the half year period.

At 31 December 2024, GR Engineering's cash position was \$111.8 million (31 December 2023: \$58.4 million) with negligible external bank debt. During HY25, GR Engineering paid out \$16.7 million in dividends (HY24: 16.5 million). GR Engineering has significant headroom in its guarantee and bonding facilities.

Mineral Processing Design and Construction

New and ongoing projects

GR Engineering's design and construction order book of current work includes:

- **Mungari Future Growth Project - Process Plant** - \$155 million EPC contract with Evolution Mining for the Mungari Future Growth Project in Western Australia. The scope of the work is to expand the existing Mungari process plant to an annual throughput of 4.2 Mtpa, including required changes to process plant buildings and associated infrastructure. This project was awarded in September 2023 and will be completed in the second half of FY25.
- **Kainantu Gold Mine - 1.2 Mtpa Process Plant** - US\$81 million EPC contracts with K92 Mining for a 1.2Mtpa Process Plant at the Kainantu Gold Mine in Papua New Guinea. This project was awarded in December 2023.
- **King of the Hills Operations Stage 1 Upgrade** - \$75 million EPC contract with a wholly owned subsidiary of Vault Minerals Limited for the Stage 1 Upgrade for the King of the Hills Operations in Western Australia. The project scope comprises the design, procurement, construction, installation and commissioning of the upgrade to the King of the Hills dry processing plant and the wet processing plant. This project was awarded in January 2025.
- **Woodlawn Restart Project** - \$26 million contract with a wholly owned subsidiary of Develop Global Limited for the Woodlawn Restart Project in New South Wales. The scope of work includes the refurbishment flowsheet and operability improvements of the existing process plant and associated infrastructure. The project was awarded in September 2024.
- **Kathleen Valley Lithium Backfill Project** - \$71 million EPC contract with a wholly owned subsidiary of Lione Resources Limited (Lione Resources) for the Kathleen Valley Lithium Project in Western Australia. The project scope comprises two paste plants which will produce paste fill for use in Lione Resources's underground operations. Work on this project is substantially complete.

In addition to the above ongoing projects, GR Engineering maintains a solid pipeline of near term work opportunities across a broad range of commodities.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT

Studies and Consulting

GR Engineering has been engaged on a number of engineering and consultancy assignments on a range of domestic and international projects with scopes extending to engineering studies, process design, procurement support and site supervision services associated with new and existing operations.

During HY25, GR Engineering completed 25 studies and as at 31 December 2024, was engaged on a further 30 studies across a broad range of commodities for projects in Australia and abroad. The level of ongoing study work is high.

Process Controls - Mipac and Paradigm

Mipac and Paradigm are leading providers of control systems, operational technology and engineering services primarily in the mineral processing, iron ore and energy sectors. With an established proven track record of success, the process controls group leverages technology to deliver solutions for operational challenges across a project's entire life cycle, minimising risk and driving productivity.

During HY25, the business continued to deliver control systems, automation and digital solutions for key repeat clients such as First Quantum Minerals, BHP Group, Rio Tinto, Glencore Technology, Anglo American, Ok Tedi Mining and other smaller conglomerates.

Energy - GR Production Services

GR Engineering's production services business, GRPS, achieved revenue contributions primarily through the provision of operations and maintenance services to the energy sector, including conventional gas, coal seam gas (CSG) to liquefied natural gas (LNG), LNG (offshore and onshore), green hydrogen production and transport, carbon sequestration and the onshore and offshore oil and gas sectors throughout Australia.

In Queensland and South Australia (Cooper Basin), GRPS managed and executed maintenance and operations support services on 5 gas production facilities and over 3,000 CSG and conventional oil and gas wells. On 31 October 2024, GRPS was awarded a two year contract extension for Santos in the Surat and Cooper Basins. GRPS continued to be the regulated operator of the Moranbah Gas Project under a long term agreement. GRPS supported onshore clients with respect to carbon sequestration services and provided operational advisory services on several Australian green hydrogen projects. GRPS provided engineering, procurement and construction services for Senex Energy, for the EOS and Glenora nodal compression stations as part of their Roma North facility expansion project.

In the Northern Territory, GRPS continued to provide maintenance services on the Blacktip gas field production facilities (onshore and offshore). In addition, GRPS provides operations and maintenance support services to the Ichthys LNG upstream and downstream facilities. The scope of work involves providing production and technical roles to INPEX as required to supplement their business and support for maintenance shutdown planning and execution on all facilities.

In Western Australia, GRPS remains a leading provider of operations and maintenance services to clients in the Perth Basin. GRPS is providing services at Chevron's Gorgon Project and continues to provide operational support services for Santos projects in the region. In addition, GRPS provides maintenance and operational support services to Mitsui E&P Australia (MEPAU) and Beach Petroleum's Waitsia asset in the Basin.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT

Safety

GR Engineering is founded on a strong belief in its core values. These values drive GR Engineering to constantly improve its working environment. GR Engineering's commitment to health and safety for all its personnel at all times is managed to ensure a safe working environment and to ensure that no one is allowed to work in an unsafe manner. GR Engineering is committed to the target of zero injuries and operates using accredited OH&S, Integrated Management and Quality Management Systems.

GR Engineering applies risk and hazard identification methodologies in developing safety and health management plans that are tailored to each project and its client's requirements. GR Engineering encourages its employees and subcontractors to report all incidents, accidents and near miss occurrences within its workplaces and all reported incidents are investigated.

The group's Total Reportable Injury Frequency Rate (TRIFR) for HY25 was 4.55.

DIVIDENDS

During HY25, a final dividend for financial year ended 30 June 2024 was paid. This was a fully franked dividend of 10.0 cents per share, paid on 20 September 2024.

A fully franked dividend of 10.0 cents per share has been declared for the 6 months ended 31 December 2024 (31 December 2023: 9.0 cents per share fully franked). The ex-dividend date for the interim dividend is 4 March 2025, the record date for determining entitlements to the interim dividend is 5 March 2025 and the payment date for the interim dividend is 25 March 2025.

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

The auditor's independence declaration to the directors is included on page 6 of the Half Year Financial Report.

EVENTS AFTER THE REPORTING DATE

In January 2025, GR Engineering was awarded an EPC contract for the King of the Hills Operations Stage 1 Upgrade. This is a \$75 million contract with a wholly owned subsidiary of Vault Minerals Limited for the Stage 1 Upgrade for the King of the Hills Operations in Western Australia. The project scope comprises the design, procurement, construction, installation and commissioning of the upgrade to the King of the Hills dry processing plant and the wet processing plant.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Tony Patrizi
Managing Director
Date: 24 February 2025

GR ENGINEERING SERVICES LIMITED HALF-YEAR FINANCIAL REPORT

AUDITOR'S INDEPENDENCE DECLARATION



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
GR Engineering Services Limited
71 Daly Street
ASCOT WA 6104

24 February 2025

Dear Board Members,


GR Engineering Services Limited – Independence Declaration

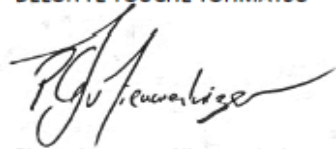
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of GR Engineering Services Limited.

As lead audit partner for the review of the half-year financial report of GR Engineering Services Limited for the half-year ended 31 December 2024, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU


Pieter Janse van Nieuwenhuizen
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

| | Notes | Half-Year Ended 31 December 2024 | Half-Year Ended 31 December 2023 |
|--|-------|--|--|
| | | \$ | \$ |
| Revenue | 3(a) | 272,114,716 | 187,273,118 |
| Interest income | | 1,646,833 | 1,412,156 |
| Other income | 3(b) | 1,661,154 | 635,886 |
| Expenses | | | |
| Employee benefits expense | 3(c) | (96,710,070) | (82,629,616) |
| Depreciation and amortisation expense | 3(d) | (3,987,248) | (3,112,714) |
| Equity based payments | | (1,190,401) | (820,761) |
| Finance costs | 3(e) | (312,581) | (257,929) |
| Direct materials and subcontractor costs | | (132,740,031) | (71,627,913) |
| Accountancy & audit fees | | (305,180) | (272,494) |
| Marketing | | (191,493) | (160,770) |
| Reversals and (expected credit losses, write-offs) | | (120,409) | (1,888,406) |
| Occupancy | | (363,084) | (200,536) |
| Administration | | (7,697,061) | (7,681,230) |
| Profit before income tax | | 31,805,145 | 20,668,791 |
| Income tax expense | | (9,981,203) | (6,371,530) |
| Net profit for the period | | 21,823,942 | 14,297,261 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss : | | | |
| Fair value gain (loss) on equity investments designated at fair value through other comprehensive income | | (107,439) | (15,704) |
| Exchange differences on translating foreign operations | | 434,795 | (84,705) |
| Total other comprehensive income/(loss), net of income tax | | 327,356 | (100,409) |
| Total comprehensive income for the period | | 22,151,298 | 14,196,852 |
| Profit attributable to owners of the parent | | 21,823,942 | 14,297,261 |
| Total comprehensive income attributable to owners of the parent | | 22,151,298 | 14,196,852 |
| Earnings per Share: | | <i>Cents per share</i> | <i>Cents per share</i> |
| Basic (cents per share) | | 13.07 | 8.74 |
| Diluted (cents per share) | | 12.68 | 8.50 |

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

| | Notes | 31 December 2024 | 30 June 2024 |
|--------------------------------------|-------|---------------------|--------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 111,831,411 | 74,645,675 |
| Trade and other receivables | 5 | 64,946,612 | 93,553,298 |
| Inventories | | 81,437 | 84,881 |
| Other | | 3,098,916 | 3,070,433 |
| Total Current Assets | | 179,958,376 | 171,354,287 |
| Non-Current Assets | | | |
| Deferred tax asset | | 3,804,445 | 2,961,183 |
| Property, plant and equipment | 2(e) | 7,041,137 | 7,054,924 |
| Right of use assets | 2(e) | 10,396,026 | 8,606,258 |
| Trade and other receivables | 5 | 5,749,135 | 6,540,610 |
| Financial assets | 11 | 665,525 | 1,448,296 |
| Intangible assets | | 28,532,602 | 28,789,170 |
| Total Non-Current Assets | | 56,188,870 | 55,400,441 |
| TOTAL ASSETS | | 236,147,246 | 226,754,728 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 2(e) | 66,935,255 | 75,498,270 |
| Lease liabilities | 2(e) | 2,872,589 | 2,431,184 |
| Income tax | | 3,234,420 | 6,317,015 |
| Provisions | | 23,855,137 | 22,609,261 |
| Contract liabilities | 6 | 56,931,139 | 45,511,672 |
| Total Current Liabilities | | 153,828,540 | 152,367,402 |
| Non-Current Liabilities | | | |
| Lease liabilities | 2(e) | 7,917,476 | 6,460,925 |
| Provisions | | 1,433,855 | 1,599,878 |
| Total Non-Current Liabilities | | 9,351,331 | 8,060,803 |
| TOTAL LIABILITIES | | 163,179,871 | 160,428,205 |
| NET ASSETS | | 72,967,375 | 66,326,523 |
| EQUITY | | | |
| Issued capital | 7 | 47,380,193 | 46,979,443 |
| Reserves | | 3,977,644 | 2,458,688 |
| Retained earnings | | 21,609,538 | 16,888,392 |
| TOTAL EQUITY | | 72,967,375 | 66,326,523 |

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

| | Notes | 31 December 2024 | 31 December 2023 |
|---|-------|---------------------|---------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 331,203,910 | 171,432,083 |
| Payments to suppliers and employees | | (262,672,426) | (177,054,766) |
| Income tax paid | | (14,033,279) | (4,555,067) |
| Interest received | | 1,646,834 | 1,412,156 |
| Net cash flows provided by / (used in) operating activities | | 56,145,039 | (8,765,594) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (2,277,241) | (988,362) |
| Proceeds from sale of property, plant and equipment | | 39,151 | - |
| Proceeds from sale of financial assets | | 801,550 | 449,141 |
| Net cash flows provided by investing activities | | (1,436,540) | (539,221) |
| Cash flows from financing activities | | | |
| Payment of lease liabilities | | (1,052,758) | (1,446,653) |
| Dividends paid | | (16,700,847) | (16,495,525) |
| Repayment of borrowings | | (311,535) | (245,661) |
| Net cash flows used in financing activities | | (18,065,140) | (18,187,839) |
| Net increase / (decrease) in cash and cash equivalents | | 36,643,359 | (27,492,654) |
| Cash and cash equivalents at beginning of period | | 74,645,675 | 86,022,143 |
| Effects of exchange rate changes of balances of cash held in foreign currencies | | 542,377 | (177,300) |
| Cash and cash equivalents at end of period | 4 | 111,831,411 | 58,352,189 |

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

| | Issued capital | Performance Rights Reserve | Share Appreciation Rights Reserve | Foreign Currency Translation Reserve | Investment Revaluation Reserve | Retained Earnings | Total |
|---|----------------|----------------------------|-----------------------------------|--------------------------------------|--------------------------------|-------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance as at 30 June 2023 | 40,025,411 | 3,460,206 | - | (76,071) | (685,160) | 17,007,505 | 59,731,891 |
| Profit for the period | - | - | - | - | - | 14,297,261 | 14,297,261 |
| Other Comprehensive income for the period | - | - | - | (84,705) | (15,704) | - | (100,409) |
| Total Comprehensive income for the period | - | - | - | (84,705) | (15,704) | 14,297,261 | 14,196,852 |
| Dividends paid | - | - | - | - | - | (16,495,525) | (16,495,525) |
| Issue of shares | 2,454,032 | (2,454,032) | - | - | - | - | - |
| Share based payments | - | 820,761 | - | - | - | - | 820,761 |
| Realised gain on Investments in equities transferred to retained earnings | - | - | - | - | (142,505) | 142,505 | - |
| Balance as at 31 December 2023 | 42,479,443 | 1,826,935 | - | (160,776) | (843,369) | 14,951,746 | 58,253,979 |
| Balance as at 30 June 2024 | 46,979,443 | 2,913,435 | - | 61,617 | (516,364) | 16,888,392 | 66,326,523 |
| Profit for the period | - | - | - | - | - | 21,823,942 | 21,823,942 |
| Other Comprehensive income for the period | - | - | - | 434,795 | (107,439) | - | 327,356 |
| Total Comprehensive income for the period | - | - | - | 434,795 | (107,439) | 21,823,942 | 22,151,298 |
| Dividends paid | - | - | - | - | - | (16,700,847) | (16,700,847) |
| Issue of shares | 400,750 | (400,750) | - | - | - | - | - |
| Share based payments | - | 1,190,401 | - | - | - | - | 1,190,401 |
| Realised gain on Investments in equities transferred to retained earnings | - | - | - | - | 401,949 | (401,949) | - |
| Balance as at 31 December 2024 | 47,380,193 | 3,703,086 | - | 496,412 | (221,854) | 21,609,538 | 72,967,375 |

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

1 CORPORATE INFORMATION

The financial report of GR Engineering Services Limited and its subsidiaries for the half year ended 31 December 2024 was authorised for issue in accordance with a resolution of the directors on 19 February 2025.

GR Engineering Services Limited is a limited company incorporated and domiciled in Australia. The registered office of GR Engineering Services Limited is located at 71 Daly Street, Ascot, Western Australia.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated entity's annual financial report for the financial year ended 30 June 2024, except for the impact of the Standards and Interpretations described below. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(c) Standards and Interpretations adopted in the current half year period

The accounting policies adopted in the preparation of the half-year financial report are consistent with those applied in the preparation of the consolidated entity's annual financial report for the year ended 30 June 2024, except for new standards, amendments to standards and interpretations which became effective on 1 July 2024 as set out below.

In the current half year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2024, which include:

- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements

The adoption of these Standards and Interpretations does not have any impact on the disclosures or the amounts recognised in the consolidated entity's condensed consolidated financial statements.

(d) Standards and Interpretations issued but not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the reporting period ended 31 December 2024. Management are in the process of assessing the impact of the adoption of these Standards and Interpretations on the consolidated entity.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Change in presentation - disclosure of right of use assets and lease liabilities

In the annual report of the consolidated entity for the year ended 30 June 2024, right of use asset balances were included and presented as part of the "Property, plant and equipment" line item, while the lease liabilities balances were included and presented as part of "Borrowings" line items. In the half year report, the consolidated entity has presented lease liabilities and right-of-use asset balances as separate line items for better presentation and alignment with general industry practices, for the users of the financial statements. As a result, the consolidated entity has split out its 30 June 2024 comparatives as follows:

| | Notes | 30 June 2024 disclosed in FY24 Annual Report | Reclassification | Represented 30 June 2024 as disclosed in HY25 Financial Report |
|---------------------------------|-------|--|------------------|---|
| | | \$ | \$ | \$ |
| Property, plant and equipment | (i) | 15,661,182 | (8,606,258) | 7,054,924 |
| Right of use assets | (i) | 0 | 8,606,258 | 8,606,258 |
| | | <u>15,661,182</u> | <u>0</u> | <u>15,661,182</u> |
| Borrowings - current | (ii) | 2,691,268 | (2,691,268) | 0 |
| Borrowings - non-current | (ii) | 6,460,925 | (6,460,925) | 0 |
| Lease liabilities - current | (ii) | 0 | 2,431,184 | 2,431,184 |
| Lease liabilities - non-current | (ii) | 0 | 6,460,925 | 6,460,925 |
| Trade and other payables | (iii) | 75,238,186 | 260,084 | 75,498,270 |
| | | <u>84,390,379</u> | <u>0</u> | <u>84,390,379</u> |

i) Property, plant and equipment and right of use assets are shown separately on the balance sheet

ii) Borrowings and lease liabilities are shown separately on the balance sheet

iii) Insurance premium funding is included in trade and other payables. Previously, this was recorded in borrowings

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

3 REVENUES AND EXPENSES

| | 31 December 2024 \$ | 31 December 2023 \$ |
|--|---------------------------|---------------------------|
| (a) Disaggregation of revenue & time of revenue recognition | | |
| Rendering of services | | |
| Rendering of services - mineral processing - over time | 222,157,749 | 156,064,340 |
| Rendering of services - oil & gas - over time | 49,956,967 | 31,208,778 |
| | <u>272,114,716</u> | <u>187,273,118</u> |
| (b) Other income | | |
| Government rebates and subsidies | 888 | 772 |
| Profit on sale of fixed assets | 39,151 | - |
| Net foreign exchange gain/(loss) | 1,028,922 | (49,674) |
| Sundry revenue | 592,193 | 684,788 |
| | <u>1,661,154</u> | <u>635,886</u> |
| (c) Employee benefits expense | | |
| Wages and salaries | 87,071,255 | 73,624,433 |
| Workers' compensation costs | 1,669,493 | 2,452,814 |
| Superannuation costs | 7,969,322 | 6,552,369 |
| | <u>96,710,070</u> | <u>82,629,616</u> |
| (d) Depreciation and amortisation | | |
| Depreciation of fixed assets | 1,887,626 | 1,451,512 |
| Depreciation of right of use assets | 1,304,265 | 1,079,584 |
| Amortisation of intangible assets | 795,357 | 581,618 |
| | <u>3,987,248</u> | <u>3,112,714</u> |
| (e) Finance costs | | |
| Interest charges | <u>312,581</u> | <u>257,929</u> |

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

4 CASH AND CASH EQUIVALENTS

| | 31 December 2024 \$ | 30 June 2024 \$ |
|--------------------------|---------------------------|-----------------------|
| Cash at bank and in hand | 111,831,411 | 74,645,675 |
| | <u>111,831,411</u> | <u>74,645,675</u> |

Cash at bank earns interest at floating rates based on daily bank rates.

5 TRADE AND OTHER RECEIVABLES

| | 31 December 2024 \$ | 30 June 2024 \$ |
|---|---------------------------|-----------------------|
| Trade receivables - current | 42,244,265 | 66,694,894 |
| Contract assets - oil and maintenance contracts | 11,799,623 | 10,314,977 |
| Contract assets - mineral processing contracts | 6,501,148 | 12,967,324 |
| | <u>18,300,771</u> | <u>23,282,301</u> |
| Term deposits held for security | 1,555,014 | 1,062,416 |
| Loan receivable - current | 1,905,281 | 1,658,888 |
| Loan receivable - non current | 5,749,135 | 6,540,610 |
| Other receivables | 941,281 | 854,799 |
| | <u>70,695,747</u> | <u>100,093,908</u> |

6 CONTRACT LIABILITIES

| | 31 December 2024 \$ | 30 June 2024 \$ |
|--|---------------------------|-----------------------|
| Contract liabilities - current liabilities | 56,931,139 | 45,511,672 |
| | <u>56,931,139</u> | <u>45,511,672</u> |

7 ISSUED CAPITAL

| | 31 December 2024 No of shares | 30 June 2024 No of shares |
|--|-------------------------------------|---------------------------------|
| Ordinary Shares Issued and fully paid | 167,188,472 | 166,908,472 |
| Issue of ordinary shares At 30 June 2024 | 166,908,472 | \$ 46,979,443 |
| Issue of shares from exercise of performance rights At 31 December 2024 | 280,000 | 400,750 |
| | <u>167,188,472</u> | <u>47,380,193</u> |

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

8 CONTINGENCIES

| | 31 December 2024 | 30 June 2024 |
|------------------------|---------------------|-----------------|
| | \$ | \$ |
| Bank guarantees | | |
| Bank guarantees issued | 5,678,043 | 30,239,293 |

The consolidated entity's standby multi-option facility with National Australia Bank has a limit of \$60,000,000. The facilities are secured by a fixed and floating charge over all the assets of the consolidated entity. The consolidated entity provides bank guarantees under this facility to support project performance in favour of certain clients. The amount of these bank guarantees at 31 December 2024 is \$3,395,839 (30 June 2024: \$28,944,447).

The consolidated entity has a bank guarantee facility with National Australia Bank to provide guarantees for the security of rental properties to the value of \$1,056,272 (30 June 2024: \$515,264). The amount of bank guarantees issued under this facility at 31 December 2024 is \$1,056,272 (30 June 2024: \$515,264).

The consolidated entity has a bank guarantee facility with HSBC to provide guarantees to support project performance in favour of certain clients. The amount of these bank guarantees at 31 December 2024 is USD \$763,716 (AUD \$1,225,932) (30 June 2024: USD \$520,020 (AUD \$779,582)).

The consolidated entity has a \$45 million insurance bond facility with Berkshire Hathaway Specialist Insurance Company and an additional \$30 million insurance bond facility with Allianz Australia Insurance Limited. These facilities are utilised to provide retention and off site materials bonds in connection with certain projects. The amount of insurance bonds issued under the Berkshire Hathaway Specialist Insurance Company facility at 31 December 2024 is \$14,228,629 (30 June 2024: \$12,549,695). The amount of insurance bonds issued under the Allianz Australia Insurance Limited facility at 31 December 2024 is \$23,901,825 (30 June 2024: \$25,808,664).

GR Engineering Services Limited, the parent company, has provided guarantees and indemnities in relation to certain contracts entered into by its subsidiaries. Liability under these guarantees and indemnities is limited to the relevant subsidiaries' contracted limits of liability under the contracts.

9 DIVIDENDS

During the half year, the consolidated entity made the following dividend payments :

| | 31 December 2024 | | 31 December 2023 | |
|-----------------------------------|--------------------|------------|--------------------|------------|
| | Cents per share | \$ | Cents per share | \$ |
| <i>Fully paid ordinary shares</i> | | | | |
| Dividend | 10.00 | 16,700,847 | 10.00 | 16,495,525 |

A fully franked dividend of 10.0 cents per share has been declared for the six months ended 31 December 2024. The ex dividend date for the interim dividend is 4 March 2025, the record date for determining entitlements to the interim dividend is 5 March 2025 and the payment date for the interim dividend is 25 March 2025.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

10 SEGMENT INFORMATION

Operating segments have been identified on the basis of internal reports of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Managing Director. On a regular basis, the board receives financial information on a company basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

The Managing Director has chosen to classify the operations of the consolidated entity by reference to presence in an industry. The segments identified on this basis are "mineral processing" and "oil and gas".

Segment revenues and results

The following table shows the revenue and results of the consolidated entity summarised under these segments.

Segment revenue

| | 31 December 2024 \$ | 31 December 2023 \$ |
|--------------------|---------------------------|---------------------------|
| Mineral processing | 222,157,749 | 156,064,340 |
| Oil and gas | 49,956,967 | 31,208,778 |
| Total revenue | <u>272,114,716</u> | <u>187,273,118</u> |

Segment profit before tax

| | 31 December 2024 \$ | 31 December 2023 \$ |
|-------------------------|---------------------------|---------------------------|
| Mineral processing | 27,421,811 | 18,966,293 |
| Oil and gas | 4,383,334 | 1,702,498 |
| Total profit before tax | <u>31,805,145</u> | <u>20,668,791</u> |

Segment assets

| | 31 December 2024 \$ | 30 June 2024 \$ |
|------------------------------|---------------------------|-----------------------|
| Mineral processing | 201,001,269 | 194,706,497 |
| Oil and gas | 34,480,452 | 30,599,935 |
| Corporate - financial assets | 665,525 | 1,448,296 |
| Total assets | <u>236,147,246</u> | <u>226,754,728</u> |

11 FINANCIAL ASSETS

Financial assets held at fair value through other comprehensive income

| | 31 December 2024 \$ | 30 June 2024 \$ |
|---------------------------|---------------------------|-----------------------|
| Shares in listed entities | <u>665,525</u> | <u>1,448,296</u> |

Shares held in the listed entities are measured at fair value at the end of the reporting period.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

12 FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position for the consolidated entity are as follows :

| | 31 December 2024 | | 30 June 2024 | |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | \$ | \$ | \$ | \$ |
| Assets | | | | |
| Cash at bank | 111,831,411 | 111,831,411 | 74,645,675 | 74,645,675 |
| Trade receivables | 70,695,747 | 70,695,747 | 100,093,908 | 100,093,908 |
| Equity instruments | 665,525 | 665,525 | 1,448,296 | 1,448,296 |
| | <u>183,192,683</u> | <u>183,192,683</u> | <u>176,187,879</u> | <u>176,187,879</u> |
| Liabilities | | | | |
| Trade payables | 66,935,255 | 66,935,255 | 75,498,270 | 75,498,270 |
| Lease liabilities | 10,790,065 | 10,790,065 | 8,892,109 | 8,892,109 |
| | <u>77,725,320</u> | <u>77,725,320</u> | <u>84,390,379</u> | <u>84,390,379</u> |

The consolidated entity holds equity securities of \$665,525 (30 June 2024: \$1,448,296) which are classified as fair value hierarchy level 1, in which fair values are based on quoted prices in active markets. There have been no transfers of fair value hierarchy levels during the period.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the consolidated entity have elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the consolidated entity's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

13 KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report dated 30 June 2024.

14 EVENTS AFTER THE REPORTING DATE

A fully franked dividend of 10.0 cents per share has been declared for the six months ended 31 December 2024. The ex dividend date for the interim dividend is 4 March 2025, the record date for determining entitlements to the interim dividend is 5 March 2025 and the payment date for the interim dividend is 25 March 2025.

In January 2025, GR Engineering was awarded an EPC contract for the King of the Hills Operations Stage 1 Upgrade. This is a \$75 million contract with a wholly owned subsidiary of Vault Minerals Limited for the Stage 1 Upgrade for the King of the Hills Operations in Western Australia. The project scope comprises the design, procurement, construction, installation and commissioning of the upgrade to the King of the Hills dry processing plant and the wet processing plant.

There has been no other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

GR ENGINEERING SERVICES LIMITED

HALF-YEAR FINANCIAL REPORT

DIRECTORS' DECLARATION

The directors declare that:

(a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) In the directors' opinion, the attached financial statements and notes thereto are in compliance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Name: Tony Patrizi
Managing Director
Date: 24 February 2025

Independent Auditor's Review Report to the members of GR Engineering Services Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of GR Engineering Services Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2024, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes to the half-year financial report, including material accounting policy information and other explanatory information, and the directors' declaration as set out on page 18.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with 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 review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

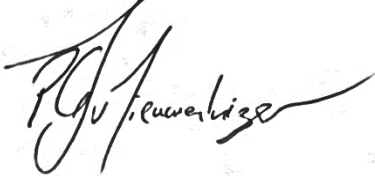
Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



DELOITTE TOUCHE TOHMATSU



Pieter Janse van Nieuwenhuizen

Partner

Chartered Accountants

Perth, 24 February 2025

Appendix 4D

Preliminary Half Year Report to the Australian Securities Exchange

GR Engineering Services Limited

ABN 12 121 542 738

For the Half Year Ended 31 December 2024
(corresponding period half year ended 31 December 2023)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | <i>Half year ended 31 Dec 2024</i> | <i>Percentage increase / (decrease) from 31 Dec 2023</i> |
|---|--|--|
| | <i>\$'000</i> | |
| Revenue from ordinary activities | 272,115 | 45.30% |
| Profit from ordinary activities after tax attributable to members | 21,824 | 52.64% |
| Net profit for the period attributable to members | 21,824 | 52.64% |

DIVIDENDS

| | <i>Half year ended 31 Dec 2024 (cents per share)</i> | <i>Half year ended 31 Dec 2023 (cents per share)</i> |
|----------------|--|--|
| Final dividend | 10.00 (fully franked) | 10.00 (fully franked) |

Subsequent to reporting date, a fully franked interim dividend was resolved to be paid of 10.0 cents per share, with an ex-dividend date of 4 March 2025 and a record date for determining entitlements to the interim dividend of 5 March 2025. The payment date of the interim dividend is 25 March 2025.

NET TANGIBLE ASSET BACKING

| | <i>Half year ended 31 Dec 2024 (cents per share)</i> | <i>Half year ended 31 Dec 2023 (cents per share)</i> |
|---|--|--|
| Net tangible asset backing per ordinary share | 24.30 | 19.54 |

The Half Year Financial Report dated 24 February 2025 forms part of and should be read in conjunction with this Preliminary Half Year Report (Appendix 4D).

This report is based on accounts which have been reviewed. The review report is included in the Half Year Financial Report.