

1. Company details

Name of entity:	Big River Industries Limited
ABN:	72 609 901 377
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	5.9% to	218,779
Profit from ordinary activities after tax attributable to the owners of Big River Industries Limited	down	44.8% to	7,120
Profit for the half-year attributable to the owners of Big River Industries Limited	down	44.8% to	7,120
		31 Dec 2023 Cents	31 Dec 2022 Cents
Basic earnings per share		8.54	15.59
Diluted earnings per share		8.44	15.33

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend paid on 6 October 2023	8.50	8.50

On 20 February 2024, the director's determined a fully franked interim dividend of 5.5 cents per fully paid ordinary share to be paid on 27 March 2024.

Comments

The profit for the Group after providing for income tax amounted to \$7,120,000 (31 December 2022: \$12,893,000).

Refer to the Interim Report attached to this Appendix 4D for detailed explanation and commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>72.74</u>	<u>68.36</u>

Calculated as follows:

	31 Dec 2023 \$'000	Group 31 Dec 2022 \$'000
Net assets	120,563	118,328
Intangibles	(59,786)	(61,575)
Net tangible assets	<u>60,777</u>	<u>56,753</u>
Ordinary shares (No.)	<u>83,550,793</u>	<u>83,014,871</u>

4. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The dividend reinvestment plan dated 10 December 2019 is in operation, which can be downloaded at <http://bigriverindustries.com.au/investors/?page=Corporate-Governance>

The last date(s) for receipt of election notices for the dividend or distribution plans: 6 March 2024

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

Details of attachments (if any):

The Interim Report of Big River Industries Limited for the half-year ended 31 December 2023 is attached.

7. Authorised for release

Authorised for release to the ASX by order of the Board

Big River Industries Limited

ABN 72 609 901 377

Interim Report - 31 December 2023

Directors' report	2
Auditor's independence declaration	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	19
Independent auditor's review report to the members of Big River Industries Limited	20

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Big River Industries Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Big River Industries Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Lorente	Managing Director and Chief Executive Officer
Martin Monro	Chair (appointed Chair on 24 October 2023)
Martin Kaplan	
Vicky Papachristos	
Brendan York	
Brad Soller	
Malcolm Geoffrey Jackman	Former Chair (resigned 24 October 2023)

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the manufacture of veneer, plywood and formply, and the distribution of building supplies, including commercial and formwork product.

Dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2023 \$'000	Group 31 Dec 2022 \$'000
Final dividend of 8.5 cents per fully paid ordinary share paid on 6 October 2023 (31 December 2022: 10.0 cents per fully paid ordinary share paid on 6 October 2022)	7,099	8,291

On 20 February 2024, the director's determined a fully franked interim dividend of 5.5 cents per fully paid ordinary share to be paid on 27 March 2024.

Review of operations

The Group delivered solid revenue in line with the preceding half with total revenue at \$218.8 million, up 0.8% on 2HFY23 but down 5.9% off a stronger than usual performance in 1HFY23. As per the previous half, construction site delays driven primarily by labour shortages, across all our segments, subdued further sales growth. These factors are likely to push revenue into FY25.

Following several years of consistent gross margin growth across the business, gross margins were down 130 basis points as compared to 1HFY23, due to unfavourable product mix and competitive pressures, partially offset by continued strong pricing disciplines and improved purchasing synergies. EBITDA* decreased from \$27.9 million in previous financial half year to \$20.0 million in the current period, down 28.3% on volume, margin and increased investment in people, systems and processes to deliver future growth. Gross margin reduced by 80 bps and EBITDA* reduced by 14.2% as compared to 2HFY23.

The Grafton Consolidation project was completed in November 2023 and is now fully operational, increasing capacity to deliver high value specialist manufactured panel products.

Net profit after tax ('NPAT') was \$7.1 million, down 44.8%.

Summary results

	31 Dec 2023 \$'000	Group 31 Dec 2022 \$'000
Revenue	218,779	232,375
EBITDA*	20,034	27,893
Depreciation	(6,231)	(5,591)
Amortisation	(1,107)	(1,287)
Earnings before interest and tax ('EBIT')	12,696	21,015
Finance costs	(2,680)	(2,161)
Net profit before tax ('NPBT') and before significant items	10,016	18,854
Taxation	(3,099)	(5,687)
Net profit after tax ('NPAT') and before significant items	6,917	13,167
Significant Items, net of tax	203	(274)
Statutory NPAT	7,120	12,893
<i>Significant items (net of tax):</i>		
Acquisition costs	(87)	(274)
Fair value gain	290	-
Total significant items	203	(274)

* EBITDA is net profit before interest, taxes, depreciation, amortisation and significant items which are acquisition costs and fair value gain.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Martin Monro
Chair

20 February 2024
Sydney



John Lorente
Managing Director and Chief Executive Officer

DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF BIG RIVER INDUSTRIES LIMITED

As lead auditor for the review of Big River Industries Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Big River Industries Limited and the entities it controlled during the period.



Ryan Pollett
Director

BDO Audit Pty Ltd

Sydney, 20 February 2024

Big River Industries Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



	Note	31 Dec 2023 \$'000	Group 31 Dec 2022 \$'000
Revenue	4	218,779	232,375
Other income		81	55
Fair value gain on re-assessment of liability	7	290	-
Expenses			
Raw materials and consumables used		(161,072)	(168,105)
Selling and distribution expense		(3,740)	(3,781)
Employee benefits expense		(24,171)	(22,649)
Occupancy expense		(2,444)	(1,914)
General and administration expense		(6,735)	(7,393)
Acquisition costs		(125)	(274)
Depreciation and amortisation expense		(7,338)	(6,878)
Impairment of receivables		(664)	(695)
Finance costs		(2,680)	(2,161)
Profit before income tax expense		10,181	18,580
Income tax expense		(3,061)	(5,687)
Profit after income tax expense for the half-year attributable to the owners of Big River Industries Limited		7,120	12,893
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(664)	-
Foreign currency translation		281	799
Other comprehensive (loss)/income for the half-year, net of tax		(383)	799
Total comprehensive income for the half-year attributable to the owners of Big River Industries Limited		<u>6,737</u>	<u>13,692</u>
		Cents	Cents
Basic earnings per share	12	8.54	15.59
Diluted earnings per share	12	8.44	15.33

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	31 Dec 2023 \$'000	Group 30 Jun 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents		24,285	34,291
Trade and other receivables		48,222	59,918
Inventories		68,778	69,539
Financial assets		286	226
Derivative financial instruments		-	61
Other assets		3,194	962
Total current assets		<u>144,765</u>	<u>164,997</u>
Non-current assets			
Derivative financial instruments		-	174
Property, plant and equipment		24,155	23,851
Right-of-use assets		27,857	25,510
Intangibles	5	59,786	60,767
Deferred tax		364	298
Total non-current assets		<u>112,162</u>	<u>110,600</u>
Total assets		<u>256,927</u>	<u>275,597</u>
Liabilities			
Current liabilities			
Trade and other payables		48,736	59,666
Borrowings	6	-	2,618
Lease liabilities		8,935	8,576
Derivative financial instruments		357	-
Income tax		819	5,398
Provisions		7,661	7,369
Contingent consideration	7	2,075	3,602
Other liabilities		2,324	2,324
Total current liabilities		<u>70,907</u>	<u>89,553</u>
Non-current liabilities			
Borrowings	6	41,000	41,000
Lease liabilities		22,623	20,228
Derivative financial instruments		71	-
Deferred tax		-	794
Provisions		1,310	1,111
Contingent consideration	7	453	2,200
Total non-current liabilities		<u>65,457</u>	<u>65,333</u>
Total liabilities		<u>136,364</u>	<u>154,886</u>
Net assets		<u>120,563</u>	<u>120,711</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Big River Industries Limited
 Consolidated statement of financial position
 As at 31 December 2023



	Note	31 Dec 2023 \$'000	Group 30 Jun 2023 \$'000
Equity			
Issued capital	8	99,739	98,517
Reserves		(1,367)	24
Retained profits		22,191	22,170
		<hr/>	<hr/>
Total equity		<u>120,563</u>	<u>120,711</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Big River Industries Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023



Group	Issued capital \$'000	Foreign currency translation reserve \$'000	Hedging reserve - cash flow hedges \$'000	Share-based payments reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	96,665	(1,183)	-	1,514	15,424	112,420
Profit after income tax expense for the half-year	-	-	-	-	12,893	12,893
Other comprehensive income for the half-year, net of tax	-	799	-	-	-	799
Total comprehensive income for the half-year	-	799	-	-	12,893	13,692
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	230	-	-	-	-	230
Share-based payments	-	-	-	277	-	277
Vesting of performance rights	1,565	-	-	(1,565)	-	-
Dividends paid (note 9)	-	-	-	-	(8,291)	(8,291)
Balance at 31 December 2022	<u>98,460</u>	<u>(384)</u>	<u>-</u>	<u>226</u>	<u>20,026</u>	<u>118,328</u>

Group	Issued capital \$'000	Foreign currency translation reserve \$'000	Hedging reserve - cash flow hedges \$'000	Share-based payments reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	98,517	(747)	236	535	22,170	120,711
Profit after income tax expense for the half-year	-	-	-	-	7,120	7,120
Other comprehensive income/(loss) for the half-year, net of tax	-	281	(664)	-	-	(383)
Total comprehensive income/(loss) for the half-year	-	281	(664)	-	7,120	6,737
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 8)	66	-	-	-	-	66
Share-based payments	-	-	-	148	-	148
Vesting of performance rights	1,156	-	-	(1,156)	-	-
Dividends paid (note 9)	-	-	-	-	(7,099)	(7,099)
Balance at 31 December 2023	<u>99,739</u>	<u>(466)</u>	<u>(428)</u>	<u>(473)</u>	<u>22,191</u>	<u>120,563</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	31 Dec 2023	Group
		\$'000	31 Dec 2022
			\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		252,448	262,740
Payments to suppliers and employees (inclusive of GST)		(232,809)	(241,805)
		19,639	20,935
Interest and other finance costs paid		(1,676)	(1,372)
Income taxes paid		(8,501)	(6,683)
Net cash from operating activities		9,462	12,880
Cash flows from investing activities			
Payment for purchase of businesses		-	(5,594)
Payments for investments		(60)	-
Payments for property, plant and equipment, net of lease finance		(1,360)	(1,780)
Payments of deferred consideration	7	(3,250)	(3,641)
Proceeds from disposal of held for sale asset		-	2,701
Proceeds from disposal of property, plant and equipment		143	146
Net cash used in investing activities		(4,527)	(8,168)
Cash flows from financing activities			
Proceeds from borrowings		-	5,000
Net lease repayments		(5,320)	(4,716)
Dividends paid, net of reinvestment plan		(7,033)	(8,061)
Net cash used in financing activities		(12,353)	(7,777)
Net decrease in cash and cash equivalents		(7,418)	(3,065)
Cash and cash equivalents at the beginning of the financial half-year		31,673	17,258
Effects of exchange rate changes on cash and cash equivalents		30	19
Cash and cash equivalents at the end of the financial half-year		24,285	14,212

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Big River Industries Limited as a Group consisting of Big River Industries Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ('Group'). The financial statements are presented in Australian dollars, which is Big River Industries Limited's functional and presentation currency.

Big River Industries Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Trenayr Road
Junction Hill NSW 2460

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 February 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements are condensed financial statements that do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable segments

The Directors have identified the Group's operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources. Discrete financial information about these operating segments is reported on at least a monthly basis.

The information reported to the Chief Executive Officer is aggregated based on product types and nature of the underlying activities which the Group operates. The Group's reportable segments are as follows:

Panels	Comprised of three manufacturing and six distribution sites of timber panel products in Australia and New Zealand
Construction	Comprised of seventeen sites which sell building, commercial and formwork products in Australia

Sales between segments are based on similar terms and conditions to those in place with third party customers and are eliminated from the results below.

Note 3. Operating segments (continued)

The Directors consider Revenue and EBITDA* as the Group's key segment measure.

EBITDA* is measured pre significant items which are presented separately due to their nature, size and expected infrequent occurrence and therefore do not reflect the underlying trading of the Group.

Operating segment information

	Panels \$'000	Construction \$'000	Corporate (unallocated) \$'000	Total \$'000
Group - 31 Dec 2023				
Revenue				
Sales to external customers	64,463	154,316	-	218,779
Total revenue	64,463	154,316	-	218,779
EBITDA* (pre significant items)				
Depreciation and amortisation				(7,338)
Finance costs				(2,680)
Significant items				165
Profit before income tax expense				10,181
Income tax expense				(3,061)
Profit after income tax expense				7,120

	Panels \$'000	Construction \$'000	Corporate (unallocated) \$'000	Total \$'000
Group - 31 Dec 2022				
Revenue				
Sales to external customers	66,717	165,658	-	232,375
Total revenue	66,717	165,658	-	232,375
EBITDA* (pre significant items)				
Depreciation and amortisation				(6,878)
Finance costs				(2,161)
Significant items				(274)
Profit before income tax expense				18,580
Income tax expense				(5,687)
Profit after income tax expense				12,893

There is no single customer with 10% or more of revenue.

* EBITDA is net profit before interest, taxes, depreciation, amortisation and significant items which are acquisition costs and fair value gain.

Note 4. Revenue

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Sale of goods	218,779	232,375

Note 4. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2023 \$'000	Group 31 Dec 2022 \$'000
<i>Geographical regions</i>		
Australia	202,327	215,521
New Zealand	16,452	16,854
	<u>218,779</u>	<u>232,375</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>218,779</u>	<u>232,375</u>

Note 5. Intangibles

	31 Dec 2023 \$'000	Group 30 Jun 2023 \$'000
<i>Non-current assets</i>		
Goodwill	47,671	47,547
Customer relationships	12,798	12,787
Less: Accumulated amortisation	(4,690)	(3,735)
	<u>8,108</u>	<u>9,052</u>
Software - at cost	2,082	2,082
Less: Accumulated amortisation	(1,047)	(898)
	<u>1,035</u>	<u>1,184</u>
Product development - at cost	191	191
Less: Accumulated amortisation	(130)	(118)
	<u>61</u>	<u>73</u>
Brand name - at cost	2,911	2,911
	<u>59,786</u>	<u>60,767</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Group	Goodwill \$'000	Customer relationships \$'000	Software \$'000	Product development \$'000	Brand name \$'000	Total \$'000
Balance at 1 July 2023	47,547	9,052	1,184	73	2,911	60,767
Exchange differences	124	2	-	-	-	126
Amortisation expense	-	(946)	(149)	(12)	-	(1,107)
Balance at 31 December 2023	<u>47,671</u>	<u>8,108</u>	<u>1,035</u>	<u>61</u>	<u>2,911</u>	<u>59,786</u>

Note 6. Borrowings

	31 Dec 2023	Group 30 Jun 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Bank overdraft and trade finance	-	2,618
	<u>-</u>	<u>2,618</u>
<i>Non-current liabilities</i>		
Bank bills	41,000	41,000
	<u>41,000</u>	<u>41,000</u>

Assets pledged as security

Borrowings are secured by a first registered mortgage over assets of the Group.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	31 Dec 2023	Group 30 Jun 2023
	\$'000	\$'000
Total facilities		
Bank overdraft and trade finance	18,218	18,186
Bank bills	62,000	62,000
Lease facility	5,900	5,900
	<u>86,118</u>	<u>86,086</u>
Used at the reporting date		
Bank overdraft and trade finance	-	2,618
Bank bills	41,000	41,000
Lease facility	2,301	1,901
	<u>43,301</u>	<u>45,519</u>
Unused at the reporting date		
Bank overdraft and trade finance	18,218	15,568
Bank bills	21,000	21,000
Lease facility	3,599	3,999
	<u>42,817</u>	<u>40,567</u>

Note 7. Contingent consideration

	31 Dec 2023 \$'000	Group 30 Jun 2023 \$'000
<i>Current liabilities</i>		
Contingent consideration	2,075	3,602
<i>Non-current liabilities</i>		
Contingent consideration	453	2,200
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current financial half-year and previous financial year are set out below:		
Opening balance	5,802	7,868
Additions through business combinations	-	853
Unwind of present value interest	266	722
Payments made during the period	(3,250)	(3,641)
Fair value gain on re-assessment of liability	(290)	-
Closing balance	2,528	5,802

Note 8. Issued capital

	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$'000	Group 30 Jun 2023 \$'000
Ordinary shares - fully paid	83,550,793	83,037,906	99,739	98,517

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2023	83,037,906		98,517
Issue of shares on exercise of performance rights	30 August 2023	483,623	\$2.39000	1,156
Issue of shares in relation to dividend reinvestment plan	6 October 2023	29,264	\$2.27040	66
Balance	31 December 2023	83,550,793		99,739

Note 9. Dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2023 \$'000	Group 31 Dec 2022 \$'000
Final dividend of 8.5 cents per fully paid ordinary share paid on 6 October 2023 (31 December 2022: 10.0 cents per fully paid ordinary share paid on 6 October 2022)	7,099	8,291

On 20 February 2024, the director's determined a fully franked interim dividend of 5.5 cents per fully paid ordinary share to be paid on 27 March 2024.

Note 10. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group - 31 Dec 2023				
<i>Assets</i>				
Ordinary shares	-	-	286	286
Total assets	-	-	286	286
<i>Liabilities</i>				
Derivatives	-	428	-	428
Contingent consideration	-	-	2,528	2,528
Total liabilities	-	428	2,528	2,956
Group - 30 Jun 2023				
<i>Assets</i>				
Ordinary shares	-	-	226	226
Derivatives	-	235	-	235
Total assets	-	235	226	461
<i>Liabilities</i>				
Contingent consideration	-	-	5,802	5,802
Total liabilities	-	-	5,802	5,802

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 10. Fair value measurement (continued)

Level 3 liabilities

The level 3 liabilities unobservable inputs and sensitivity are as follows:

Type	Valuation techniques	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to value
Contingent consideration through business combinations	The valuation model considers the present value of the expected payments which are determined considering the possible scenarios of forecast EBITDA.	Forecast EBITDA Risk adjusted discount rate	The higher the discount rate, the lower the fair value The higher the amount of EBITDA, the higher the fair value

Note 11. Contingent liabilities

The Group has given bank guarantees as at 31 December 2023 of \$3,275,000 (30 June 2023: \$2,539,000) to various landlords.

Note 12. Earnings per share

	31 Dec 2023 \$'000	Group 31 Dec 2022 \$'000
Profit after income tax attributable to the owners of Big River Industries Limited	7,120	12,893
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	83,377,663	82,725,055
Adjustments for calculation of diluted earnings per share:		
Performance rights	945,316	1,357,776
Weighted average number of ordinary shares used in calculating diluted earnings per share	84,322,979	84,082,831
	Cents	Cents
Basic earnings per share	8.54	15.59
Diluted earnings per share	8.44	15.33

Note 13. Share-based payments

Performance rights

On 15 November 2023, the Company granted 457,454 performance rights to certain key executives.

Valuation model inputs

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Dividend yield	Risk-free interest rate	Fair value at grant date
15/11/2023	15/11/2028	\$2.18000	7.80%	4.00%	\$1.723

Note 14. Events after the reporting period

Apart from the dividend declared as disclosed in note 9, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Martin Monro
Chair

20 February 2024
Sydney



John Lorente
Managing Director and Chief Executive Officer

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Big River Industries Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Big River Industries Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) 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 Financial Report* section of our report. We are independent of the Company 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 the 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 the same terms if given to the directors as at the time of this auditor's review report.

Other matter

The financial report of Big River Industries Limited for the year ended 30 June 2023 was audited by another auditor who expressed an unmodified opinion on that report on 23 August 2023.



Responsibility of the directors for the 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 responsibility for the review of the 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 2023 and its financial 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.

BDO Audit Pty Ltd

BDO


Ryan Pollett
Director

Sydney, 20 February 2024