

**Appendix 4D  
Half Yearly Report**

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

**1. Reporting Period**

<b>Reporting Period:</b>	<b>Half year ended 31 December 2022 (“current period”)</b>
<b>Previous Reporting Period</b>	<b>Half year ended 31 December 2021 (“previous corresponding period”)</b>

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

**A\$'000**

Revenues from ordinary activities	Up	15.5%	to	\$52,570
Profit / (loss) from ordinary activities after tax attributed to members	Up	3.8%	to	\$7,793
Profit / (loss) for the period attributed to members	Up	3.8%	to	\$7,793

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<i>Current period</i>		
Interim dividend	3.60 cents	100%
<i>Previous corresponding period</i>		
Interim dividend	3.50 cents	100%
Record date for determining entitlements to the dividend	17 March 2023	

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

Information on results and operations is included in the Directors' Report.
Subsequent to the end of the reporting period, the directors declared a fully franked interim dividend for the half year ending 31 December 2022 of 3.60 cents per ordinary share to be paid on 24 March 2023, a total estimated distribution of \$3.6 million based on the number of ordinary shares on issue as at 17 February 2023 and representing 46% of NPAT.

**3. Net Tangible assets per security**

	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible assets per security	\$0.60	\$0.51

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

**Control gained over entities**

Name of entities	business and assets of Docking Engineering
Date(s) from which control was gained	19 August 2022
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired.	\$35,000
Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period.	\$48,000

**Loss of control of entities**

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

Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period.	N/A
---	-----

**Details of Individual and Total Dividends**

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim Current period dividend	24 March 2023	3.60 cents	100%	-
Previous corresponding period	25 March 2022	3.50 cents	100%	-

**5. Dividend reinvestment plan**

Details of any dividend reinvestment plans in operation

N/A

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

N/A

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

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

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

N/A

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

N/A

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

N/A

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



**Kees Weel**  
 Managing Director  
 16 February 2023



# Interim Financial Report

For the six months ended 31  
December 2022

Powering Ahead



PWR Holdings Limited (ASX:PWH)

## Contents

	<b>Page</b>
<b>Directors' Report</b>	2
<b>Lead Auditor's Independence Declaration</b>	6
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Interim Financial Statements	11
Directors' Declaration	18
Independent Auditor's Review Report	19

The directors present their report together with the financial report of PWR Holdings Limited (the “Company”) and its controlled entities (the “Group”) for the six months ended 31 December 2022 and the review report thereon.

## Directors

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

Director		Commencement Date
Teresa Gayle Handicott	<i>Independent, Non-Executive Director and Chairman</i>	1 October 2015
Kees Cornelius Weel	<i>Managing Director</i>	30 June 2003
Jeffrey Ian Forbes	<i>Independent, Non-Executive Director</i>	7 August 2015
Roland Dane	<i>Independent, Non-Executive Director</i>	1 March 2017
Kym Osley	<i>Independent, Non-Executive Director</i>	1 February 2023

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

## Operating and financial review

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

Our investment for the period of over \$5.7 million for additional capital equipment and \$0.843 million for the acquisition of Docking Engineering in the United Kingdom, will provide improved capability, increased capacity and extended quality control processes.

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

Period ending 31 December	PWR Performance		PWR C&R		Total	
	Products					
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	39,314	34,527	18,624	13,764	57,938	48,291
Segment EBIT <sup>1</sup>	8,526	8,318	2,079	2,339	10,605	10,657

PWR Performance Products segment revenue of \$39.3 million was an increase of 13.9% on the prior corresponding period revenue of \$34.5 million. This increase was driven by strong sales in Aerospace and Defence and commencement of new original equipment manufacturer (OEM) programs. PWR Performance Products segment EBIT<sup>1</sup> of \$8.5 million was an increase of 2.5% on the prior corresponding period EBIT<sup>1</sup> of \$8.3 million. Operating expenses were higher due to increased labour rates and headcount, increased international travel and trade show attendance, investment in cyber security and enterprise resource planning (ERP) system development and increased insurance premiums.

PWR C&R segment revenue of \$18.6 million was an increase of 35.3% on the prior corresponding period revenue of \$13.8 million. This increase was due to strong sales in Aerospace and Defence, growth in OEM programs, motorsports and automotive aftermarket, and a strong USD exchange rate. PWR C&R segment EBIT<sup>1</sup> of \$2.1 million was a decrease of 11.1% on the prior corresponding period EBIT<sup>1</sup> of \$2.3 million due to the increased labour rates, an investment in new headcount, and changes to the product sales mix.

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

## Operating and financial review (continued)

Net profit after tax of the Group for the six months ended 31 December 2022 was \$7.79 million (1H FY22: \$7.50 million). Earnings per ordinary share of 7.77c was an increase of 3.8% on the previous corresponding period earnings per ordinary share of 7.48c.

### *Revenue*

The Group achieved overall revenue growth of 15.5% compared to the previous corresponding period.

Revenue grew across all major market segments with strong growth in Aerospace and Defence, commencement of new original equipment manufacturer (OEM) contracts, and growth in the automotive aftermarket. Despite currency fluctuations during the reporting period, movements in the exchange rates had a negligible impact on revenue growth with weakness in the GBP exchange rate largely offset by strength in the USD exchange rate.

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

EBITDA of \$14.5 million in 1H FY23 (1H FY22: \$14.2 million) increased by 1.6%. The EBITDA margin of 27.5% in 1H FY23 (1H FY22: 31.2%) was lower mainly due to:

- Changes to product sales mix;
- Investment in customer engagement and marketing, cyber security, and enterprise resource planning (ERP) system development, in line with strategic goals; and
- Increases in headcount, labour rates, and insurance premiums.

The Group has responded to the increased operating expenses through operating efficiencies and increased sale prices with the full impact of these measures yet to be reflected in the financial results.

Expenses relating to increased international travel to visit customers and attend trade shows, cyber security and ERP development are investments to support the future performance of the Group.

### *Operating cash flow*

H1 FY23 operating cash flow (excluding interest and tax) of \$11.2 million (1H FY22: \$9.6 million) was an EBITDA to operating cash conversion of 77.5% (1H FY22: 67.6%).

Working capital increased by \$9.9 million (1H FY22 :\$6.4 million). From 31 December 2021 to 31 December 2022 there was a \$4.0 million increase in trade debtors due to strong sales in December 2022 and a \$7.0 million increase in inventory and pre-payments to manage supply chain risks.

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

---

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

## Operating and financial review (continued)

### Foreign currency

Foreign currency movements during the period combined with the Group's hedging strategy resulted in a foreign exchange gain of \$0.2 million (1H FY22: \$0.2 million loss). The Group is exposed to movements in foreign exchange rates, with consolidated revenue generated in various currencies as outlined below:

	1H FY23	1H FY22
British pounds (GBP)	49%	56%
US dollars (USD)	34%	27%
Australian dollars (AUD)	13%	13%
Euro (€)	4%	4%
	<b>100%</b>	<b>100%</b>

### Review of principal business

During the six months ended 31 December 2022, the Group focussed on diversifying its operations within the targeted segments in a sustainable and profitable manner for the long-term benefit of stakeholders including shareholders, staff, customers, and suppliers.

On 19 August 2022, the Group acquired the business and assets of Docking Engineering located in the United Kingdom for \$843,110 (£496,086). Docking Engineering is a leading supplier of racing radiators, oil coolers, charge air coolers and motorsport fabrication services. The acquisition provides a platform for the Group to build and grow a manufacturing facility based in the United Kingdom to service European customers and to alleviate demand pressure on Australian based fabrication.

### Balance sheet and working capital management

The balance sheet remains strong with cash of \$13.1 million (30 June 2022: \$21.5 million).

Working capital has increased during the reporting period with an increase in debtors due to the increase in revenue and increased raw material and finished goods inventories in response to supply chain delays resulting in an increase in working capital (including prepayments) of \$9.9 million (1H FY22: \$6.4 million).

Investment in capital expenditure was \$5.7 million (1H FY22: \$3.7 million) and acquisition of business assets was \$0.843 million (1H FY22: nil). These investments provide both additional capacity and increased quality control capability as part of the program to manage expected growth.

### Environmental, Social and Governance (ESG), including the Impacts of Climate Change

The Group has engaged PricewaterhouseCoopers to assist the senior management team to identify the critical environmental, social and governance issues and opportunities impacting the Group, and to develop mitigation responses and reporting protocols. The outcomes of this engagement will be included in the 2023 Annual Report.

### **Events subsequent to reporting date**

The Board declared an interim dividend of 3.60 cents per share. The financial effect of the interim dividend has not been brought to account in the consolidated financial statements for the half year ended 31 December 2022.

On 30 January 2023, the Group acquired the business and assets of Bespoke Motorsport Radiators Limited (BMR). BMR is one of the leading core manufacturers and suppliers of high-performance motorsport radiators, intercoolers and oil coolers in the United Kingdom. BMR's four-year average revenue is \$0.899 million (£0.519 million) per year. The \$1.168 million (£0.675 million) acquisition price was funded out of existing cash.

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

### **Lead auditor's independence declaration**

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the six months ended 31 December 2022.

### **Rounding of amounts**

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

Signed in accordance with a resolution of the directors:



Teresa Handicott  
*Chairman*



Kees Weel  
*Managing Director*

Brisbane  
16 February 2023



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

To the Directors of PWR Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of PWR Holdings Limited for the half-year ended 31 December 2022 there have been:

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

KPMG

Tracey Barker  
*Partner*

Brisbane  
16 February 2023

**PWR Holdings Limited  
and its controlled entities**

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

**For the six months ended 31 December 2022**

	<i>Note</i>	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue	<i>B1</i>	52,570	45,522
Other income	<i>B2</i>	783	324
Raw materials and consumables used		(10,517)	(8,716)
Employee expenses		(23,625)	(20,293)
Occupancy expenses		(537)	(401)
Other expenses		(4,224)	(2,220)
<b>Profit before depreciation, net finance income/costs and income tax</b>		<b>14,450</b>	<b>14,216</b>
Depreciation and amortisation		(3,858)	(3,601)
<b>Total depreciation and amortisation expense</b>		<b>(3,858)</b>	<b>(3,601)</b>
Finance income	<i>B3</i>	200	8
Finance costs	<i>B3</i>	(153)	(261)
<b>Net finance income/(costs)</b>	<i>B3</i>	<b>47</b>	<b>(253)</b>
<b>Profit before income tax</b>		<b>10,639</b>	<b>10,362</b>
Income tax expense	<i>B4</i>	(2,846)	(2,858)
<b>Profit for the period</b>		<b>7,793</b>	<b>7,504</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss:</b>			
Exchange differences on translating foreign operations		328	434
<b>Total comprehensive income for the period</b>		<b>8,121</b>	<b>7,938</b>
<b>Basic and diluted earnings per share</b>		<b>7.77 cents</b>	<b>7.48 cents</b>

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

**PWR Holdings Limited  
and its controlled entities**

**Consolidated Statement of Financial Position**

**As at 31 December 2022**

	<i>Note</i>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		13,060	21,499
Trade and other receivables		12,904	13,813
Inventories		16,742	12,746
Current tax asset		1,532	-
Other assets		2,551	2,847
<b>Total current assets</b>		<u>46,789</u>	<u>50,905</u>
<b>Non-current assets</b>			
Property, plant and equipment	<i>B5</i>	47,153	32,594
Intangible assets		15,634	15,027
<b>Total non-current assets</b>		<u>62,787</u>	<u>47,621</u>
<b>Total assets</b>		<u>109,576</u>	<u>98,526</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		7,195	7,532
Lease liabilities		2,593	1,903
Deferred income		475	469
Contract liabilities		901	907
Employee benefits		3,625	3,324
Current tax liabilities		-	218
Provisions		275	263
<b>Total current liabilities</b>		<u>15,064</u>	<u>14,616</u>
<b>Non-current liabilities</b>			
Lease liabilities		15,772	4,839
Deferred income		977	1,219
Contract liabilities		-	440
Employee benefits		412	348
Deferred Tax Liabilities		1,051	667
<b>Total non-current liabilities</b>		<u>18,212</u>	<u>7,513</u>
<b>Total liabilities</b>		<u>33,276</u>	<u>22,129</u>
<b>Net assets</b>		<u>76,300</u>	<u>76,397</u>
<b>Equity</b>			
Share capital	<i>C1</i>	26,807	26,484
Reserves		1,176	864
Retained earnings		48,317	49,049
<b>Total equity</b>		<u>76,300</u>	<u>76,397</u>

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

**PWR Holdings Limited  
and its controlled entities**

**Consolidated Statement of Changes in Equity  
For the six months ended 31 December 2022**

<i>Note</i>	<b>Share capital \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Share based payments reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2022	26,484	9	855	49,049	76,397
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	7,793	7,793
Other comprehensive income	-	328	-	-	328
Total comprehensive income	-	328	-	7,793	8,121
<b>Transactions with owners, recorded directly in equity</b>					
Dividends paid <i>C3</i>	-	-	-	(8,525)	(8,525)
Employee share-based payments	-	-	307	-	307
Share options exercised	323	-	(323)	-	-
Total transactions with owners	323	-	(16)	(8,525)	(8,218)
<b>Balance at 31 December 2022</b>	<b>26,807</b>	<b>337</b>	<b>839</b>	<b>48,317</b>	<b>76,300</b>
Balance at 1 July 2021	26,223	(615)	627	37,727	63,962
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	7,504	7,504
Other comprehensive income	-	434	-	-	434
Total comprehensive income	-	434	-	7,504	7,938
<b>Transactions with owners, recorded directly in equity</b>					
Dividends paid <i>C3</i>	-	-	-	(6,011)	(6,011)
Share options exercised	261	-	(261)	-	-
Employee share-based payments	-	-	279	-	279
Total transactions with owners	261	-	18	(6,011)	(5,732)
<b>Balance at 31 December 2021</b>	<b>26,484</b>	<b>(181)</b>	<b>645</b>	<b>39,220</b>	<b>66,168</b>

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

**PWR Holdings Limited  
and its controlled entities**

**Consolidated Statement of Cash Flows**

**For the six months ended 31 December 2022**

	<i>Note</i>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers		52,650	45,890
Cash paid to suppliers and employees		(41,450)	(36,285)
Cash generated from operations		11,200	9,605
Interest paid		(153)	(104)
Income tax received/(paid)		(3,440)	(2,877)
<b>Net cash from operating activities</b>		<b>7,607</b>	<b>6,624</b>
<b>Cash flows from investing activities</b>			
Interest received		44	8
Investment grant received		-	789
Proceeds from sale of property, plant and equipment		-	70
Payment for acquisition of business	<i>B7</i>	(843)	-
Payments for property, plant and equipment	<i>B5</i>	(5,711)	(3,721)
<b>Net cash used in investing activities</b>		<b>(6,510)</b>	<b>(2,854)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	<i>C3</i>	(8,525)	(6,011)
Payment of lease liabilities		(1,003)	(903)
<b>Net cash used in financing activities</b>		<b>(9,528)</b>	<b>(6,914)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,431)</b>	<b>(3,144)</b>
Cash and cash equivalents at 1 July		21,499	19,857
Effect of exchange rate fluctuations on cash held		(8)	5
<b>Cash and cash equivalents at 31 December</b>		<b>13,060</b>	<b>16,718</b>

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

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2022**

**Section A About this report**

**A1 Reporting entity**

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

These consolidated interim financial statements of the Company as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group Entities”).

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

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2022 are available from the Company’s website ([www.pwr.com.au](http://www.pwr.com.au)) or upon request from the Company’s registered office at 103 Lahrs Road, Ormeau, Queensland 4208.

**A2 Basis of preparation**

**(a) Statement of compliance**

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

They do not include all the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2022.

The accounting policies applied in these interim financial statements are the same applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2022.

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

These interim financial statements were approved by the Board of Directors on 16 February 2023.

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

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2022**

**Section B Business performance**

**B1 Operating segments**

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

	PWR Performance Products		PWR C&R		Total	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from sale of manufactured products	35,681	33,449	16,273	11,436	51,954	44,885
Revenue from services	54	20	562	617	616	637
External revenues	35,735	33,469	16,835	12,053	52,570	45,522
Inter-segment revenues	3,579	1,058	1,789	1,711	5,368	2,769
Segment revenue	39,314	34,527	18,624	13,764	57,938	48,291
Operating EBITDA <sup>1</sup>	11,478	11,222	2,985	3,036	14,463	14,258
Depreciation	(2,952)	(2,904)	(906)	(697)	(3,858)	(3,601)
Segment profit/(loss) before interest and tax	8,526	8,318	2,079	2,339	10,605	10,657

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

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Reconciliation of reportable segment profit or loss</b>		
Segment profit before interest and tax for reportable segments	10,605	10,657
Net finance income/(costs)	47	(253)
Elimination of inter-segment loss	(13)	(42)
Consolidated profit before tax	10,639	10,362

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements  
For the six months ended 31 December 2022**

**Section B Business performance (continued)**

**B1 Operating segments (continued)**

**Geographic information**

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

	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Australia	5,072	5,388
USA	15,531	11,458
UK	15,843	15,778
Italy	5,172	4,186
Germany	3,523	2,533
Other	7,429	6,179
	<b>52,570</b>	<b>45,522</b>

**B2 Revenue and other income**

	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from contracts with customers</b>		
Sales of goods	51,954	44,885
Rendering of services	616	637
	<b>52,570</b>	<b>45,522</b>
<b>Other income</b>		
R&D tax incentive	752	300
Indiana Investment grant receipts	17	16
JobMaker receipts	14	-
Gain on sale of assets	-	8
	<b>783</b>	<b>324</b>

<b>Customer Revenue by Market Sector</b>	<b>31 Dec 2022</b>			<b>31 Dec 2021</b>		
	Advanced Cooling <sup>1</sup>	Emerging Technologies <sup>2</sup>	Total	Advanced Cooling <sup>1</sup>	Emerging Technologies <sup>2</sup>	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Motorsports	23,130	2,520	<b>25,650</b>	21,871	2,729	<b>24,600</b>
Automotive OEM	11,601	1,974	<b>13,575</b>	9,352	2,291	<b>11,643</b>
Automotive Aftermarket	8,738	9	<b>8,747</b>	7,615	1	<b>7,616</b>
Aerospace and Defence	-	3,457	<b>3,457</b>	-	1,138	<b>1,138</b>
Other	839	302	<b>1,141</b>	398	127	<b>525</b>
	<b>44,308</b>	<b>8,262</b>	<b>52,570</b>	<b>39,236</b>	<b>6,286</b>	<b>45,522</b>

<sup>1</sup> Advanced Cooling includes revenue from products and services excluding revenue from Emerging Technologies.

<sup>2</sup> Emerging Technologies includes revenue from Aerospace and Defence across all technologies, and revenue from other market sectors generated by cold plate, micro matrix and additive manufacturing.

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2022**

**B3 Finance income and finance costs**

Interest income	44	8
Net foreign exchange gain	156	-
<b>Finance income</b>	200	8
Net foreign exchange loss	-	(157)
Interest expense	(2)	(8)
Lease liability interest	(151)	(96)
<b>Finance costs</b>	(153)	(261)
<b>Net finance income/(costs)</b>	47	(253)

**B4 Income tax expense**

The Group's consolidated effective tax rate for the six months ended 31 December 2022 was 26.8% (H1 FY22: 27.6%).

**B5 Property, plant and equipment**

Capital expenditure for the six-month period ended 31 December 2022, including assets acquired through a business combination (refer note B7), of \$5.8 million (1H FY22: \$3.7 million) during the reporting period has been funded from the Group's cash reserves.

During the six-month period ended 31 December 2022, the Group entered into three new property leases with lease periods of between five and twenty years to be used for expanding production capacity and raw material storage. On commencement of the leases the Group recognised \$12.6 million in right-of-use asset and lease liabilities (FY22: nil).

**B6 Seasonality of operations**

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

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2022**

**B7 Business combinations**

On 19 August 2022, the Group acquired the business and assets of Docking Engineering located in the United Kingdom for a cash payment of \$0.843 million (£0.496 million). Docking Engineering is a leading supplier of racing radiators, oil coolers, charge air coolers and motorsport fabrication services. The acquisition provides a platform for the Group to build and grow a manufacturing facility based in the United Kingdom to service European customers and to alleviate demand pressure on Australian based fabrication.

Since the acquisition, Docking Engineering has contributed revenue of \$0.525 million and profit of \$0.035 million. If the acquisition had occurred on 1 July 2022, management estimates that Docking Engineering revenue would have contributed \$0.720 million and profit of \$0.048 million.

**Acquisition related costs**

The Group incurred acquisition related costs of \$0.045 million relating to external legal fees and due diligence costs. These costs have been included in other expenses in the consolidated statement of profit and loss and other comprehensive income.

**Identifiable assets acquired and liabilities assumed**

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition:

	<b>\$'000</b>
Plant & Equipment	81
Inventories	182
Employee provisions	(7)
Total identifiable net assets acquired	<u>256</u>

**Fair values measured on a provisional basis**

The following fair values have been determined on a provisional basis pending confirmation:

- Plant and equipment;
- Inventories; and
- Customer contracts.

**Goodwill**

Goodwill arising from the acquisition has been recognised as follows:

	<b>\$'000</b>
Total consideration transferred	843
Fair value of identifiable net assets	(256)
Customer contracts	(18)
Goodwill	<u>569</u>

The goodwill is attributable mainly to the skills and technical talent of Docking Engineering workforce, and the synergies expected to be achieved from integrating the company into the Group's existing business.

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2022**

**Section C Capital structure**

**C1 Capital and reserves**

	31 Dec 2022		31 Dec 2021	
	No. of shares	\$'000	No. of shares	\$'000
<b>Share capital</b>				
<i>Ordinary shares</i>				
Balance at 1 July	100,296,046	26,484	100,179,774	26,223
Issue of shares on vesting of performance rights - FY19	-	-	116,272	261
- FY20	84,294	323	-	-
Balance at 31 December	100,380,340	26,807	100,296,046	26,484

**C2 Performance Rights**

Performance Rights that vested and lapsed during the Reporting Period and total Performance Rights issued at 31 December 2022 are as follows:

	Number of Performance Rights				
	Balance at 30 June 2022	Issued in period	Lapsed during period	Vested & exercised during period	Balance at 31 December 2022
<b>KMP</b>					
Kees Weel	-	50,077	-	-	50,077
Matthew Bryson	68,030	18,635	-	(23,243)	63,422
Martin McIver	15,690	17,485	-	-	33,175
	83,720	86,197	-	(23,243)	146,674
<b>Non – KMP</b>	189,618	103,729	-	(61,051)	232,296
<b>Total</b>	273,338	189,926	-	(84,294)	378,970

**PWR Holdings Limited  
and its controlled entities**

**Notes to the consolidated interim financial statements**

**For the six months ended 31 December 2022**

**C3 Dividends**

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

**Current period**

	Cents per share	Total amount \$'000	Franked/ unfranked	Date of payment
2022 Final Dividend	8.50	8,525	Franked	23 September 2022
Total amount		<u>8,525</u>		

**Prior comparative period**

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

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

	Cents per share	Total amount \$'000	Franked/ unfranked	Date of payment
2023 Interim Dividend	3.60	3,614	Franked	24 March 2023
Total amount		<u>3,614</u>		

**Section D Other information**

**D1 Subsequent events**

The Board declared an interim dividend of 3.60 cents per share. The financial effect of the interim dividend has not been brought to account in the consolidated financial statements for the half year ended 31 December 2022.

On 30 January 2023, the Group acquired the business and assets of Bespoke Motorsport Radiators Limited (BMR). BMR is one of the leading core manufacturers and suppliers of high-performance motorsport radiators, intercoolers and oil coolers in the United Kingdom. BMR's four-year average revenue is \$0.899 million (£0.519 million) per year. The \$1.168 million (£0.675 million) acquisition price was funded out of existing cash.

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

**PWR Holdings Limited  
and its controlled entities**

**Directors' declaration**

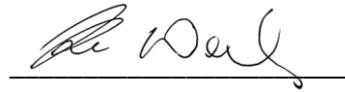
In the opinion of the directors of PWR Holdings Limited (the "Company"):

- (a) the consolidated financial statements and notes, set out on pages 7 to 17 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the six month period ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Teresa Handicott  
*Chairman*  
Brisbane  
16 February 2023



Kees Weel  
*Managing Director*  
Brisbane  
16 February 2023



# Independent Auditor's Review Report

To the shareholders of PWR Holdings Limited

## Report on the Interim Financial Report

### Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the six months ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the six months ended on that date;
- Notes A1 to D1 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

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

### Basis for Conclusion

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

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

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the six months ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Tracey Barker  
*Partner*

Brisbane  
16 February 2023