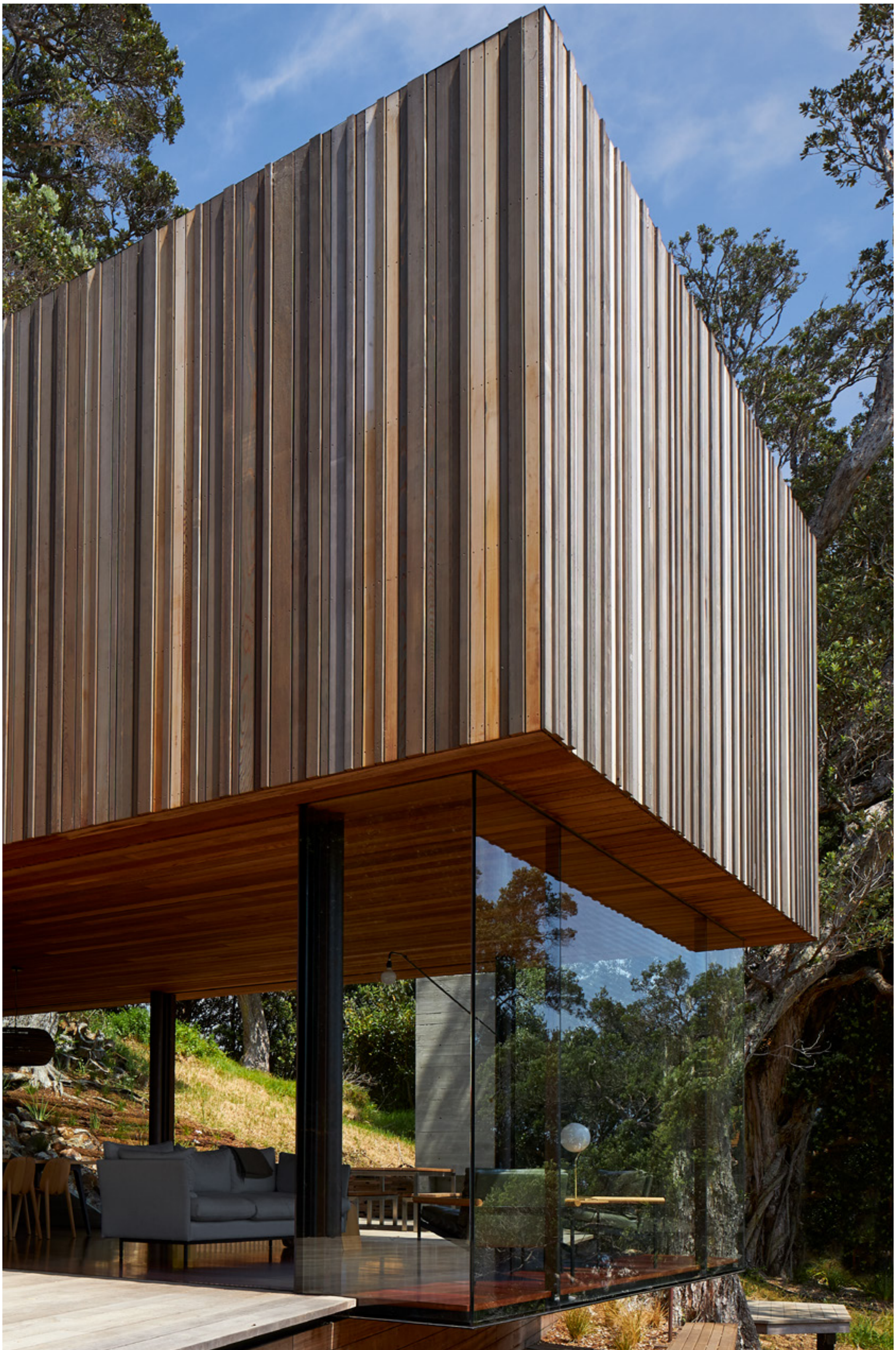
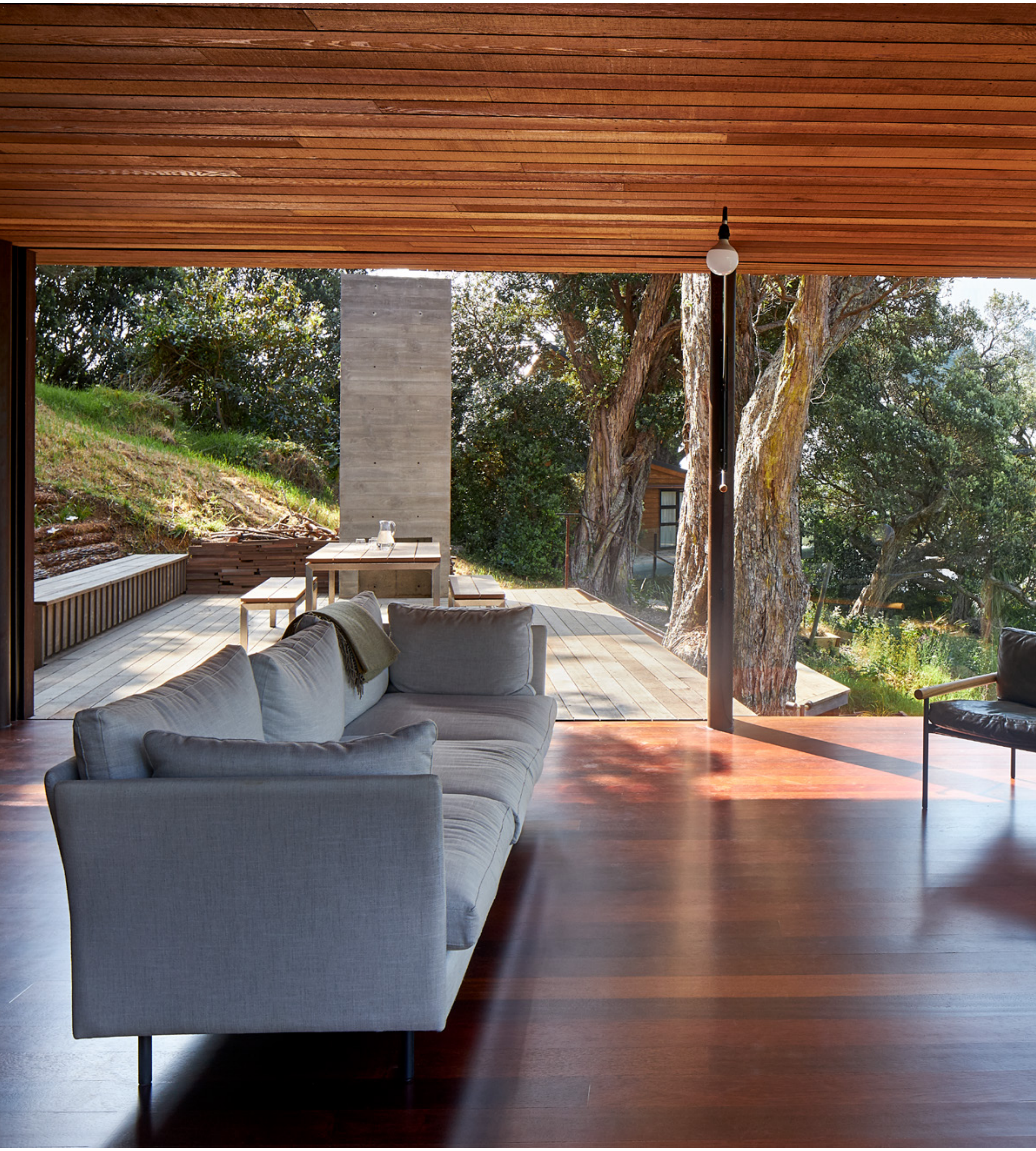
METRO

2024 Annual Report





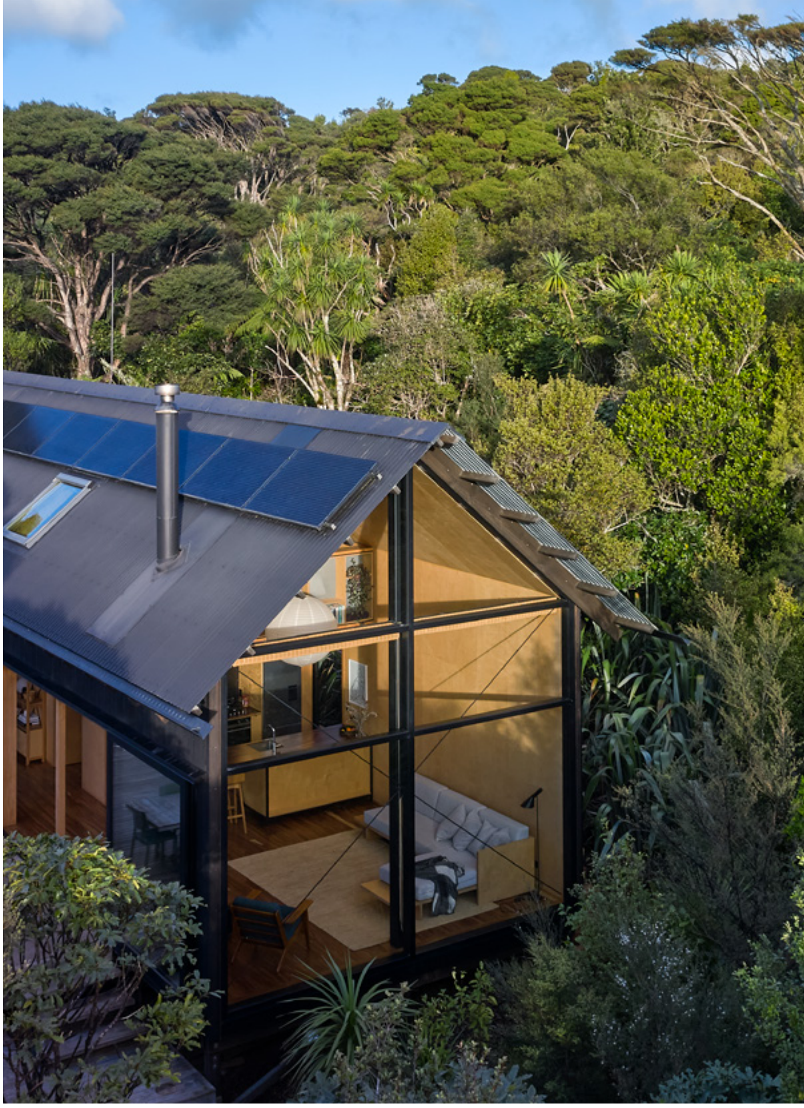
CONTENTS

This Annual Report is dated 28 May 2024 and is signed on behalf of the Board by the Directors

SHAWN BECK
Metro Performance Glass
Chair

SIMON BENNETT
Metro Performance Glass
Executive Director

FROM THE BOARD



The 23/24 financial year saw challenging trading conditions, particularly in the second half of the year, as action to reduce the impact of persistent inflation resulted in higher interest rates which brought about a softness throughout the construction sector, particularly in New Zealand. These conditions are expected to continue to constrain demand for some time.

Activity in the residential sector softened through the second half of 2023, impacting demand for glass. The beginning of the calendar year was particularly weak as the sector restarted more slowly than expected after the Christmas holiday period. In late February 2024, we stopped processing glass at the Wellington factory and we closed a regional branch in Auckland. During the year, we reduced headcount in New Zealand by 11%.

In spite of lower demand, gross profit margins recovered as an easing in supply chain disruptions resulted in stabilised input costs. The growing demand for higher value double-glazing products in New Zealand and Australia also partially offset the lower construction sector activity.

Australian Glass Group (AGG) continues to deliver improved financial and operational performance at a time of residential sector softness, partially offset by the penetration of double glazing in new residential buildings. The capital programme is on track which will expand capacity and improve plant reliability.

Financial performance

Group revenue for the year to 31 March 2024 of $239.3 million was 9% lower than the prior year, supported by 4% growth in Australia offset by 15% softer revenue in New Zealand.

Solid profitability in Australia was not enough to offset the New Zealand performance. Group EBIT before significant items reduced to $7.2 million. This result was 39% below the prior year and in line with guidance provided in March 2024.

Net debt decreased by 12%, or $7.0 million, to $53.0 million in the 12 months to March 2024, which was better than the March 2024 guidance. The net debt reduction was driven by efforts to reduce working capital in the form of inventory as supply chain reliability improved. Debtor and creditor profiles also reduced as a direct result of the softer trading conditions.

Our people

We are fortunate to have a talented and resilient team at Metroglass and the Board would like to thank them for their efforts in a tough economic climate.

We are particularly proud of the growth in our safety culture, resulting in downward numbers of injuries and no significant harm.

Positioning New Zealand for a changing market

The financial benefits of the cost-out programme initiated last year continue to flow through. In addition, further shift structure changes and reduced overhead cost initiatives were completed during the year. The New Zealand business now has 11% lower headcount from one year ago. The reduction in size of the management team reflects the ongoing search for opportunities to take costs out of the business.

The very tough trading conditions and uncertain short-term outlook (particularly in NZ) requires the company to do everything it can to improve profitability, as quickly as possible. The NZ business needs an exceptionally clear focus and immediate step-change in performance.

The company has implemented cost reduction programmes in NZ, which has unfortunately impacted many staff. This performance improvement must be accelerated and expanded in scope.

Although there may be future impact on our team, that is not the core focus. Our people continue to be the company's single most important strength, so our focus will be more on creating the environment and conditions to enable staff to perform at their best.

The Board reduced its numbers from six to four and at the same time agreed to suspend sub-committee fees until the business performance improves markedly.

Investments in furnacing capacity and capability in Auckland and Christchurch in the last financial year have delivered processing efficiencies and enabled the launch of a new distribution route through the central North Island that will leverage the Group's scale to efficiently serve customers in those areas.

Australia Glass Group performing to plan

Australian Glass Group (AGG) continued its momentum and delivered solid operating and financial performance in a period of cost inflation. Revenue growth of 4% to $79.7 million is underpinned by the high-performing double-glazing market which appears to be holding firmer than the emerging general market softness. In February, the Victorian operations were affected by a 3-day power outage which took the gloss off what was an excellent year.

During the year, the business installed a series of equipment upgrades in New South Wales and increased double glazing capacity in Victoria by repurposing equipment from the Mount Maunganui plant in New Zealand.

The positive result reflects excellent leadership, consistent operational and financial stability, and a solid customer base. In the near term AGG remain focused on maintaining its profitability and optimising working capital.

Capital management

Metroglass' net debt decreased by $7.0 million to $53.0 million compared with 31 March 2023, enabled by significant reductions in working capital in the 12 months since 31 March 2023.

As previously communicated to shareholders, cash flows from operations alone, particularly in a downturn, cannot reduce debt rapidly enough and other alternatives need to be considered.

In February 2023, Metroglass announced the start of an asset sale process for our AGG operation. This process took longer, and was more costly than anticipated and did not result in a satisfactory offer to bring to shareholders. While the new Board favours a capital raise to better position our balance sheet, rather than selling a growing and valuable asset at what may be near the bottom of the economic cycle, other options are also being pursued.

Market outlook

Economic forecasts suggest a tough 2024 with stubbornly high inflation and interest rates continuing downward pressure on the sector, offset by underlying housing demand from immigration.

Metroglass expects demand constraints, in the next 12 months, to be aligned with the economic outlook in the construction sector in New Zealand. The business has resized to meet expected demand while ensuring customer service and quality are not compromised.

In Australia, demand for AGG's products and services remains solid but subdued, supported by national construction code changes increasing double-glazing usage in residential buildings. AGG's niche positioning provides some protection from wider sector softening.

Metroglass' strategy is to be the leader in glass solutions, and this is underpinned by significant depth in expertise, proven and world-class technology, and a dedication to delivering to our customers.

While these broad goals have not changed, the new governance and management leadership of the business will herald a shift in focus. We must acutely manage cost to serve, quality of product and delivery on time. With our current capable team, we must embark on a turnaround of the New Zealand business, in a similar way we have turned the Australian business around. We will be utilising this experience and the capability of AGG in carrying out this critical task.

We'd like to take this opportunity, on behalf of the board and management team, to thank our employees again, customers, suppliers and shareholders for their continued commitment and support.

…Metroglass' strategy is to be the leader in glass solutions, and this is underpinned by significant depth in expertise, proven and world-class technology, and a dedication to delivering to our customers.

BOARD OF DIRECTORS

SHAWN BECK
Independent, Non-Executive Chair

Appointed: November 2023

Shawn has a varied background, including serving as an equities analyst and institutional dealer, investment banker, private equity general partner, company director, company founder, and owner operator.

Specific experience includes: nearly 20 years as a co-founding director of Pencarrow Private Equity, director and/or chair of approximately 15 companies in a wide range of industries including three publicly listed NZX companies, and execution or direct oversight of around 70 corporate finance transactions including IPO's, debt and equity raisings, M&A and listed takeovers.

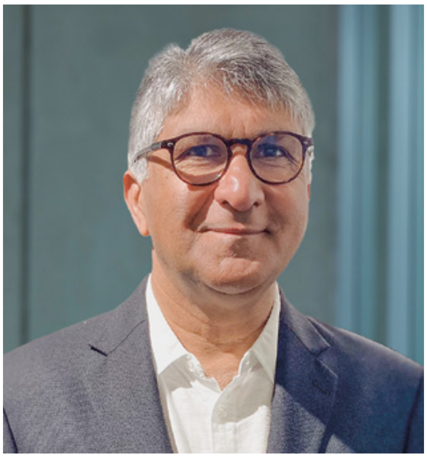
SIMON BENNETT
Non-independent Executive Director

Appointed: December 2023

Simon is an experienced CEO, entrepreneur, and company director. Simon was previously the CEO of Accordant Group which encompassed numerous recruitment businesses. He had previously worked in retail and manufacturing.

Simon's current directorships include The Icehouse, Chair of Accordant, and trustee of the International Centre for Entrepreneurship Foundation. Simon will scale back his board commitments in order to lead the Metro team.

Simon was appointed as an independent non-executive director on 11 December 2023. He was appointed as Executive Director on 6 May 2024 and was determined by the Board to be a non-independent director while in that role.



JULIA MAYNE

Independent, Non-Executive Director

Appointed: September 2021

Julia has more than 30 years experience in financial and operational improvement roles, focused in particular on the Australasian building materials sector. Julia is currently the Head of Commercial at Scottish Pacific Business Finance. Prior to this, she completed several consulting, programme management or Acting CEO roles focused on business improvement. From 2001 to 2015, Julia held senior financial leadership positions across the Fletcher Building Group, including the roles of General Manager Finance – Building Products division, the CFO of the Crane Division, and Divisional Finance Manager – Stramit Building Products.

Julia is a qualified CPA, has a CPA MBA from Deakin University, a Bachelor of Commerce (Hons) from the University of NSW and a Bachelor of Commerce from the University of Wollongong.

PRAMOD KHATRI

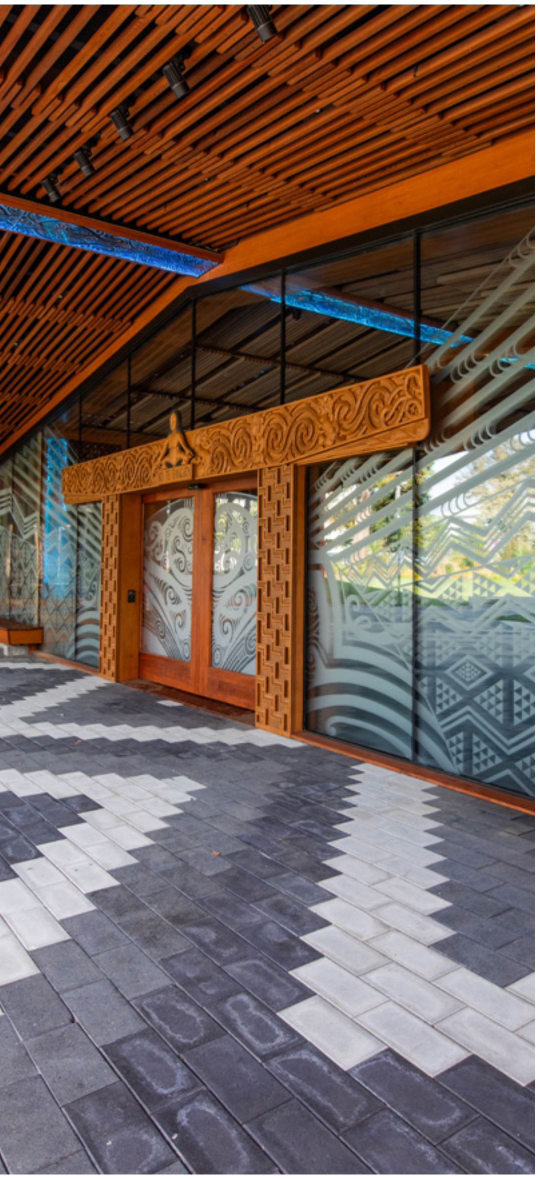
Independent, Non-Executive Director

Appointed: December 2023

Pramod has over 35 years of experience in the Finance, Dairy, Construction and Manufacturing industries. In 2001 Pramod joined McKechnie Metals and in 2004 led a management buyout. As both the Managing Director and major shareholder of McKechnie, Pramod transformed the company to a more value adding diversified aluminium business. In 2012, McKechnie entered the window and doors segment through the acquisition of the Omega business. In 2022, Pramod stepped down when the business was sold.

Pramod has a B.Com and an MBA and has been the Chairman and Shareholder of Christchurch based AW Fraser Limited since 2006. Pramod is also a trustee in a New Plymouth based charitable trust providing financial support to students entering tertiary studies.

REGIONAL SUMMARY



North Island

Metroglass North Island supplies and installs glass products for customers from Wellington in the south to Kaitāia in the north, from Taranaki in the west to Gisborne in the east.

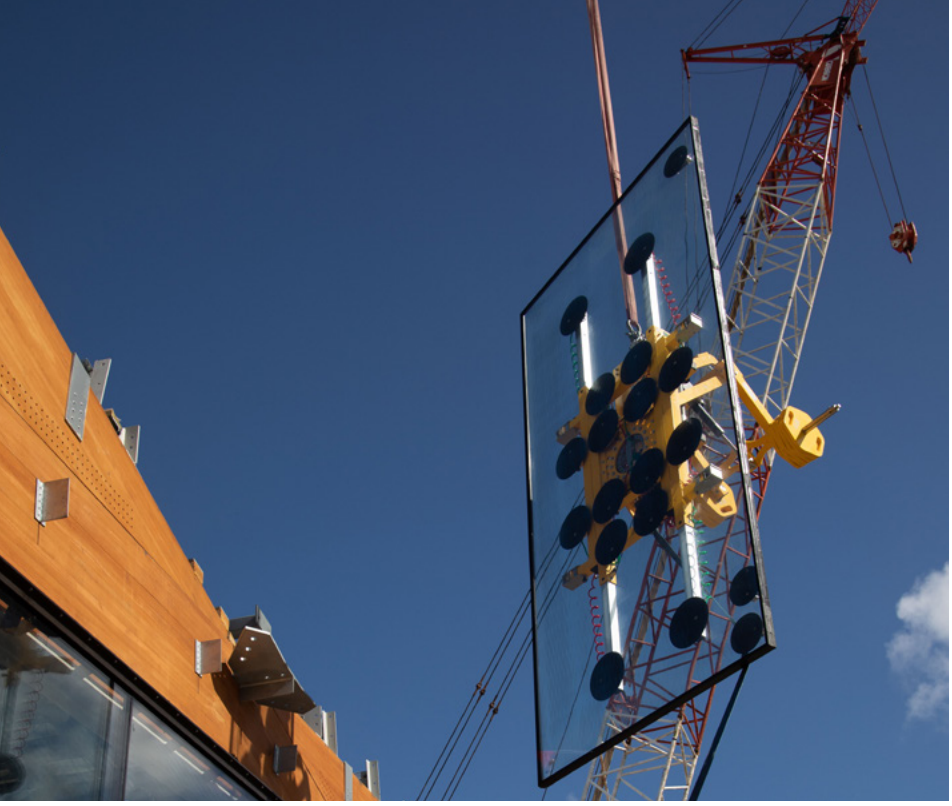
Our manufacturing site is based in Highbrook, Auckland. This site is fully automated for DGU production and can produce the largest and most complex glass products made anywhere in NZ. H1 Legislative changes for increased insulation levels in new residential builds has had a significant impact, shifting the production of high value Low E from 25% to over 50% of total production.

We have eight sites across the North Island which have installation capability, with glazing teams installing into a range of different applications including large Commercial projects, frameless showers and balustrades, and Retrofit double glazing for consumers' homes.

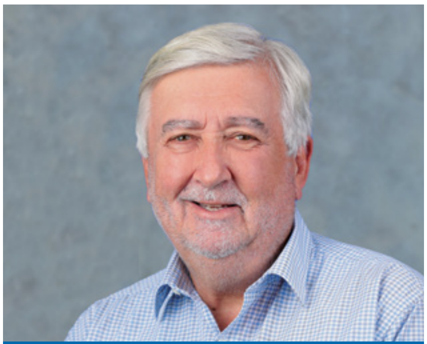
One of the things we are most proud of at Metro is our great people, with customer feedback always rating people as one of our greatest strengths. Last year we celebrated 10 people with long-service anniversaries who together had 190 years tenure at Metro which is such fabulous experience to have in the business. We have recently celebrated one year free from Lost-Time Injuries in the Highbrook plant, which is a great safety achievement for our team.

ROBYN GIBBARD
General Manager North Island

One of the things we are most proud of at Metro is our great people, with customer feedback always rating people as one of our greatest strengths.



The future for AGG is looking favourable with new government building regulations driving demand in insulated glass units.



STEVE HAMER
CEO Australia Glass Group

NICK HARDY-JONES
General Manager South Island

This stability and focus have been crucial in navigating market dynamics and driving business growth.

South Island

The South Island team consists of 230 people spread over 5 branches with the manufacturing plant based in Christchurch.

The South Island financial performance has increased over the prior year. This has been achieved through operational efficiency, with factory costs reduced by 13% compared to the previous year and due to our experienced sales team, successfully capturing required market share gains across the South Island. This stability and focus have been crucial in navigating market dynamics and driving business growth.

Our people are our greatest asset and their safety and wellbeing continue to be a top priority for our business. So it is with great pride that our manufacturing plant celebrated one year without a Lost Time Injury, while our branches and glazing entities have impressively reached 900 days LTI free.

Operational stability and reliability across the plant have been enhanced significantly. We have instituted reliability programmes covering plant, capacity planning, and people aspects, contributing to a consistent 4-day lead time on double glazing products.

Australian Glass Group (AGG)

Australian Glass Group is a leading supplier of insulated glass units (IGUs) in Australia and is known for its high performance products, quality, and customer service.

AGG has industry-leading brands, products, technical and specification support, and customer service. Its main brand is Insulglass® which can be double-glazed or triple-glazed units.

AGG mainly services cooler climates of south-eastern Australia (60% of the Australian population) from three processing facilities in Melbourne, Sydney, and Hobart, where insulated glassing units are most frequently required for 'energy efficiency'. AGG sells predominantly to window fabricators in the medium-high end housing market.

The future for AGG is looking favourable with new government building regulations driving demand in insulated glass units.

AGG is well positioned to capitalise on this expected IGU growth given its specialised manufacturing expertise, product range, brand, technical and specification support, and geographical positioning.

NON-GAAP FINANCIAL INFORMATION

Metroglass' standard profit measure prepared under New Zealand Generally Accepted Accounting Practice (GAAP) is profit for the period, or net profit after tax. Metroglass has used non-GAAP measures which are not prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) when discussing financial performance in this document. The Directors and management believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of the Group's financial performance, financial position or returns, and used internally to evaluate the performance of business units and to establish operational goals. These measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

Definitions of non-GAAP financial measures used in this report:

*** EBITDA:** Earnings before interest, tax, depreciation and amortisation.

GAAP TO NON-GAAP RECONCILIATION

Full year to 31 March	FY24 ($M)	FY23 ($M)
(Loss)/profit for the period before significant items	**(2.0)**	**1.5**
Less: Impairment of intangible assets	(20.9)	(10.0)
Less: NZ restructuring, and Australian divestment	(4.6)	(2.0)
Loss for the period (GAAP)	**(27.5)**	**(10.5)**
Add: taxation expense	(1.9)	–
Add: net finance expense	11.1	10.3
Earnings before interest and tax (EBIT) (GAAP)	**(18.3)**	**(0.2)**
Add: depreciation & amortisation	17.9	19.0
EBITDA	**(0.4)**	**18.7**
EBIT (GAAP)	(18.3)	(0.2)
Add: Impairment of intangible assets	20.9	10.0
Add: NZ restructuring, and Australian divestment	4.6	2.0
EBIT before significant items	**7.2**	**11.8**
EBITDA	(0.4)	18.7
Add: Impairment of intangible assets	20.9	10.0
Add: NZ restructuring, and Australian divestment	4.6	2.0
EBITDA before significant items	**25.1**	**30.7**

OUR RESULTS

CONTENTS

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2024

	NOTES	CONSOLIDATED 2024 $'000	CONSOLIDATED 2023 $'000
Revenue	2.1	239,280	263,520
Cost of sales	2.3	(140,649)	(158,453)
Gross profit	**2.1**	**98,631**	**105,067**
Distribution and glazing-related expenses	2.3	(45,733)	(47,269)
Selling and marketing expenses	2.3	(12,584)	(12,796)
Administration expenses	2.3	(33,791)	(33,935)
Share of profits of associate	4.4	415	414
Other income and gains and losses	2.6	246	303
Profit before significant items, interest and tax		**7,184**	**11,784**
Significant items	2.4	(25,437)	(12,032)
Loss before interest and tax		**(18,253)**	**(248)**
Finance expenses	2.7	(11,194)	(10,870)
Finance income		58	537
Loss before income taxation		**(29,389)**	**(10,581)**
Income tax benefit	6.1	1,877	33
Loss for the year		**(27,512)**	**(10,548)**
Other comprehensive income			
Items that may be reclassified to profit or loss in the future:			
Exchange differences on translation of foreign operations		919	(424)
Change in fair value of hedging instruments (net of tax)	3.5	(224)	536
Total comprehensive loss for the year attributable to shareholders		**(26,817)**	**(10,436)**
Earnings per share			
Basic and diluted earnings per share (cents per share)	2.5	(14.8)	(5.7)

The Board of Directors authorised these financial statements for issue on 28 May 2024.

For and on behalf of the Board:

Shawn Beck
Chair

Julia Mayne
Director

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

at 31 March 2024

	NOTES	CONSOLIDATED 2024 $'000	CONSOLIDATED 2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents		6,634	7,300
Trade receivables	3.1	33,335	38,083
Inventories	3.2	25,639	31,826
Derivative financial instruments	3.5	175	251
Current income tax asset		1	1
Other current assets	3.7	3,317	3,237
Total current assets		**69,101**	**80,698**
Non-current assets			
Property, plant and equipment	4.1	46,137	50,674
Right-of-use assets	4.2	64,459	65,335
Deferred tax assets	6.2	12,443	10,398
Investment in associate	4.4	2,027	2,512
Intangible assets	4.3	23,764	44,336
Other non-current assets	3.7	990	650
Total non-current assets		**149,820**	**173,905**
Total assets		**218,921**	**254,603**
LIABILITIES			
Current liabilities			
Trade and other payables	3.3	25,486	27,208
Deferred income	3.4	1,709	2,054
Derivative financial instruments	3.5	6	107
Lease liabilities	5.2	7,307	7,452
Interest-bearing liabilities	5.1	57,802	–
Provisions	3.6	830	633
Total current liabilities		**93,140**	**37,454**
Non-current liabilities			
Interest-bearing liabilities	5.1	1,861	67,370
Lease liabilities	5.2	71,086	70,432
Provisions	3.6	3,843	3,880
Total non-current liabilities		**76,790**	**141,682**
Total liabilities		**169,930**	**179,136**
Net assets		**48,991**	**75,467**
Equity			
Contributed equity	5.3	307,198	307,198
Accumulated losses		(88,776)	(61,901)
Group reorganisation reserve	6.3	(170,665)	(170,665)
Share-based payments reserve	6.3	1,062	1,358
Foreign currency translation reserve		536	(383)
Hedge reserve		(364)	(140)
Total equity		**48,991**	**75,467**

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

Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

	Notes	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000
		CONSOLIDATED 2024			
Opening balance at 1 April 2023		307,198	(169,830)	(61,901)	75,467
Loss for the year		–	–	(27,512)	(27,512)
Movement in foreign currency translation reserve		–	919	–	919
Other comprehensive income for the year		–	(224)	–	(224)
Total comprehensive income/(loss) for the year		**–**	**695**	**(27,512)**	**(26,817)**
Expiry of share-based payments		–	(637)	637	–
Movement in share-based payments reserve		–	341	–	341
Total transactions with owners, recognised directly in equity		**–**	**(296)**	**637**	**341**
Balance at 31 March 2024		**307,198**	**(169,431)**	**(88,776)**	**48,991**

	Notes	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000
		CONSOLIDATED 2023			
Opening balance at 1 April 2022		307,198	(169,934)	(51,735)	85,529
Loss for the year		–	–	(10,548)	(10,548)
Movement in foreign currency translation reserve		–	(424)	–	(424)
Other comprehensive income for the year		–	536	–	536
Total comprehensive income/(loss) for the year		**–**	**112**	**(10,548)**	**(10,436)**
Expiry of share-based payments		–	(382)	382	–
Movement in share-based payments reserve		–	374	–	374
Total transactions with owners, recognised directly in equity		**–**	**(8)**	**382**	**374**
Balance at 31 March 2023		**307,198**	**(169,830)**	**(61,901)**	**75,467**

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

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Cash flows from operating activities		
Receipts from customers	242,972	259,338
Payments to suppliers and employees	(214,207)	(244,547)
Government wage subsidy and grants received	283	157
Repayment of balance due from associate	350	850
Interest received	107	41
Interest paid	(5,889)	(5,749)
Interest paid on leases	(4,691)	(4,847)
Income taxes paid	(9)	(113)
Net cash inflow from operating activities	**18,916**	**5,130**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	92	528
Payments for property, plant and equipment	(3,984)	(6,734)
Payments for intangible assets	–	(76)
Net cash outflow from investing activities	**(3,892)**	**(6,282)**
Cash flows from financing activities		
Lease liability principal payments	(7,561)	(6,873)
Repayment of borrowings	(14,000)	(10,500)
Drawdown of borrowings	6,000	13,500
Repayment of other financing	(507)	(794)
Net cash outflow from financing activities	**(16,068)**	**(4,667)**
Net decrease	(1,044)	(5,819)
Cash and cash equivalents at the beginning of the year	7,300	13,064
Effects of exchange rate changes on cash and cash equivalents	378	55
Cash and cash equivalents at the end of the year	**6,634**	**7,300**

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

The table below sets out the annual movement in net debt:

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Opening balance of interest-bearing liabilities at 1 April	**67,370**	**65,319**
(Repayment) /Drawdown of borrowings (net)	(8,000)	3,000
Other financing movement (net)	(507)	(794)
Foreign exchange and other adjustments	800	(155)
Closing balance of interest-bearing liabilities at 31 March	**59,663**	**67,370**
Less: cash and cash equivalents	(6,634)	(7,300)
Net debt at 31 March	**53,029**	**60,070**

Consolidated Statement of Cash Flows (continued)

for the year ended 31 March 2024

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Reconciliation of loss after income tax to net cash inflow from operating activities		
Loss for the year	**(27,512)**	**(10,548)**
Adjustments for:		
Depreciation and amortisation	17,920	18,960
Impairment of intangible assets	20,879	10,000
Share-based payments expense	341	374
Loss/(gain) on disposal of assets	101	(146)
Lease modification	–	(1)
Share of profit from associate	(415)	(414)
Other	–	160
	38,826	**28,933**
Impact of changes in working capital items		
Trade and other receivables	5,503	(2,942)
Inventory	6,316	(4,477)
Related party receivables	350	353
Other current assets	96	(623)
Trade accounts payable and employee entitlements	(1,972)	(3,277)
Deferred income	(345)	(1,396)
Interest accruals	16	(51)
Provisions	15	(1,197)
Movement in deferred tax	(1,925)	341
Movement in credit loss provision	(490)	559
Income tax liability	38	(545)
	7,602	**(13,255)**
Net cash inflow from operating activities	**18,916**	**5,130**

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

Notes to the Consolidated Financial Statements

1 BASIS OF PREPARATION

Reporting entity

These financial statements are for Metro Performance Glass Limited ('the Company' or 'the parent entity') and its subsidiaries (together, 'the Group'). The Group supplies processed flat glass and related products primarily to the residential and commercial building sectors.

Statutory base

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Lady Fisher Place, East Tamaki, Auckland.

1.1 Basis of preparation

These consolidated financial statements have been approved for issue by the Board of Directors on 28 May 2024.

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a for-profit entity for the purposes of complying with NZ GAAP and has operations and sales in New Zealand and Australia. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

Metro Performance Glass Limited is registered under the New Zealand Companies Act 1993 and is a Financial Market Conduct reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of the New Zealand Stock Exchange (NZX) Main Board Listing Rules.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities at fair value.

Australian business sale process

On 23 February 2023 the Group announced plans to explore divestment options of the Group's Australian business, Australian Glass Group (AGG). During the year ended 31 March 2024 a number of costs were incurred and expensed in relation to this divestment process, these are presented as significant items in the statement of comprehensive income (note 2.4).

At 31 March 2024 the divestment process had not reached a point that the Australian business could be considered an 'asset held for sale' as a sale was not highly probable at that time. Accordingly the Australian business continued to be consolidated as a continuing operation within the Group's financial statements.

On 6 May 2024 the Group announced an offer had been received for the purchase of AGG. However, following evaluation of that offer, the Board reached the view that progressing an offer on those terms would not be in the best interests of the Company or its shareholders.

The impairment test of the Australian cash generating unit at 31 March 2024 has been performed using a value-in-use approach, rather than a 'fair value' using the offer price that was not accepted (note 4.3).

Principles of consolidation

The financial statements incorporate the assets and liabilities of all subsidiaries of Metro Performance Glass Limited as at 31 March 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities over which the Group has control. It is a controlled entity of the Group if the Group is exposed and has a right to variable returns from the entity and is able to use its power over the entity to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of the impairment of the asset transferred.

Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in each accounting note as appropriate.

The critical accounting estimates and judgements at 31 March 2024 include:

- going concern (refer: going concern disclosure below)
- economic lives of intangible assets and property, plant and equipment (refer: note 4.1 Property, Plant and equipment)
- goodwill (refer: note 4.3 Intangible Assets)

Going concern

In preparing these financial statements, the Directors have considered various uncertainties facing the Group and its ability to continue as a going concern. These uncertainties are outlined below.

At the year ended 31 March 2024, the Group has reduced its net debt to $53.0m, from $60.1m at 31 March 2023, achieved via lower working capital investment and capital expenditure. At 31 March 2024, the Group's banking facility stands at $75m, of which $57.8m has been drawn down and presented as current liabilities in the Consolidated Statement of Financial Position with a maturity date of October 2024. As a result, total current liabilities exceeded total current assets at 31 March 2024 by $24.0m.

The Group has a history of working with the existing bank syndicate and continues to work with the bank syndicate to extend or renew its debt facility.

The Directors' continue to focus on debt reduction and have considered a range of initiatives, including a capital raise and the sale of Australian Glass Group (AGG). On 6 May 2024, the Group announced that following an extensive process and detailed discussions with a preferred party, a revised offer for AGG had been received but following evaluation of that offer, the Board has reached the view that progressing an offer on those revised terms would not be in the best interests of the Company or its shareholders.

While the Board will continue to keep all options open, including in relation to AGG, its intention is to retain its investment in AGG and progress a capital raise to further reduce its debt level, create the conditions for AGG to grow and improve the New Zealand business.

In the Directors' view there are tangible benefits to retaining AGG. AGG generates strong cash flows and provides diversification benefits for the Group. It is also well positioned to benefit from investments in new equipment made last year and, with further investment, from the adoption of new building regulations which are expected to drive the uptake of double-glazed glass.

While the Board has chosen to progress a capital raise as a means of reducing bank debt, until the terms of the raise are finalised, it will continue to investigate all options that deliver a satisfactory outcome for the Company and maximise value for MPG shareholders, including a sale of AGG if a satisfactory offer is received.

The Directors have received a letter from the bank syndicate indicating a willingness to work with the Group to renew the loan facilities, subject to debt reduction through a capital raise or the sale of AGG (both with minimum required amounts). The Directors have also been working with equity capital market advisors regarding the prospects of a capital raise. The Directors have approved a budget for the year ending 31 March 2025 and are working on actions to improve the profitability of the Group. Based on these factors, the Directors concluded the Group's financial statements should be prepared on a going concern basis, though there are uncertainties about the successful execution of a sufficient capital raise and the ability to reach an agreement with the bank syndicate for renewed loan facilities on mutually acceptable terms including setting financial covenants that the Group can achieve.

The Directors consider that these uncertainties, which are future events not fully within their control, represent material uncertainties affecting the going concern position of the Group that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments that may be required if the Group is unable to continue as a going concern.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars which is the Company's functional and the Group's presentation currency, rounded where necessary to the nearest thousand dollars.

Transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- all resulting exchange differences are recognised in 'Other comprehensive income;
- on consolidation, exchange differences arising from the translation of any net investment in foreign entities, and the borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Notes to the Consolidated Financial Statements (continued)

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2023, and as described in those annual financial statements.

2 FINANCIAL PERFORMANCE

2.1 Segment information

Operating segments of the Group at 31 March 2024 have been determined based on financial information that is regularly reviewed by the Board in conjunction with the Chief Executive Officer and Chief Financial Officer, collectively known as the Chief Operating Decision-maker for the purpose of allocating resources, assessing performance and making strategic decisions.

Substantially all of the Group's revenue is derived from the sale of glass and related products and services. This revenue is split by channel only at the revenue level into Commercial Glazing, Residential and Retrofit. Commercial glazing revenue reflects sales through four specific commercial glazing operations in New Zealand. Retrofit revenue reflects sales through four specific retrofit operations in New Zealand and the retrofit channel sales from all (Metro Direct) branches across New Zealand. Residential revenue reflects all other sales channels. The allocation of sales between residential and commercial can be difficult as the Group does not always know the end-use application. Following the acquisition of Australian Glass Group Pty Ltd (AGG) on 1 September 2016 the Group operates in two geographic segments, New Zealand and Australia.

In the tables below:

- Group costs consist of insurance, professional services, Directors' fees and expenses, listed company fees and share incentive scheme costs.
- Refer to note 2.4 for details of significant items.

Notes to the Consolidated Financial Statements (continued)

	CONSOLIDATED 2024			
	New Zealand $'000	Australia $'000	Eliminations and Other $'000	Group $'000
Commercial glazing	34,808	–	–	34,808
Residential	99,579	79,706	–	179,285
Retrofit	25,187	–	–	25,187
Total revenue	**159,574**	**79,706**	**–**	**239,280**
Gross profit	69,846	28,785	–	98,631
Segmental EBITDA before significant items	14,458	11,503	–	25,961
Group costs	–	–	(857)	(857)
Group EBITDA before significant items				**25,104**
Depreciation and amortisation	(13,174)	(4,746)	–	(17,920)
EBIT before significant items	**1,284**	**6,757**	**(857)**	**7,184**
Significant items	(22,725)	(2,712)	–	(25,437)
EBIT	**(21,441)**	**4,045**	**(857)**	**(18,253)**
Segment assets	276,592	79,028	(136,699)	218,921
Segment non-current assets (excluding deferred tax assets)	84,147	53,230	–	137,377
Segment liabilities	81,702	33,549	54,679	169,930

	CONSOLIDATED 2023			
	New Zealand $'000	Australia $'000	Eliminations and Other $'000	Group $'000
Commercial glazing	36,945	–	–	36,945
Residential	122,191	76,774	–	198,965
Retrofit	27,610	–	–	27,610
Total revenue	**186,746**	**76,774**	**–**	**263,520**
Gross profit	78,787	26,280	–	105,067
Segmental EBITDA before significant items	20,080	11,603	–	31,683
Group costs	–	–	(939)	(939)
Group EBITDA before significant items				**30,744**
Depreciation and amortisation	(13,725)	(5,235)	–	(18,960)
EBIT before significant items	**6,355**	**6,368**	**(939)**	**11,784**
Significant items	(11,878)	(154)	–	(12,032)
EBIT	**(5,523)**	**6,214**	**(939)**	**(248)**
Segment assets	307,901	70,501	(123,799)	254,603
Segment non–current assets (excluding deferred tax assets)	117,023	46,484	–	163,507
Segment liabilities	88,745	25,975	64,416	179,136

2.2 Revenue

Accounting policy

Revenue comprises the value of the consideration received for the sale of goods and services, net of GST, rebates and discounts and after eliminating sales within the Group.

The Group derives revenue from the sale of customised glass products. Revenue is recognised at a point in time when a Group entity has transferred control, which is when it has delivered the glass products to the customer, the customer has accepted the products and collectability of the related receivables is highly probable.

The Group also provides glazing services along with the sale of its glass products. Revenue is recognised for the glazing and associated glass products when the glazing services have been completed, the customer has approved the installation services and collectability of the related receivables is highly probable.

Notes to the Consolidated Financial Statements (continued)

2.3 Operating expenditure

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Raw materials and consumables used	74,497	86,643
Employee benefit expenses	95,596	99,750
Depreciation and amortisation	17,920	18,960
Other expenses	44,744	47,100
Total cost of sales, distribution and glazing-related expenses, selling and marketing expenses, and administration expenses	**232,757**	**252,453**

Amortisation of intangible assets is included within administration expenses as reported in the consolidated statement of comprehensive income.

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Audit and review of financial statements		
Audit of financial statements - PwC - current year	795	699
Audit of financial statements - PwC - prior year	–	18
Other services performed by PwC		
Advice comparing the Group's long-term incentive plan to market practice	15	–
Agreed upon procedures relating to the Group's covenant compliance certificate	8	6
Agreed upon procedures relating to financial information attached to a visa application	–	4
	818	**727**

2.4 Significant items

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Impairment of New Zealand intangible assets	20,879	10,000
Restructure of the New Zealand operations	2,971	1,878
Australian divestment, capital raise, and takeover related expenses	1,587	154
Total significant items before taxation	**25,437**	**12,032**
Tax benefit on above items	(1,331)	(570)
Total significant items after taxation	**24,106**	**11,462**

Accounting policy

Significant items are a non-GAAP measure and are based on the Group's internal policy as follows. Transactions considered for classification as significant items are material restructuring costs, acquisition and disposal costs, impairment or reversal of impairment of assets, business integration, and transactions or events outside of the Group's ongoing operations that have a significant impact on reported profit.

Impairment of New Zealand intangible assets

Additional detail on impairment charges can be seen in note 4.3 Intangible Assets.

Notes to the Consolidated Financial Statements (continued)

Restructure of the NZ operations

On 18 November 2022 the Group announced the initiation of a cost out programme to ensure that the business capacity and resources are appropriate to service demand as the contruction sector cycle changes, including a comprehensive review of its organisational structure and manufacturing footprint. This review culminated in the closure of the manufacturing facility in Bay of Plenty in December 2022, closure of the hardware procurement function in February 2023, the mothballing of the Wellington manufacturing facility in February 2024, and other staff restructuring costs. The costs of this programme are included in the 'Restructure of NZ operations' significant item. The nature of the costs incurred include redundancy payments, loss on disposal of inventory, and costs incurred transporting and re-commissioning assets.

Australian divestment, capital raise, and takeover related expenses

The Australian divestment costs include those professional service costs incurred for the investigation of the sale process.

On 6 May 2024 the Group announced that it will progress a capital raise to further reduce its debt level. The capital raise costs include legal and professional fees incurred in the exploration of this activity.

During May and June 2023 the Group had received confidential enquiries from Masfen Securities Limited and affiliates about the possibility of acquiring all the shares in the Company. On 17 July 2023, the Group received an unsolicited, non-binding, indicative proposal from a consortium led by Takutai Limited and supported by Masfen Securities Limited. Takeover related expenses relate to professional and legal expenses incurred related to this activity.

2.5 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit or loss after tax of the Group by the weighted average number of ordinary shares outstanding during the period. Due to the losses, the diluted earnings per share are the same as the basic earnings per share.

	CONSOLIDATED	CONSOLIDATED
	2024	2023
Loss after tax ($'000)	(27,512)	(10,548)
Weighted average number of ordinary shares outstanding ('000s)	185,378	185,378
Basic earnings per share (cents per share)	(14.8)	(5.7)

Net tangible assets

Net tangible assets per share is a non-GAAP measure that is required to be disclosed by the NZX Listing Rules.

The calculation of the Group's net tangible assets per share and its reconciliation to the consolidated balance sheet is presented below:

	CONSOLIDATED	CONSOLIDATED
	2024	2023
Total assets ($'000)	218,921	254,603
Less: intangible assets	(23,764)	(44,336)
Less: total liabilities	(169,930)	(179,136)
Net tangible assets ($'000)	25,227	31,131
Shares on issue at the end of the period ('000s)	185,378	185,378
Net tangible assets per share (cents per share)	13.61	16.79

2.6 Other income and gains and losses

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
NZ Government Wage Subsidy and Grants	283	157
(Loss)/gain on disposal of asset	(101)	146
Other	64	–
Total Other income and gains and losses	**246**	**303**

Notes to the Consolidated Financial Statements (continued)

NZ Government Wage Subsidy and Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and when the Group will comply with the attached conditions. Government grants relating to income are deferred and recognised in profit or loss over the period necessary to match them with the conditions that they are intended to compensate.

2.7 Finance expenses

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Interest on borrowings and derivatives	6,194	5,706
Interest on lease liabilities	4,831	4,960
Interest on finance lease	169	204
Total finance expenses	**11,194**	**10,870**

3 WORKING CAPITAL

3.1 Trade receivables

The following table summarises the impact of the credit loss provision on the trade receivables balance:

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Trade receivables	34,087	39,321
Credit loss provision	(752)	(1,238)
Total trade receivables	**33,335**	**38,083**

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Movements in the credit loss provision are as follows:		
Opening balance	1,238	679
Provision increased during the year	436	1,055
Receivables written off during the year as uncollectable	(922)	(496)
Balance at the end of the year	**752**	**1,238**

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions, and is managed at Group level.

The table below sets out information about the credit quality of trade receivables net of the expected credit loss provision:

	CURRENT	0–59 DAYS	60–89 DAYS	90 DAYS AND LATER	TOTAL
31 March 2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount	**24,598**	**5,750**	**1,173**	**2,566**	**34,087**
Baseline	38	8	25	147	218
Specific	–	–	48	486	534
Total expected credit loss rate	0.15%	0.14%	6.22%	24.67%	2.21%
Credit loss provision	**38**	**8**	**73**	**633**	**752**

	CURRENT	0–59 DAYS	60–89 DAYS	90 DAYS AND LATER	TOTAL
31 March 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount	**31,055**	**5,561**	**758**	**1,947**	**39,321**
Baseline	51	22	13	10	96
Specific	–	21	37	1,084	1,142
Total expected credit loss rate	0.16%	0.77%	6.60%	56.19%	3.15%
Credit loss provision	**51**	**43**	**50**	**1,094**	**1,238**

The Group extends credit to its customers based on an assessment of creditworthiness. Terms differ by customer and may extend to 60 days past invoice date. Ageing is based on agreed credit terms and at balance date, a portion of the Group's receivables are also subject to contractual retentions which can last up to and exceed 12 months.

As of 31 March 2024, allowing for retention balances of $1.0 million (2023: $1.2 million), trade receivables of $7.8 million (2023: $5.9 million) were past due but not impaired.

Estimates and judgements

Credit loss provision

To measure expected credit losses, trade receivables have been grouped and reviewed on the basis of the number of days past due. The credit loss provision has been calculated by considering the impact of the following characteristics:

- The baseline loss rate takes into account the write-off history of the Group over a five-year period as a predictor of future conditions and applies an increasing expected credit loss estimate by trade receivables ageing profiles.
- Specific credit loss provisions are made based on any specific customer collection issues that are identified. Collections and payments from the Group's customers are continuously monitored and a credit loss provision is maintained to cover any specific customer credit losses anticipated.

Accounting policy – trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for estimated uncollectable amounts and expected credit losses. The carrying amount of the asset is reduced through the use of provision accounts, and the amount of the loss is recognised in the statement of comprehensive income within 'Administration expenses'. Individual debtor accounts are reviewed for impairment and a provision is raised based on management's best estimate of recoverability. Trade receivables are also assessed for credit risk on a forward-looking basis with a provision raised where a credit loss is considered likely. When a trade receivable is uncollectable, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement against the impairment losses on receivables.

3.2 Inventories

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	**2023 $'000**
Raw materials, primarily flat glass stock-sheets	18,138	23,890
Spare parts	5,471	5,083
Work in progress	2,030	2,853
	25,639	**31,826**

The cost of inventories recognised as an expense and included in 'Cost of sales' amounted to $74.5 million (2023: $86.5 million).

Accounting policy – inventories

Raw materials, spare parts, and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories also comprise spare parts, which are used to maintain service to, and repair, the Group's plant assets. Spare parts are stated at the lower of weighted average cost and net realisable value.

Notes to the Consolidated Financial Statements (continued)

3.3 Trade and other payables

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Trade accounts payable	16,468	17,756
Employee entitlements	7,316	7,545
GST payable	326	1,124
Other interest accruals	257	241
Management incentive accrual	1,119	542
Total trade and other payables	**25,486**	**27,208**

Trade accounts payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The carrying amount represents fair value due to their short-term nature.

Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and leave in lieu, are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Management incentive accrual

The Group recognises a liability and an expense for bonuses on a formula that takes into consideration the loss attributable to the Group's shareholders. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.4 Deferred income

The Group recognises a contract liability when a deposit is received before the product or service is transferred to the customer. Deposits are required from Retrofit and Retail customers in advance. Deposits are typically held for approximately 3-4 months.

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Customer contract liabilities	1,709	2,054
Deferred income	**1,709**	**2,054**

$2.1 million of the deferred income at the 31 March 2023 balance date has been recognised as revenue in the year ended 31 March 2024.

3.5 Financial instruments

Financial instruments

Management determines the classification of the Group's financial assets and liabilities at initial recognition. The Group's financial liabilities for the periods covered by these consolidated financial statements consist of overdrafts, loans, trade and other payables, interest rate swaps and forward exchange contracts. The Group's financial assets for the periods covered by these consolidated financial statements include cash, accounts receivable, and those that are classified at fair value through profit or loss ("FVTPL", rather than cost).

The Group measures all financial liabilities, with the exception of interest rate swaps and forward exchange contracts, at amortised cost. Interest rate swaps and forward exchange contracts are measured at fair value with changes in fair value recognised in 'Other comprehensive income'.

Financial liabilities measured at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade and other payables, bank overdrafts and loans are classified as financial liabilities measured at amortised cost.

Notes to the Consolidated Financial Statements (continued)

Fair value measurement of financial assets and liabilities

The Group's financial assets and liabilities by category are summarised as follows:

Cash and cash equivalents

These are short term in nature and their carrying value is equivalent to their fair value.

Trade and other receivables

These assets are short term in nature and are reviewed for impairment; their carrying value approximates their fair value.

Trade payables and borrowings

The fair value of trade and other payables approximates carrying value due to their short-term nature. The carrying value of the Group's bank borrowings also represents the fair value of the borrowings due to management's assessment that the interest rates approximate the market interest rate for a commercial loan of a comparable lending period.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management is carried out by a central finance function (the head office finance team) under policies approved by the Board of Directors, including the Treasury policy. The head office finance team focuses on the unpredictability of financial markets and identifies, evaluates and seeks to hedge financial risks in close co-operation with the Group's operating units to minimise potential adverse effects on the financial performance of the Group.

The Board approves policies covering foreign exchange risk, interest rate risk and credit risk. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group uses different methods including sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk to measure risk.

Leases

The Group has leases for property, vehicles, and equipment. Contracts are usually for fixed periods, but there may be options to extend. Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis of remaining lease payments, discounted using a discount rate derived from the incremental borrowing rate. Right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term.

Derivatives and hedging activity

The Group holds hedging instruments to hedge its foreign currency exposure and interest costs. The Group has designated forward exchange contracts, interest rate swaps, and derivatives as cash flow hedges. In October 2021 the Group designated its AUD bank borrowings, which are in a New Zealand entity, as a hedge of the net investment in the Australia business (net investment hedge).

Cash flow hedge instruments hedge the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss.

At 31 March 2024 and 31 March 2023, all derivatives measured at fair value (interest rate swaps and forward exchange contracts) were valued using valuation techniques where all significant inputs were based on observable market data. Accordingly they are categorised as level 2.

Specific valuation techniques used to value the Group's derivatives are as follows:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- The fair value of interest rate swap contracts is determined using forward interest rates at the balance sheet date, with the resulting value discounted back to present value.

These fair values are based on valuations provided by the Westpac Banking Corporation and ASB Bank Limited as at 31 March 2024 and 31 March 2023.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument (the portion of the AUD bank borrowings designated as the hedging instrument) relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss with finance expenses. Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

The gains and losses from the AUD bank borrowings arise from the translation of these foreign currency borrowings to NZD at the period end spot exchange rates.

Notes to the Consolidated Financial Statements (continued)

The Group's hedging reserves relate to the following hedging instruments:

	CONSOLIDATED 2024			
	Spot component of currency forwards $'000	Interest rate swaps $'000	Net investment hedge $'000	Total hedge reserve $'000
Opening balance 1 April 2023	14	(115)	241	140
Change in fair value of hedging instrument recognised in 'Other comprehensive income' (OCI)	(188)	162	340	314
Deferred tax	52	(47)	(95)	(90)
Balance at 31 March 2024	(122)	–	486	364

	CONSOLIDATED 2023			
	Spot component of currency forwards $'000	Interest rate swaps $'000	Net investment hedge $'000	Total hedge reserve $'000
Opening balance 1 April 2022	147	194	335	676
Change in fair value of hedging instrument recognised in 'Other comprehensive income' (OCI)	(188)	(436)	(131)	(755)
Deferred tax	55	127	37	219
Balance at 31 March 2023	14	(115)	241	140

The effects of the foreign-currency-related hedging instruments on the Group's financial position and performance are as follows:

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Foreign currency forwards		
Carrying amount of asset/(liability)	169	(18)
Notional amount	11,462	12,188
Maturity date	Apr 24-Mar 25	Apr 23-Mar 24
Hedge ratio[1]	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 April	(188)	(188)
Change in value of hedged item used to determine hedge effectiveness	188	188
Weighted average hedged EUR/NZD rate for the year (including forward points)	0.5547	0.5792
Weighted average hedged USD/NZD rate for the year (including forward points)	0.6096	0.6214
Weighted average hedged EUR/AUD rate for the year (including forward points)	–	–
Weighted average hedged USD/AUD rate for the year (including forward points)	0.6760	0.7435

1. The foreign currency forwards are denominated in the same currency as the highly probably future inventory purchases (USD and EUR); therefore, the hedge is 1:1.

Notes to the Consolidated Financial Statements (continued)

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Interest rate swaps		
Carrying amount of asset	–	162
Notional amount	–	23,196
Maturity date	–	Aug 23
Hedge ratio	–	1:1
Change in fair value of outstanding hedging instruments since 1 April	162	(436)
Change in value of hedged item used to determine hedge effectiveness	(162)	436
Average proportion of debt hedged during the year	–	35.03%

The effects of the net investment hedge on the Group's financial position and performance are as follows:

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Net investment hedge		
NZD carrying amount of non-current interest-bearing liabilities	(16,384)	(16,044)
AUD carrying amount of non-current interest-bearing liabilities	(15,000)	(15,000)
Hedge ratio	1:1	1:1
Change in fair value of hedging instrument recognised in OCI for the year	340	(131)
Change in value of hedged item used to determine hedge effectiveness	(340)	131

Financial instruments by category

	CONSOLIDATED 2024		
	Assets at amortised cost $'000	Derivatives used for hedging $'000	Total $'000
Assets as per statement of financial position			
Cash and cash equivalents	6,634	–	6,634
Derivatives – foreign exchange contracts	–	175	175
Other assets	1,416	–	1,416
Trade receivables	33,335	–	33,335
Balance at 31 March 2024	**41,385**	**175**	**41,560**

Notes to the Consolidated Financial Statements (continued)

	CONSOLIDATED 2023		
	Assets at amortised cost $'000	Derivatives used for hedging $'000	Total $'000
Assets as per statement of financial position			
Cash and cash equivalents	7,300	–	7,300
Derivatives – foreign exchange contracts	–	89	89
Derivatives - interest rate swaps	–	162	162
Other assets	915	–	915
Trade receivables	38,083	–	38,083
Balance at 31 March 2023	**46,298**	**251**	**46,549**

	CONSOLIDATED 2024		
	Liabilities at amortised cost $'000	Derivatives used for hedging $'000	Total $'000
Liabilities as per statement of financial position			
Trade and other payables excluding non-financial liabilities	24,074	–	24,074
Derivatives – foreign exchange contracts (current liabilities)	–	6	6
Interest-bearing liabilities	59,663	–	59,663
Lease liabilities	78,393	–	78,393
Balance at 31 March 2024	**162,130**	**6**	**162,136**

	CONSOLIDATED 2023		
	Liabilities at amortised cost $'000	Derivatives used for hedging $'000	Total $'000
Liabilities as per statement of financial position			
Trade and other payables excluding non-financial liabilities	24,569	–	24,569
Derivatives – foreign exchange contracts (current liabilities)	–	107	107
Interest-bearing liabilities	67,370	–	67,370
Lease liabilities	77,884	–	77,884
Balance at 31 March 2023	**169,823**	**107**	**169,930**

Accounting policy – hedging

On initial designation of a derivative as a cash flow hedging instrument or a foreign currency borrowing as a net investment hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction. Documentation includes the nature of the risk being hedged, together with the methods that will be used to assess the hedging instrument's effectiveness. The Group also documents its assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in cash flows or net investment of the respective hedged items.

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'Other comprehensive income' and presented in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss section of the statement of comprehensive income.

Notes to the Consolidated Financial Statements (continued)

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and purchases of recognised assets are denominated in a currency that is not NZD which is the Company's functional currency. Approximately 95% of annual flat-sheet glass raw materials are purchased in foreign currencies, being United States Dollar (USD), Euro (EUR) and Australian Dollar (AUD). In accordance with the Company's Treasury policy, foreign exchange risk is managed prospectively over a period to a maximum period of 12 months with allowable limits of coverage up to 100% over the 6-month term, reducing to 50% up to the 12-month term. Where deemed acceptable by the Directors, coverage can be extended over a longer period.

Exposure to foreign exchange risk

	CONSOLIDATED 2024		
	AUD $'000	USD $'000	EUR $'000
31 March 2024			
Cash and cash equivalents	478	803	1,124
Trade receivables	13,289	–	–
Trade accounts payable	(5,867)	(2,950)	(345)
Balance at 31 March 2024	**7,900**	**(2,147)**	**779**

	CONSOLIDATED 2023		
	AUD $'000	USD $'000	EUR $'000
31 March 2023			
Cash and cash equivalents	1,271	734	965
Trade receivables	11,862	–	–
Trade accounts payable	(5,334)	(2,358)	(237)
Balance at 31 March 2023	**7,799**	**(1,624)**	**728**

Cash flow hedge reserve movement shown in the statement of comprehensive income reflects the tax-affected change in fair value of forward foreign exchange currency contracts during the reporting period.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% strengthening/weakening of the New Zealand Dollar (NZD) against the following currencies at the reporting date. The table shows the (decrease)/increase in profit or loss and equity as a result of the 10% movements. The analysis assumes that all other variables, in particular interest rates, remain constant. The same basis has been applied for all periods presented.

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Profit or loss		
10% strengthening of the NZD against:		
AUD	(718)	(709)
USD	195	148
EUR	(71)	(66)
10% weakening of the NZD against:		
AUD	878	867
USD	(239)	(180)
EUR	87	81

Notes to the Consolidated Financial Statements (continued)

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Equity		
10% strengthening of the NZD against:		
USD	(1,030)	(1,062)
EUR	36	50
10% weakening of the NZD against:		
USD	1,258	1,298
EUR	36	50

Profit or loss movements are mainly attributable to the exposure outstanding on AUD trade receivables at the end of the reporting period. Equity movements are the result of changes in fair value of derivative instruments designated as hedging instruments in cash flow hedges.

Commodity cost risk

The primary raw material used by the Group is flat-sheet glass which is imported from suppliers around the world. While there are numerous manufacturers of flat-sheet glass, the Group is exposed to commodity price risk and therefore manages access to supply through close relationships with suppliers. Cost is an important variable in the determination of supply, and the Group is clearly exposed to changes in the cost of glass.

3.6 Provisions (current and non-current)

	CONSOLIDATED 2024			
	Warranty provision $'000	Employee expenses $'000	Lease make-good $'000	Total $'000
Carrying amount at the beginning of the year	168	465	3,880	4,513
Increase in balance	2	144	17	163
Settled or utilised	-	(3)	–	(3)
Carrying amount at the end of the year	**170**	**606**	**3,897**	**4,673**

	CONSOLIDATED 2023			
	Warranty provision $'000	Employee expenses $'000	Lease make-good $'000	Total $'000
Carrying amount at the beginning of the year	115	1,795	3,800	5,710
Increase in balance	53	0	102	155
Settled or utilised	-	(1,330)	(22)	(1,352)
Carrying amount at the end of the year	**168**	**465**	**3,880**	**4,513**

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Current portion	830	633
Non-current portion	3,843	3,880
Carrying amount at the end of the year	**4,673**	**4,513**

Notes to the Consolidated Financial Statements (continued)

Accounting policy – provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, where it is probable that a cost will be incurred to settle the obligation and a reliable estimate of that obligation is able to be made. It also includes confirmed employee costs related to the restructuring of the New Zealand operations that will be paid in April 2024.

Warranty provisions represent an estimate of potential liability for defective products that are shipped out and the defect is identified within the short term, and products that fail over a long time, but within their product life cycle.

The employee expenses provision recognises the remediation payments to settle historical Holidays Act compliance matters.

Make good provisions represent the estimated cost to return a leased property to its original condition at the end of the lease.

3.7 Other current assets and other non-current assets

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Prepaid expenses	2,429	1,972
Related party receivable (5R Solutions Ltd)	426	265
Other receivables	462	1,000
Total other current assets	**3,317**	**3,237**
Related party receivable (5R Solutions Ltd)	990	650
Total other non-current assets	**990**	**650**

4 LONG-TERM ASSETS

4.1 Property, plant and equipment

	CONSOLIDATED 2024			
	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Opening balance				
Cost	98,720	5,904	13,095	117,719
Accumulated depreciation	(54,473)	(4,857)	(7,715)	(67,045)
Net book value at 1 April 2023	**44,247**	**1,047**	**5,380**	**50,674**
Additions	3,124	548	386	4,058
Disposals	(111)	(3)	(88)	(202)
Depreciation expense	(7,015)	(515)	(1,091)	(8,621)
Foreign exchange impact	211	3	14	228
Closing net book value at 31 March 2024	**40,456**	**1,080**	**4,601**	**46,137**
Represented by:				
Cost	101,856	6,400	13,380	121,636
Accumulated depreciation	(61,400)	(5,320)	(8,779)	(75,499)
Net book value at 31 March 2024	**40,456**	**1,080**	**4,601**	**46,137**

Notes to the Consolidated Financial Statements (continued)

	CONSOLIDATED 2023			
	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Opening balance				
Cost	96,074	4,911	12,718	113,703
Accumulated depreciation	(48,567)	(3,997)	(6,391)	(58,955)
Net book value at 1 April 2022	**47,507**	**914**	**6,327**	**54,748**
Reclassificaton				
Cost	(2,524)	680	57	(1,787)
Accumulated depreciation	2,108	(263)	(58)	1,787
Net book value at 1 April 2022	**(416)**	**417**	**(1)**	**–**
Additions	5,516	316	603	6,435
Disposals	(265)	(50)	(284)	(599)
Depreciation expense	(8,013)	(598)	(1,267)	(9,878)
Foreign exchange impact	(82)	48	2	(32)
Closing net book value at 31 March 2023	**44,247**	**1,047**	**5,380**	**50,674**
Represented by:				
Cost	98,720	5,904	13,095	117,719
Accumulated depreciation	(54,473)	(4,857)	(7,715)	(67,045)
Net book value at 31 March 2023	**44,247**	**1,047**	**5,380**	**50,674**

Critical estimates and judgements

Economic lives of intangible assets and property, plant and equipment

Property, plant and equipment are long-lived assets that are amortised/depreciated over their estimated useful lives. The estimated useful lives are reviewed annually and may change if necessary. The actual useful life of an asset may be shorter or longer than what had been estimated, which will affect amortisation, depreciation and the carrying values of these assets.

Accounting policy

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is calculated using the straight-line value method to allocate the cost of assets over their expected useful lives. The rates are as follows:

	Depreciation rate	Depreciation basis
Plant and equipment	7 – 15%	Straight line
Motor vehicles	12 – 20%	Straight line
Furniture, fixtures and fittings	20 – 25%	Straight line

4.2 Right-of-use assets

	CONSOLIDATED 2024			
	Property $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Opening balance				
Cost	100,827	11,419	358	112,604
Accumulated depreciation	(43,742)	(3,355)	(172)	(47,269)
Net book value at 1 April 2023	**57,085**	**8,064**	**186**	**65,335**
Additions	1,075	1,710	193	2,978
Modifications	5,643	32	–	5,675
Disposals	(825)	(58)	–	(883)
Other	282	16	(33)	265
Depreciation expense	(6,989)	(2,018)	(108)	(9,115)
Foreign exchange impact	180	24	–	204
Closing net book value at 31 March 2024	**56,451**	**7,770**	**238**	**64,459**
Represented by:				
Cost	107,399	13,163	518	121,080
Accumulated depreciation	(50,948)	(5,393)	(280)	(56,621)
Net book value at 31 March 2024	**56,451**	**7,770**	**238**	**64,459**

	CONSOLIDATED 2023			
	Property $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Opening balance				
Cost	101,013	7,894	358	109,265
Accumulated depreciation	(37,076)	(1,598)	(86)	(38,760)
Net book value at 1 April 2022	**63,937**	**6,296**	**272**	**70,505**
Additions	486	3,594	–	4,080
Modifications	163	–	–	163
Disposals	(490)	(66)	–	(556)
Depreciation expense	(6,972)	(1,763)	(86)	(8,821)
Foreign exchange impact	(39)	3	–	(36)
Closing net book value at 31 March 2023	**57,085**	**8,064**	**186**	**65,335**
Represented by:				
Cost	100,827	11,419	358	112,604
Accumulated depreciation	(43,742)	(3,355)	(172)	(47,269)
Net book value at 31 March 2023	**57,085**	**8,064**	**186**	**65,335**

In determining the lease term, the Group includes any periods covered by options to the extent where the Group is reasonably certain to exercise that option.

Accounting policy

The Group leases mainly relate to buildings which are typically made for fixed periods of 1 to 16 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present-value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any restoration costs. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the Consolidated Financial Statements (continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with a purchase cost below $1,000.

4.3 Intangible assets

	CONSOLIDATED 2024		
	Goodwill on acquisitions $'000	Computer software $'000	Total $'000
Opening balance			
Cost	149,103	9,606	158,709
Accumulated amortisation and impairment	(105,057)	(9,316)	(114,373)
Net book value at 1 April 2023	**44,046**	**290**	**44,336**
Amortisation expense	–	(184)	(184)
Impairment	(20,879)	–	(20,879)
Foreign exchange impact	491	–	491
Closing net book value at 31 March 2024	**23,658**	**106**	**23,764**
Represented by:			
Cost	149,776	9,669	159,445
Accumulated amortisation and impairment	(126,118)	(9,563)	(135,681)
Net book value at 31 March 2024	**23,658**	**106**	**23,764**

	CONSOLIDATED 2023		
	Goodwill on acquisitions $'000	Computer software $'000	Total $'000
Opening balance			
Cost	149,364	6,588	155,952
Accumulated amortisation and impairment	(95,128)	(6,114)	(101,242)
Net book value at 1 April 2022	**54,236**	**474**	**54,710**
Additions	–	77	77
Amortisation expense	–	(261)	(261)
Impairment	(10,000)	–	(10,000)
Foreign exchange impact	(190)	–	(190)
Closing net book value at 31 March 2023	**44,046**	**290**	**44,336**
Represented by:			
Cost	149,103	9,606	158,709
Accumulated amortisation and impairment	(105,057)	(9,316)	(114,373)
Net book value at 31 March 2023	**44,046**	**290**	**44,336**

Critical estimates and judgements: Goodwill

The Group tests intangible assets for impairment to ensure they are not carried at above their recoverable amounts:

- at least annually for goodwill with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least at each reporting date).

Impairment tests are performed by assessing the recoverable amount of each individual asset or cash-generating units (CGU). The recoverable amount is determined as the higher amount calculated under a value-in-use (VIU) or a fair value less costs of disposal (FVLCD) calculation. Both methods utilise pre-tax cash flow projections based on financial projections approved by the Directors.

Notes to the Consolidated Financial Statements (continued)

Impairment tests for goodwill

The Group's segments and cash generating units (CGU's) have been classified as New Zealand and Australia aligning with the way the business is reviewed. The New Zealand goodwill balance arose prior to the Group's Initial Public Offering (IPO) in July 2014.The Australian goodwill arose in August 2016 with the acquisition of AGG. Goodwill balances are as follows:

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
New Zealand	–	20,879
Australia	23,658	23,167
Total goodwill balances	**23,658**	**44,046**

Impairment testing for the Australian CGU was completed using the VIU method, while the New Zealand CGU was completed using both the VIU and the FVLCD methods.

Key assumptions in the 31 March 2024 impairment assessment (VIU) calculations (and the equivalent assumptions in the 31 March 2023 calculations) are as follows:

	CONSOLIDATED		CONSOLIDATED	
	2024		2023	
	New Zealand	Australia	New Zealand	Australia
Compound annual revenue growth – 3 years	1.6%	9.7%	(4.9%)	5.7%
Long-term growth rate	2.0%	1.3%	2.0%	1.3%
Discount rate (pre tax, post IFRS 16)	14.9%	13.4%	14.6%	12.9%
Discount rate (post tax, post IFRS 16)	10.7%	9.4%	10.5%	9.0%

The FVLCD method for the New Zealand CGU has used a discounted cash flow approach, which is based on the same assumptions as the VIU calculations, primarily adjusted for actions that may be taken by a market participant related to operating expenses and deducting an estimated cost of disposal.

Cash flow projections

The impairment testing used pre-tax cash flow projections for both CGUs based on financial projections approved by the directors covering a three-year period. In forming these projections, the directors considered the views of several economic forecasters, observable market data points (including building consents), feedback from customers, analysis of existing forward books of work, anticipated customer wins and/or losses and other competitive dynamics.

The Directors have referenced longer-term independent forecast estimates in a consistent way compared to previous years.

New Zealand

The number of new homes consented has declined from the historically elevated levels and the expectation is that consenting levels will continue to decline in the short term. Adjusted for rising building costs, non-residential building consents softened again but the expectation is for stabilisation in the short term. The changes to the building code (H1 Standards) effective progressively on new consents from November 2022 require an increase in the thermal properties of window units as part of a suite of changes designed to improve the thermal performance of New Zealand homes. The New Zealand CGU base forecast short-term cash flows for the next two-year period are based on volumes consistent with current levels, but Management has also considered a second scenario where volumes decline in line with the forecast decline in residential building consents during this period. The impairment test is a weighted average of these two scenarios, with a higher weighting to the second scenario.

The impairment test of the New Zealand goodwill balance has resulted in an impairment of $20.9 million in the year ended 31 March 2024, which is presented in the consolidated statement of comprehensive income as a significant item (note 2.4) and in the New Zealand segment (note 2.1). The recoverable amount of the New Zealand CGU was determined to be $52.5m.

Impairment testing for the New Zealand CGU was completed using both the VIU and FVLCD methods, with the FVLCD method resulting in a comparatively higher recoverable amount compared to the carrying amount of the CGU. The FVLCD calculation has been determined using level three in terms of the fair value hierarchies in NZ IFRS 13.

Australia

As announced in February 2023, the Board of the Company at the time initiated a process to investigate the potential sale of the Australian Glass Group (AGG) in order to reduce its bank debt. Following an extensive process and detailed discussions with a preferred party, a revised offer had been received. On evaluation of that offer, the Board has reached the view that progressing an offer on those revised terms would not be in the best interests of the Company or its shareholders. The impairment test of the Australia CGU has been performed using the VIU method.

Notes to the Consolidated Financial Statements (continued)

Long-term growth rate

Cash flows beyond the three-year period are extrapolated using an estimated long-term growth rate. The long-term growth rate assumptions have typically been supported by long-term population growth rates in New Zealand and Australia and the increased use and prevalence of glass products in the Group's markets. The long-term growth rate for the NZ CGU reflects the long-term inflation expectation at 2%, being the mid-point of the RBNZ target range and based on historical inflation rates. The long-term growth rates have been left unchanged in the 2024 testing for the Australian CGU (1.3%).

Discount rate

The discount rate (post tax) represents the current market assessment of the risks specific to the CGU, taking into account the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and its operating segments and is derived from its weighted average costs of capital (WACC).

The discount rates used are supported by independent third-party expert advice. The discount rates at 31 March 2024 were higher than the prior year on account of market increases in interest rates (risk-free rates) and the consideration of market-specific risks.

Market capitalisation comparison

The Group compares the carrying amount of net assets with the market capitalisation value at each balance date. The share price at 31 March 2024 was $0.104 equating to a market capitalisation of $19.3 million. This market value excludes any control premium and may not reflect the value of all of the Group's net assets. The carrying amount of the Group's net assets at 31 March 2024 was $49.0 million ($0.26 per share). Management and the Directors have considered the reasons for this difference and concluded all relevant factors had been allowed for in their VIU and FVLCD models.

Sensitivity to changes in key assumptions

	IMPAIRMENT	VARIANCE TO BASE ASSUMPTION
	$'000	$'000
New Zealand CGU impairment test		
Base assumption	(20,879)	
+0.5% Discount rate	(23,679)	(2,800)
-0.5% Discount rate	(17,279)	3,600
+0.5% Change to forecast revenue in each year (with associated changes to cost of materials)	(13,379)	7,500
-0.5% Change to forecast revenue in each year (with associated changes to cost of materials)	(27,879)	(7,000)
+0.25% Long-term growth rate	(19,279)	1,600
-0.25% Long-term growth rate	(21,879)	(1,000)

The results of the assessment of impairment testing calculations for the New Zealand CGU are most sensitive to assumed compound revenue contraction over the forecast period, the discount rate and the terminal growth rate. The implied position of the construction cycle following year three (FY27) is also important as this supports the cashflow element of the terminal value calculation, which could also impact the applicable terminal growth rate.

While acknowledging the uncertainties around forecasting, it is the considered view of the Directors that the forecast revenue assumptions and resulting outcome are reasonable. This is based on their understanding of the market, supplemented by third-party forecasts, and a consensus of the range of expected market trajectories considered. Therefore, an impairment to the goodwill balance of $20.879 million has been recognised at 31 March 2024.

The impairment assessments confirmed that, for the Australian business unit, the recoverable amount exceeds its carrying value as at 31 March 2024.There are no reasonably possible changes in key assumptions used in the determination of the recoverable value of Australian CGU that would result in a material impairment to the Group.

Accounting policy

Goodwill

Goodwill represents the excess of the consideration paid for an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Any goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Notes to the Consolidated Financial Statements (continued)

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each group of the CGUs that is expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Computer software

Acquired computer software licences that are not defined as a 'software as a service' arrangement are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group are recognised as intangible assets when management intends to use the software and anticipate it will generate probable future economic benefits.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Amortisation of computer software is calculated on a straight-line basis over a useful life of four years.

4.4 Investment in associates

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
5R Solutions Limited	2,027	2,512
Total investments in associates	**2,027**	**2,512**

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Carrying amount at the beginning of the year	2,512	–
Additions	–	2,098
Share of profits of associate	415	414
Dividends declared	(900)	–
Carrying amount at the end of the year	**2,027**	**2,512**

Accounting policy – associates

Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. Associates are accounted for under the equity method of accounting.

In the year ended 31 March 2022 the Group's interest in 5R Solutions Limited was recognised at fair value through the profit or loss. On 1 April 2022 an option was exercised with the Group becoming a 50% owner of 5R Solutions Limited. The Group has 33.3% voting rights for 5R Solutions Limited. There were dividends declared of $0.9 million from 5R Solutions Limited to the Group in the year ended 31 March 2024. The dividend will be paid during the next several years as 5R Solutions Limited's cash flows allow.

Cash flows for repayments of balances due from associates are included in operating activities within the consolidated statement of cash flows, while the share of profits from associates is equity accounted and disclosed in the consolidated statement of comprehensive income.

Management is comfortable that there are no inidicators requiring an impairment of the asset.

Notes to the Consolidated Financial Statements (continued)

5 DEBT AND EQUITY

5.1 Interest-bearing liabilities

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Bank borrowings	57,802	65,172
Other asset financing	1,861	2,198
Total interest-bearing liabilities	**59,663**	**67,370**

Refer to the going concern section in the basis of preparation for further information on the Group's intentions with bank borrowings.

Bank borrowings are secured by a first-ranking composite general security deed. The Group's bank borrowing facilities as amended on 18 November 2022 currently comprise a syndicated revolving loan facility of $75.0 million for a three-year term expiring in October 2024, as well as overdraft and bank guarantees totalling $8.5 million. The Group received temporary covenant amendments during the year. The Group complied with all covenants throughout the year.

Other asset financing comprises outstanding balances of third-party financing for the purchase of motor vehicles and software as a service application. In the year ended 31 March 2020, the Group concluded two sale and leaseback agreements relating to the New Zealand vehicle fleet, but retained control of the heavy truck bodies, therefore these transactions were treated as financing arrangements.

Assets pledged as security

The bank loans are secured under both a General Security Deed and Specific Security Deed which results in registered charges over assets of the Group. In addition, there are positive and negative pledge undertakings through shares held of various subsidiaries.

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is expensed in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Other asset financing is treated as a financing arrangement, with assets remaining in the Group's asset register and remaining useful life adjusted to mirror the lease term. A finance liability is recognised equal to the sale proceeds. Interest expense is recognised over the term of the lease where applicable.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

As at 31 March 2024 the Group had cash of $6.6 million (2023: $7.3 million). Information in respect of negotiated credit facilities is shown below.

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Committed credit facilities pursuant to syndicated facility	83,515	91,869
Drawdown at balance date	(62,215)	(69,995)
Available credit facilities	**21,300**	**21,874**

The table below analyses both the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of cash flows. Where relevant, cashflows include both interest and principal payments.

Notes to the Consolidated Financial Statements (continued)

	CONSOLIDATED 2024					
	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	> 5 years $'000	Total $'000	Carrying amount $'000
Interest-bearing liabilities and interest owing	61,130	296	830	441	62,697	59,663
Foreign exchange contracts	6	–	–	–	6	6
Lease liabilities	11,946	10,801	29,629	58,043	110,419	78,393
Trade accounts payable	16,468	–	–	–	16,468	16,468
Total at 31 March 2024	**89,550**	**11,097**	**30,459**	**58,484**	**189,590**	**154,530**

	CONSOLIDATED 2023					
	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	> 5 years $'000	Total $'000	Carrying amount $'000
Interest-bearing liabilities and interest owing	5,436	68,314	840	727	75,317	67,370
Interest rate swap	(162)	–	–	–	(162)	(162)
Foreign exchange contracts	107	–	–	–	107	107
Lease liabilities	11,840	11,656	27,959	58,887	110,342	77,884
Trade accounts payable	17,756	–	–	–	17,756	17,756
Total at 31 March 2023	**34,977**	**79,970**	**28,799**	**59,614**	**203,360**	**162,955**

Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During the period, the Group's borrowings at variable rates were denominated in both New Zealand and Australian dollars. If interest rates in New Zealand and Australia increased by 10% the impact would be an additional cost of $0.45 million and a subsequent decrease of $0.45 million if rates decreased by 10%. (In 2023 an interest rate increase of 10% would have resulted in additional costs of $0.49 million and a subsequent decrease of $0.49 million if rates decreased by 10%.)

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis by entering into interest rate swaps.

5.2 Lease liabilities

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Opening lease liabilities recognised at 1 April	**77,884**	**81,280**
Additions	2,978	4,088
Modifications	5,458	163
Termination	(887)	(674)
Interest for the period	4,708	4,819
Other	315	–
Lease payments made	(12,313)	(11,699)
Foreign exchange impact	250	(93)
Lease liabilities at 31 March	**78,393**	**77,884**
Current lease liabilities	7,307	7,452
Non-current lease liabilities	71,086	70,432
Total lease liabilities	**78,393**	**77,884**

Notes to the Consolidated Financial Statements (continued)

Lease liabilities maturity analysis

	Minimum lease payments $'000	Interest $'000	Present value $'000
Within one year	11,946	(4,639)	7,307
One to five years	40,431	(14,458)	25,973
Beyond five years	58,042	(12,929)	45,113
Lease liabilities at 31 March 2024	**110,419**	**(32,026)**	**78,393**

	Minimum lease payments $'000	Interest $'000	Present value $'000
Within one year	11,840	(4,388)	7,452
One to five years	39,616	(13,772)	25,844
Beyond five years	58,887	(14,299)	44,588
Lease liabilities at 31 March 2023	**110,343**	**(32,459)**	**77,884**

Estimates and judgements: Incremental borrowing rates and lease terms

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

5.3 Contributed equity

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Opening balance	307,198	307,198
Closing balance	**307,198**	**307,198**

At 31 March 2024 the Company had issued 185,378,086 fully paid ordinary shares (2023: 185,378,086 fully paid ordinary shares). No shares were issued or cancelled during the year (2023: nil). Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of shares held. Every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share in entitled to one vote. The Company does not have a limited amount of authorised capital.

Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or acquiring its own shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Dividend distribution to Group shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the Board.

Metro Performance Glass paid no dividends in 2023 and 2024.

Capital management

The Group's syndicated revolving loan facility agreement restricts the Group from making a distribution to shareholders unless the leverage ratio before and after the distribution is below 2.0.

The Group and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's financial covenants includes interest cover and leverage ratios. The Group was in compliance with it's financial covenants during the year and at balance date.

The Group's leverage ratio at 31 March 2024 was as follows:

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Interest-bearing liabilities	59,663	67,370
Add: Prepaid financing costs	82	372
Less: Cash and cash equivalents	(6,634)	(7,300)
Adjusted net debt	**53,111**	**60,442**
Adjusted profit before interest, tax, depreciation and amortisation[1]	**11,429**	**18,720**
Leverage ratio	**4.65 : 1**	**3.23 : 1**

1. Calculated on a pre-IFRS 16 basis, excluding significant items as per bank covenant definitions.

6 OTHER

6.1 Income taxation

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Loss before income taxation	(29,389)	(10,581)
Income taxation benefit at the Group's effective tax rate	8,163	2,849
Tax effect of (non-deductible) and non-assessable items	(6,196)	(2,826)
Prior year adjustment	(90)	10
Income tax benefit	**1,877**	**33**
Represented by:		
Current taxation	–	405
Deferred taxation	1,877	(372)
	1,877	**33**

Imputation credit account

The amount of imputation credits at balance date available for future distributions is $28.8 million at 31 March 2024 ($28.4 million at 31 March 2023).

Notes to the Consolidated Financial Statements (continued)

6.2 Deferred taxation

Consolidated deferred tax assets and liabilities are attributable to the following:

	CONSOLIDATED 2024		
	Assets $'000	Liabilities $'000	Net $'000
Property, plant and equipment	156	(1,012)	(856)
Right-of-use assets	–	(18,922)	(18,922)
Inventory and receivables	61	–	61
Cash flow hedge	148	(7)	141
Intangibles	49	–	49
Lease liabilities	23,760	–	23,760
Provisions and accruals	2,690	–	2,690
Tax losses	5,520	–	5,520
	32,384	**(19,941)**	**12,443**

	CONSOLIDATED 2023		
	Assets $'000	Liabilities $'000	Net $'000
Property, plant and equipment	–	(1,350)	(1,350)
Right-of-use assets	–	(18,154)	(18,154)
Inventory and receivables	108	–	108
Cash flow hedge	85	(34)	51
Intangibles	73	–	73
Lease liabilities	21,674	–	21,674
Provisions and accruals	3,478	–	3,478
Tax losses	4,518	–	4,518
	29,936	**(19,538)**	**10,398**

Movement in temporary differences during the year:

	CONSOLIDATED 2024				
	Opening balance 1 Apr 2023 $'000	Opening Retained Earnings $'000	Recognised in profit or loss $'000	Recognised in OCI $'000	Balance 31 Mar 2024 $'000
Property, plant and equipment	(1,350)	-	521	(27)	(856)
Right-of-use assets	(18,154)	-	(698)	(70)	(18,922)
Inventory and receivables	108	-	(47)	–	61
Cash flow hedge	51	-	28	62	141
Intangibles	73	-	(24)	–	49
Lease liabilities	21,674	-	2,013	73	23,760
Provisions and accruals	3,478	-	(833)	45	2,690
Tax losses	4,518	17	917	68	5,520
	10,398	**17**	**1,877**	**151**	**12,443**

Notes to the Consolidated Financial Statements (continued)

	CONSOLIDATED 2023			
	Opening balance 1 Apr 2022 $'000	Recognised in profit or loss $'000	Recognised in OCI $'000	Balance 31 Mar 2023 $'000
Property, plant and equipment	(1,731)	324	57	(1,350)
Right-of-use assets	(19,393)	1,211	28	(18,154)
Inventory and receivables	29	79	–	108
Cash flow hedge	269	–	(218)	51
Intangibles	146	(73)	–	73
Lease liabilities	22,526	(850)	(2)	21,674
Provisions and accruals	3,693	(200)	(15)	3,478
Tax losses	5,426	(863)	(45)	4,518
	10,965	**(372)**	**(195)**	**10,398**

Accounting policy

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in 'Other comprehensive income' or directly in equity. In this case, the tax is also recognised in 'Other comprehensive income' or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. No deferred tax liability was recognised on initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted, by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

6.3 Group reserves

Group reorganisation reserve

Upon acquisition of Metroglass Holdings Limited in July 2014, the assets and liabilities acquired were measured at their pre-combination carrying amounts without fair value uplift. The difference between the consideration transferred and the carrying value of the assets and liabilities acquired of $170.7 million (2023: $170.7 million) was recorded in the Group's reorganisation reserve.

Accounting policy

Where an acquisition occurs through Group reorganisation, the identifiable assets and liabilities acquired are measured at their pre-combination carrying amounts without fair value uplift. No new goodwill is recorded. Any difference between the consideration transferred and the carrying value of the assets and liabilities acquired is recorded in equity.

Share-based payments reserve

The Group currently has a long-term incentive plan for selected employees. The plan's participants are members of the Senior Leadership Team and other selected senior managers. The reserve is used to record the accumulated value of the plan which has been recognised in the statement of comprehensive income.

The plan is designed to secure those employees' retention in Metro Performance Glass and to reward performance that underpins the achievement of Metro Performance Glass' business strategy and long-term shareholder wealth creation. Participants are offered an annual award of a specified number of both performance rights and share options in Metro Performance Glass (in accordance with the plan rules).

Notes to the Consolidated Financial Statements (continued)

The performance rights enable participants to acquire shares in Metro Performance Glass with no consideration payable, subject to Metro Performance Glass achieving set performance hurdles and meeting certain vesting conditions.

The share options enable participants to acquire shares in Metro Performance Glass at a market-based exercise price, subject to Metro Glass achieving set performance hurdles and meeting certain vesting conditions.

In the event that the respective performance hurdles are not met on the vesting date, retesting will be permitted after a further six and twelve months from the measurement date.

The following share options and performance share rights (PSR) have been issued and had not lapsed or been exercised at 31 March 2024.

Plan name	Date issued	Number of options	Number of PSR	Options exercise price	Vesting date
2021 LTI plan	19-Jun-20	2,704,717	1,442,516	$0.20	3-Jul-23
2022 LTI plan	21-May-21	1,563,033	808,464	$0.42	4-Jun-24
2023 LTI plan	27-May-22	3,480,717	1,740,361	$0.25	10-Jun-25
2024 LTI plan	29-May-23	5,498,495	3,655,664	$0.15	12-Jun-26

Accounting policy

The long-term incentive plan is an equity-settled share-based payment which provides eligible employees with the opportunity to acquire shares in the Group, accounted for under NZ IFRS 2. The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period. The fair value of the plan has been assessed by an independent valuer.

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Share-based payments reserve		
Opening balance	1,358	1,366
Transfer to equity on vesting of employee share purchase scheme	(637)	(382)
Movement in share-based payments reserve	341	374
Closing balance	**1,062**	**1,358**

6.4 Related party transactions

5R Solutions Limited

5R Solutions Limited (an associate, note 4.4) provides glass waste removal and recycling services to the Group. This arrangement has not changed following 5R Solutions Limited becoming an associate of the Group during the year ended 31 March 2023. 5R Solutions Limited charged the Group $0.9 million for services in the year ended 31 March 2024 (2023: $1.3 million).

The payables balance in relation to services from 5R Solutions Limited was $0.04 million at 31 March 2024 (2023: $0.05 million).

In addition, the Group has a receivable from 5R Solutions Limited in relation to two dividends declared but not yet paid in full. The first dividend was in the year ended 31 March 2022 and the second dividend in the year ended 31 March 2024. During the year ended 31 March 2024, 5R Solutions paid the Group $0.35 million in relation to the declared dividend in the year 31 March 2022 and there was a balance remaining to be paid of $1.4 million at 31 March 2024 (note 3.7) for both dividends.

Subsidiaries

The Group's principal subsidiaries at 31 March 2024 and 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	2024 Interest	2023 Interest
Metropolitan Glass & Glazing Limited	New Zealand	100%	100%
Metroglass Finance Limited	New Zealand	100%	100%
Australian Glass Group Holding Pty Ltd	Australia	100%	100%
Australian Glass Group Finance Pty Ltd	Australia	100%	100%

Notes to the Consolidated Financial Statements (continued)

Directors

The names of persons who were directors of the Company at any time during the financial period are as follows: Peter Griffiths, Rhys Jones, Graham Stuart, Mark Eglinton, Jenn Bestwick, Julia Mayne, Shawn Beck, Simon Bennett and Pramod Khatri.

Rhys Jones retired on 24 July 2023. Graham Stuart retired on 1 August 2023. Mark Eglinton retired on 10 November 2023. Peter Griffiths and Jenn Bestwick retired on 6 March 2024. Shawn Beck joined the Board on 1 November 2023. Simon Bennett and Pramod Khatri joined the Board with effect from 11 December 2023.

Key management and Board of Directors' compensation

Key management are members of the Executive Team, being direct reports of the CEO. The compensation paid and provided to key management for employee service is shown below:

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Salaries and other short-term employee benefits	1,897	2,428
Management incentive[1]	472	–
Share-based payments	281	333
	2,650	2,761

1. Relates to amounts paid and provided pursuant to prior year financial and operating performance.

Board of Directors' compensation

	CONSOLIDATED	CONSOLIDATED
	2024 $'000	2023 $'000
Directors' fees	544	602
	544	602

6.5 Contingencies

At 31 March 2024 the Group had no contingent liabilities or assets (2023: nil).

6.6 Commitments

At 31 March 2024 the Group had no commitments (2023: nil).

Independent auditor’s report

To the shareholders of Metro Performance Glass Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Metro Performance Glass Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2024, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of agreed upon procedures relating to the Group’s covenant compliance certificate and a comparison of the Group's long-term incentive plan to market practice. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services and relationships have not impaired our independence as auditor of the Group.

Material uncertainty related to going concern

We draw attention to note 1.1 in the consolidated financial statements which indicates that the Group has a net current liability balance of $24.0 million at 31 March 2024. This includes an outstanding bank borrowings balance of $58.4 million at 31 March 2024 with a maturity date of 31 October 2024. The Group is considering its options, including planning a capital raise, to reduce bank debt in order to put it in a position to negotiate an agreement with the banking syndicate for renewed loan facilities on mutually acceptable terms with financial covenants that the Group can achieve. As stated in note 1.1, these events and conditions, along with other matters as set forth in this note, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section we have determined the matter described below to be the key audit matter to be communicated in our report.

Description of the key audit matter	How our audit addressed the key audit matter
New Zealand cash generating unit goodwill impairment test During the year ended 31 March 2024 an impairment of $20.9 million (year ended 31 March 2023: $10.0 million) was recognised in relation to the goodwill balance to reduce the carrying amount of the Group's New Zealand cash generating unit (NZ CGU). Following the impairment, as at 31 March 2024, the remaining amount of the NZ CGU's goodwill balance amounted to nil (note 4.3). This impairment was calculated using a recoverable amount determined by management on a 'fair value less cost of disposal' basis. The fair value less cost of disposal model was based on discounted future cash flows. The key assumptions in the impairment assessment were the compound annual revenue growth rate over the next three years, the discount rate, and the long-term growth rate. As part of the impairment assessment process, management performed a comparison of the Group's net assets to the market capitalisation of the Group and prepared an analysis and explanation of the difference. Management considered the reasons for this difference in finalising their assessment of the recoverable amounts of the Group's CGUs. The impairment testing of the NZ CGU's goodwill is considered a key audit matter due to the materiality of the goodwill balance and impairment recognised during the year, the presence of impairment indicators, and the significant level of management estimation and judgement applied in determining key assumptions used in the impairment assessment.	Our audit focused on assessing and challenging the key assumptions used by management in their impairment assessment. Our procedures included: ● evaluating the appropriateness of the identification of the Group's CGUs; ● considering whether the valuation methodology applied was appropriate; ● agreeing the cash flows included in management's impairment model to the board approved plans; ● assessing the Group's forecasting accuracy by comparing historical forecasts to actual results and considering the impact on the current impairment test's cash flow forecasts; ● discussing with management the basis for the cash flow forecasts and the key drivers of change in the forecasts, including internal and external factors; ● engaging our valuation expert to assist us with: - assessing whether the discount rates and long-term growth rates used by management are reasonable in the context of the forecasts; and - considering management's paper comparing the net assets and the market capitalisation of the Group, in the context of our overall assessment of the impairment test; ● testing the accuracy of the calculations in management's impairment model, and checking that the carrying amount for the CGU's net assets was correctly included in the impairment assessment; ● evaluating the reasonableness of management's forecast cash flows by comparison to external sources and trends in the Group's financial performance; ● performing sensitivity analyses for the effect of reasonably possible changes in key assumptions on the impairment assessment; ● evaluating the effect of the trading results up to the date of our report; and ● considering the appropriateness of disclosures in the consolidated financial statements.

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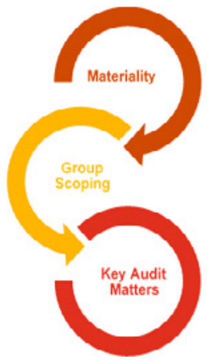
Our audit approach

Overview



Overall group materiality: $1,800,000, which represents approximately 0.75% of revenue.

We chose revenue as the benchmark because, in our view, it is a key financial statement metric used in assessing the performance of the Group and is a generally accepted benchmark.

Following our assessment of the risk of material misstatement, we performed:

- full scope audits on the Group's two trading entities
- substantive audit procedures on selected significant balances in the remaining non-trading entities and on consolidation entries, and
- analytical review procedures on all the remaining non-trading entities.

As reported above, we have one key audit matter, being:

- New Zealand cash generating unit goodwill impairment test

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We performed audit procedures over components considered financially significant in the context of the Group (full scope audit) or in the context of individual primary statement account balances (audit of specific account balances). The materiality levels used for the audits of the full scope audits were calculated by reference to a portion of Group materiality appropriate to the relative scale of these entities. We visited a selection of locations in New Zealand and Australia for stocktake procedures, management interviews and performing other audit procedures.

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Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Troy Florence.
For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
28 May 2024

Auckland

PwC

REMUNERATION REPORT

DIRECTOR REMUNERATION

The company distinguishes the structure of non-executive directors' remuneration from that of executive directors. Non-executive directors are paid a fixed fee in accordance with the determination of the Board. The total amount of remuneration and other benefits received by each director during the year ended 31 March 2024 is set out below.

Director	2024 Directors' Fees
Standing Directors at 31 March 2024	
Shawn Beck	42,204
Pramod Khatri	27,688
Simon Bennett	25,998
Julia Mayne	96,667
Directors who resigned during the financial year ended 31 March 2024	
Peter Griffiths	149,128
Mark Eglinton	58,262
Rhys Jones	28,333
Graham Stuart	33,333
Jenn Bestwick	82,557
Total	**$544,172**

The Chair of the Board receives $160,000 per annum (with no additional committee fees paid) and the non-executive directors receive $80,000 per annum. The Chair of the Audit and Risk Committee receives an additional $20,000 per annum and other members of the Audit and Risk Committee receive an additional $10,000 per annum. The Chair and members of the People and Culture Committee receive an additional $5,000 per annum. Directors may also seek the Board's approval for special remuneration should the specific circumstances justify this (2024: $Nil). At 1 April 2024 the Board elected to suspend all subcommittee fees until the company's performance improves markedly.

The Board reviews its fees on a periodic basis. The maximum aggregate amount of remuneration payable by Metroglass to the non-executive directors (in their capacity as directors) is set at $614,000. This fee pool was last changed in May 2017.

Directors' fees exclude GST, where appropriate. No retirement or termination benefits are paid to non-executive directors. Directors are entitled to be refunded for reasonable travel and other expenses incurred by them in connection with their attendance at Board or shareholder meetings, or otherwise in connection with the Metroglass business. The company does not offer an equity-based remuneration scheme for directors. The Board considers that director and executive remuneration is appropriate and is not excessive.

Directors and officers also have the benefit of Directors and Officers' Liability insurance. This covers risks normally included in such policies arising out of acts or omissions of directors and employees in their capacity as such. The insurance cover is supplemented by the provision of director and officer indemnities from the company but this does not extend to criminal acts.

Executive remuneration

The remuneration of members of senior management (CEO, SLT and certain direct reports) is designed to promote a higher-performance culture, to secure the participant's retention in Metroglass and to reward performance that underpins the achievement of Metroglass' business strategy and long-term shareholder wealth creation. The Board is assisted in delivering its responsibilities and objectives for executive remuneration by the People and Culture Committee.

The CEO's performance is reviewed annually by the Board. The CEO reviews the performance of the SLT and makes recommendations to the Board for approval in relation to the team's remuneration and achievement of key performance indicators (KPIs).

The compensation structures of the CEO and senior management are made up of three elements:

- a fixed base salary
- a discretionary short-term incentive (STI)
- a long-term incentive (LTI).

Short-term incentives

Short-term incentives (STI) are at-risk payments designed to motivate and reward for performance, typically within that particular financial year. The target value of an STI payment is set annually, usually as a percentage of the participant's base salary. For the 2024 financial year, the relevant percentages varied from 10% to 50%.

The STI plans relate to achievement of annual performance metrics which aim to align executives to a shared set of KPIs based on business priorities for the next 12 months.

In the 2024 financial year, the metrics driving the STI plans for both New Zealand and Australia were:

Target	Weighting	FY24 result: NZ	FY24 result: Australia
Earnings before interest and tax (EBIT) performance	80%	Not Achieved	Not Achieved
Working Capital	20%	Achieved	Achieved

The payable rewards for each STI KPI target are determined by the level of performance achieved and are calculated on a linear scale increasing from the 'Minimum performance target' and receiving 25% of the specified reward, up to the 'Maximum performance target' and receiving 100% of the specified reward.

The Board retains final discretion on the payment of STI awards.

Long-term incentives (LTI)

The company's LTI plan for the 2024 financial year was announced on 4 July 2023. The LTI plan is made up of both performance share rights and share options. The LTI is designed to secure those employees' retention in Metroglass and to reward performance that underpins the achievement of Metroglass' business strategy and long-term shareholder wealth creation. The key features of the 2024 LTI plan are as follows:

- Participants were offered an annual award of a specified number of both performance rights and share options in Metroglass (in accordance with the LTI rules).
- The performance rights will enable participants to acquire shares in Metroglass with no consideration payable, subject to Metroglass achieving set performance hurdles and meeting certain vesting conditions.
- The share options enable participants to acquire shares in Metroglass at a specified exercise price, subject to Metroglass achieving set performance hurdles and meeting certain vesting conditions.

A total of 5,498,495 share options and 3,655,664 performance share rights were awarded pursuant to the 2024 LTI plan.

Chief Executive Officer's remuneration

Metroglass' CEO Simon Mander joined the company on 19 November 2018 and left on 10 May 2024.

Fixed CEO remuneration for the past five financial years (12 months to 31 March):

		Fixed remuneration		
Financial year	CEO	Salary	Other benefits*	Total fixed remuneration
FY24	Simon Mander	$650,000	$28,760	$678,760
FY23	Simon Mander	$650,000	$28,194	$678,194
FY22	Simon Mander	$650,000	$29,203	$679,203
FY21	Simon Mander	$650,000	$26,132	$676,132
FY20	Simon Mander	$650,000	$25,682	$675,682

* Other benefits include medical insurance and KiwiSaver.

Description of CEO's remuneration for performance for the year ended 31 March 2024:

Plan	Description	Performance measures	Percentage of maximum awarded
STI	Set at 50% of fixed remuneration for FY24.	80% EBIT performance	Nil
		20% Working Capital	
LTI	Issued 29 May 2023. The first vesting date is 12 June 2026 and no instruments have yet had the chance to vest.	50% share options require Metro Glass' Total Shareholder Return (TSR) to exceed a compound annual pre-tax rate that is 1% above the company's cost of equity	n/a
		50% performance share rights measured against NZX 50 Group TSR hurdle	n/a

		Pay for performance – short-term incentives		
Financial year of STI payment	CEO	Relevant performance period	% STI awarded against maximum	STI paid
FY25	Simon Mander	FY24	0%	$0
FY24	Simon Mander	FY23	0%	$0
FY23	Simon Mander	FY22	0%	$0
FY22	Simon Mander	FY21	99.5%	$323,276
FY21	Simon Mander	FY20	0%	$0

* A further incentive to the CEO was agreed upon by the Board on 25 May 2023 and was paid out on 16 April 2024 ($325,000).

		Pay for performance – long-term incentives		
	CEO	LTI (initial grant values)*	% LTI vested against maximum	Span of LTI performance periods
FY24	Simon Mander	$162,500	n/a	13/06/23 – 12/06/26
FY23	Simon Mander	$162,500	n/a	11/06/22 – 10/06/25
FY22	Simon Mander	$162,500	n/a	05/06/21 – 04/06/24
FY21	Simon Mander	$162,500	nil	04/07/20 – 03/07/23
FY20	Simon Mander	$162,500	nil	07/06/19 – 06/06/22

* These are LTI grant values (not payments), which require relevant hurdles to be met over specific performance periods.

Executive Director remuneration

Simon Bennett was appointed as Executive Director on 6 May 2024 following the resignation of Simon Mander as CEO. Under his contract for personal services, Simon Bennett will be paid $30,000 per month (plus GST). There is no provision for any short term or long term incentive. He will be entitled to reimbursement for general expenses such as travel in accordance with Company policy. The independent directors (Shawn Beck, Julia Mayne and Pramod Khatri) are satisfied that the contractual terms of Simon Bennett's appointment have been set on an arm's length, commercial basis and as such have been approved by them.

Employees' remuneration

The number of employees or former employees (including employees holding office as Directors of subsidiaries) who received remuneration and other benefits in their capacity as employees, the value of which was at or in excess of $100,000 and was paid to those employees during the financial year ended 31 March 2024, is specified in the table below.

The remuneration figures shown in the "Remuneration" column include all monetary payments actually paid during the course of the 2024 financial year. This includes salary, STI payments that were paid during the year, and the value of performance share rights and share options (LTI) expensed during the financial year. Remuneration shown below includes settlement payments and payments in lieu of notice with respect to certain employees upon their departure from the company but does not include any amounts paid post 31 March 2024 that relate to the year ended 31 March 2024.

Remuneration	Number of employees
$100,000-110,000	43
$110,000-120,000	38
$120,000-130,000	26
$130,000-140,000	17
$140,000-150,000	14
$150,000-160,000	12
$160,000-170,000	4
$170,000-180,000	5
$180,000-190,000	9
$210,000-220,000	2
$220,000-230,000	3

Remuneration	Number of employees
$230,000-240,000	3
$250,000-260,000	1
$260,000-270,000	1
$270,000-280,000	4
$280,000-290,000	1
$290,000-300,000	1
$320,000-330,000	1
$330,000-340,000	1
$370,000-380,000	1
$800,000-810,000	1

STATUTORY INFORMATION

CORPORATE GOVERNANCE INFORMATION

This section of the Annual Report provides information required under the Companies Act 1993 and under the NZX listing rules. The Company's governance framework is guided by the principles and recommendations described in the NZX Corporate Governance Code (Code). Metro Performance Glass has reported in detail against the Code in its separately published Corporate Governance Statement which, together with other detailed information, can be viewed on the Company's website (https://metroglass.co.nz/investor-centre/governance). Metro Performance Glass considers it has followed these recommendations during FY24 and as at 28 May 2024 other than to the extent set out in the table below.

Variance to NZX Corporate Governance Code

We believe that the Company's corporate governance practices for the financial year ended 31 March 2024 are materially in line with the Code. Those areas of variance from the Code are set out in the table below:

NZX Code principle	NZX Code Recommendation	Key difference	Status
Board composition and performance	2.5. The Board should set measurable objectives for achieving diversity.	The Company has adopted a Diversity and Inclusion Policy, a copy of which is available on the Company's website. However, the Board has not set measurable objectives under the Policy for achieving diversity.	The Board considers authentic diversity outcomes can be achieved without measurable objectives. Although no alternative governance practices have been adopted at Board level in lieu of recommendation 2.5, the Board has overseen a number of operational practices aimed at raising awareness of the importance of diversity in the business.
Reporting and disclosure	4.4. An issuer should provide non-financial disclosure at least annually, including considering environmental, social sustainability and governance factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the Board.	The Company has not yet reported on non financial factors to the extent recommended in NZX Code Recommendation 4.4. The Company has commenced a programme of work to ensure that the process and systems to incorporate climate change are appropriate for the business and align to the External Reporting Board standards. In the last 12 months Metroglass has also focused on developing an understanding of the potential risks and opportunities of climate change.	The Company has not made as much progress with respect to its non financial reporting as was previously expected. Both the executive leadership and makeup of the Board have undergone significant change in the last year, and the Company has been focused on debt reduction and business stabilisation initiatives. While no alternative governance practices have been adopted, improving progess on non financial disclosure will be a focus for the newly-formed Board in FY25.
Remuneration	5.1. An issuer should have a remuneration policy for the remuneration of directors.	The Company does not have a director remuneration policy.	Details of director remuneration is made in each Annual Report, and is subject to a shareholder-approved cap. In terms of alternative governance practices, the Board reviews director remuneration from time to time, including with effect from 1 April 2024 making the decision to cease paying director fees in respect of committee work.

NZX Code principle	NZX Code Recommendation	Key difference	Status
Remuneration	5.2. The Board should have a remuneration policy for remuneration of exectives which outlines the relative weightings of remuneration components and relevant performance criteria.	The Company does not have a policy for executive remuneration.	While there is no formal policy, the Board adopts practices to ensure that executive remuneration is fair and reasonable, and that any incentives are appropriately aligned with the interests of shareholders.
Risk manangement	6.1. An issuer should report the material risks facing the business and how these are being managed.	The Company has not reported what its material risk are or how they are being managed.	With the significant change in the makeup of the Board and the executive, and the challenging trading environment, the Board has been focused on on debt reduction and business stabilisation initiatives. The Board will be undertaking a review of the risk management framework during the FY25 year and reporting against what the new leadership considers to be the material risks facing the company. In terms of alternative governance settings, the Board will work closely with management in undertaking this review and mitigation plans as part of the work to improve business performance.

Securities exchange listing

Metroglass' shares are listed on the New Zealand Securities Exchange (NZX) and Australian Securities Exchange (ASX).

Shares on issue as at 31 March 2024:

Register	Security	Holders	Units
New Zealand	MPG (NZX)	2,492	183,331,523
Australia	MPP (ASX)	105	2,046,563
Total	**MPG (Dual)**	**2,597**	**185,378,086**

Securities issued, and still outstanding, under the 2018-2023 long-term incentive plans as at 31 March 2024:

Long-Term Incentive Scheme	Security	Holders	Units
2021 Perfomance Share Rights	MPG (NZX)	8	1,228,548
2021 Share Options	MPG (NZX)	8	2,303,527
2022 Performance Share Rights	MPG (NZX)	8	590,230
2022 Share Options	MPG (NZX)	8	1,141,112
2023 Performance Share Rights	MPG (NZX)	11	1,344,809
2023 Share Options	MPG (NZX)	11	2,689,616
2024 Performance Share Rights	MPG (NZX)	11	3,655,664
2024 Share Options	MPG (NZX)	11	5,498,495

Gender composition of directors and officers

As at 31 March 2024 (and 31 March 2023 for the prior comparative period), the mix of gender among the Company's Board and SLT was:

31 March 2024	Female	Male	Total	% Female
Board	1	3	4	25%
Senior Leadership Team	3	5	8	38%

31 March 2023	Female	Male	Total	% Female
Board	2	4	6	33%
Senior Leadership Team	3	5	8	37%

For the purposes of this analysis the Senior Leadership Team comprises 'Officers' of the Company, being employees who are concerned or take part in the management of the Company's business and who report directly to: (a) the Board; or (b) a person who reports to the Board.

While no specific diversity objectives have been set by the Board, the Board is satisfied with its performance in relation to its Diversity and Inclusion Policy, in particular the work that has gone in to raising awareness about the importance of diversity in the workforce.

Top 20 Shareholders

Metroglass' top 20 registered shareholders as at 31 March 2024 were as follows:

Rank	Investor name	Total Units	% Issued Capital
1	Masfen Securities Limited	25,401,929	13.70
2	HSBC Nominees (New Zealand) Limited[1]	21,799,705	11.76
3	Takutai Limited	20,289,230	10.94
4	Accident Compensation Corporation[1]	7,453,478	4.02
5	New Zealand Depository Nominee	5,206,992	2.81
6	Daniel Charles Skinner	2,354,322	1.27
7	Custodial Services Limited	2,129,898	1.15
8	Amy Amelia Orr	1,900,000	1.02
9	Hui Wen Yang	1,768,999	0.95
10	Da Wei Chu Su	1,600,000	0.86
11	ASB Nominees Limited	1,552,267	0.84
12	Trevor John Logan	1,400,000	0.76
13	Eric Francis Barratt & Hyun Ju Barratt	1,385,333	0.75
14	Leveraged Equities Finance Limited	1,224,219	0.66
15	FNZ Custodians Limited	1,215,412	0.66
16	Kevin John Summersby	1,126,169	0.61
17	Jianghang Lei Guirong Lu	1,117,271	0.60
18	Quant Advisory Limited	1,100,000	0.59
19	Bowenvale Investments Limited	1,000,000	0.54
19	Weijun Zhang & Yuhua Yang	1,000,000	0.54
19	Gmh 38 Investments Limited	1,000,000	0.54
Totals:	**Top 20 registered holders of ordinary shares**	**103,025,224**	**55.57**
Totals:	**Remaining holders' balance**	**82,352,862**	**44.43**

1 Held through New Zealand Central Securities Depository Limited (NZCSD). NZCSD provides a custodial depository service which allows electronic trading of securities by its members and does not have a beneficial interest in these shares. As at 31 March 2024, a total of 31,249,195 Metroglass shares (or 16.86% of the ordinary shares on issue) were held through NZCSD.

Substantial shareholders

According to the records kept by the company under the Financial Markets Conduct Act 2013 the following were substantial product holders in the company as at 31 March 2024. Shareholders are required to disclose their holdings to Metroglass and to its share registrar by giving a 'Substantial Shareholder Notice' when:

- they begin to have a substantial shareholding (relevant interest in 5% or more of Metroglass' shares);
- there is a subsequent movement of 1% or more in a substantial holding, or if they cease to have a substantial holding;
- there is any change in the nature or interest in a substantial holding.

Investor name	Number of shares	%	Date of most recent notice
Masfen Securities Limited	46,566,659	25.12%	18/07/23
Takutai Limited	46,566,659	25.12%	18/07/23
BCC SSA I, LLC	12,522,769	6.75%	25/06/21

Note: Accident Compensation Corporation ceased to be a substantial shareholder on 27 June 2023.

As at 31 March 2024 the total number of voting shares on issue was 185,378,086.

Distribution of shareholders

As at 31 March 2024:

Range	Number of holders	%	Number of shares	%
1-1,000	226	8.70	146,640	0.08
1,001-5,000	822	31.65	2,349,482	1.27
5,001-10,000	443	17.06	3,607,144	1.95
10,001-50,000	772	29.73	19,179,870	10.34
50,001-100,000	151	5.81	11,224,482	6.05
Greater than 100,000	183	7.05	148,870,468	80.31
Total	**2,597**	**100.00%**	**185,378,086**	**100.00%**

Voting rights

Section 15 of the company's constitution states that a shareholder may vote at any meeting of shareholders in person or through a representative. Metroglass conducts voting by way of polls; using this method every shareholder present (or through their representative) has one vote per fully-paid-up share they hold. Unless the Board determines otherwise, shareholders may not exercise the right to vote at a meeting by casting postal votes. More detail on voting can be found in Metroglass' constitution available on the company's website at: www.metroglass.co.nz/investor-centre/governance/.

Trading statistics

Metroglass is listed on both the NZX and ASX. The trading ranges for the period 1 April 2023 to 31 March 2024 are as follows:

	NZX (NZD)	ASX (AUD)
Minimum:	$0.098 (12/03/24)	$0.096 (31/08/23)
Maximum:	$0.19 (19/07/23)	$0.175 (21/04/23)
Range:	$0.098 - $0.19	$0.096 – $0.175
Total shares traded	**12,709,618**	**370,265**

1 Trading in Metroglass shares on the ASX is less liquid than it is on the NZX. The final date on which shares were traded on the ASX during the 12 months to 31 March 2024 was 28 March 2024.

Dividend Policy

Dividends and other distributions with respect to the shares are only made at the discretion of the Board of Metroglass.

Any dividend can only be declared by the Board if the requirements of the Companies Act 1993 are also satisfied. The Board's decision to declare a dividend (and to determine the quantum of the dividend) for shareholders in any financial year will depend on, among other things:

- all statutory or regulatory requirements
- the financial performance of Metro Performance Glass
- one-off or non-recurring events
- Metroglass' capital expenditure requirements
- the availability of imputation credits
- prevailing business and economic conditions
- the outlook for all of the above
- any other factors deemed relevant by the Board.

Over the past six financial years, the company has prioritised debt reduction and worked towards achieving a leverage ratio for the Group (as measured by net debt to rolling 12-month EBITDA) of approximately 1.5x. At 31 March 2024, this ratio was 4.65x (on a pre-IFRS 16 basis).

No dividends have been declared in respect of the 2024 financial year.

NZX and ASX waivers

Metroglass does not have any waivers from the requirements of the NZX Main Board Listing Rules and has waivers in place with the ASX that are standard for a New Zealand company listed on the ASX.

Metroglass has an ASX Foreign Exempt Listing on the ASX. This category is based on a principle of substituted compliance, recognising that for secondary listings, the primary regulatory role and oversight rest with the home exchange. Metroglass continues to have a full listing on the NZX Main Board.

Disclosure of directors' interests

During the financial year ended 31 March 2024, under section 140(2) of the New Zealand Companies Act 1993, the following interests were disclosed by Directors and entered in the Company's interests register:

Director and company	Position
Lisa Julia Mayne	
5R Solutions Pty Limited	Director
Shawn Beck	
Sweet Mango Limited (trading as South Central Advisory)	Director/Shareholder
Skinny Fizz Company Limited	Director/Shareholder
Simon Bennett	
Accordant Group Limited	Director/Shareholder
Hobson Leavy Limited	Director
Peak Partners Limited	Director/Shareholder
The Icehouse Limited	Director
The International Centre for Entrepreneurship Foundation	Trustee
Pramod Khatri	
PSW Nominees Limited	Director/Trustee
AW Fraser Holdings Limited	Director/Shareholder
AW Fraser Limited	Director/Shareholder
PWJ Limited	Director/Shareholder
Jenn Bestwick	
Accredited Employers Working Visa Scheme	Assurance Review

The Directors also disclosed an interest in the Company's Directors' and Officers' insurance policy and such interest was entered in the Company's interests register.

Directors and director independence

As at the balance date of 31 March 2024 the Company had four directors - Shawn Beck, Simon Bennett, Julia Mayne and Pramod Khatri. Each such Director was determined by the Board to be an independent director when appointed. Subsequently, the Board determined on 6 May 2024 that Simon Bennett was a non-independent director as a consequence of being appointed to the role of Executive Director.

When assessing independence, the Board holistically considers the interests and relationships of a Director that could affect the determination, including having regard to (but not limited to) the factors set out in recommendation 2.4 of the NZX Corporate Governance Code.

Directors ceasing to hold office during the financial year

During the financial year ended 31 March 2024 the following people ceased to hold office as Directors of the Company:
Peter Griffiths, Mark Eglinton, Rhys Jones, Graham Stuart and Jenn Bestwick.

In the year to 31 March 2024, the Board had two standing committees, being the Audit and Risk Committee and People and Culture Committee.

Board and committee attendance in the 12 months to 31 March 2024

Meetings held	Board meetings attended	Audit Committee meetings attended	People and Culture Committee meetings attended	Appointed / Resigned
Directors				
Shawn Beck	3	2	–	Appointed November 2023
Simon Bennett	4	–	–	Appointed December 2023
Julia Mayne	12	5	–	Appointed September 2021
Pramod Khatri	4	–	–	Appointed December 2023
Peter Griffiths	11	1	2	Appointed February 2016 – Resigned March 2024
Mark Eglinton	4	–	2	Appointed April 2020 – Resigned November 2023
Rhys Jones	4	–	2	Appointed April 2018 – Resigned August 2023
Graham Stuart	4	2	–	Appointed December2019 – Resigned August 2023
Jenn Bestwick	9	4	1	Appointed May 2022 – Resigned March 2024

The Board's committees and their members as at 28 May 2024 were:

- Audit and Risk Committee: Julia Mayne (Chair), Pramod Khatri and Shawn Beck
- People and Culture Committee: Pramod Khatri (Chair) and Shawn Beck.

Simon Bennett resigned from both of these Committes with effect from being appointed as Executive Director on 6 May 2024.

Subsidiaries and subsidiary directors

Section 211(2) of the Companies Act 1993 requires the company to disclose, in relation to its subsidiaries, the total remuneration and value of other benefits received by the directors and former directors, together with particulars of entries in the interests registers made, during the year ended 31 March 2024.

No Group employee appointed as a director of Metro Performance Glass Limited or its subsidiaries receives or retains any remuneration or other benefits in their capacity as a director, and each is a full-time Group employee. The remuneration and other benefits of such employees and former employees (received as employees) totalling NZD 100,000 or more during the year ended 31 March 2024 is included in the remuneration bandings disclosed on page 54 of this Annual Report.

As at 31 March 2024, Metroglass' subsidiary companies and subsidiary directors were:

Company	Directors
Australian Glass Group (Holdings) Pty Limited	Simon Mander, Anthony Candy, Jason McGrath
Australian Glass Group Finance Company Pty Limited	Simon Mander, Anthony Candy, Jason McGrath
Australian Glass Group Investment Company Pty Limited	Simon Mander, Anthony Candy, Jason McGrath
Canterbury Glass & Glazing Limited	Simon Mander, Anthony Candy
Christchurch Glass & Glazing Limited	Simon Mander, Anthony Candy
Hawkes Bay Glass & Glazing Limited	Simon Mander, Anthony Candy
I G M Software Limited	Simon Mander, Anthony Candy
Metroglass Finance Limited	Simon Mander, Anthony Candy
Metroglass Holdings Limited	Simon Mander, Anthony Candy
Metropolitan Glass & Glazing Limited	Simon Mander, Anthony Candy
Taranaki Glass & Glazing Limited	Simon Mander, Anthony Candy

Directors' shareholding in Metroglass

The directors' respective interests in Metroglass shares as at 31 March 2024 are as follows:

	Number of shares in which a relevant interest is held	Acquisition date	Disposal date
Julia Mayne	25,000	23/02/22	n/a

Donations

For the year ended 31 March 2024, Metroglass, including its subsidiaries, made donations of $10,734 (2023: $6,965.22).

Net tangible assets per security

Net tangible assets per security at 31 March 2024: 13.62 cents (31 March 2023: 16.79cents).

Currency

Within this Annual Report, all amounts are in NZD unless otherwise specified.

Credit rating

Metroglass has not requested a credit rating.

Auditors fees

PwC acted as auditor of the Company for the financial year ended 31 March 2024. During the financial year PwC received $795,000 as fees for audit services and $23,000 as fees for non audit services provided to the Company.

COMPANY DIRECTORY

Registered Office

5 Lady Fisher Place
East Tamaki
Auckland 2013
New Zealand
Email: glass@metroglass.co.nz
Phone: +64 927 3000

Board of Directors

Shawn Beck – Chair and Non-Executive Independent Director

Simon Bennett – Executive Non-Independent Director

Julia Mayne – Non-Executive Independent Director

Pramod Khatri – Non-Executive Independent Director

Senior Leadership Team

Simon Mander – Chief Executive Office (left 10 May 2024)

Anthony Candy – Chief Financial Officer

Robyn Gibbard – GM North Island

Nick Hardy-Jones – GM South Island

Dayna Roberts – Human Resources Director

Steve Hamer – CEO Australia Glass Group

Auditor

PricewaterhouseCoopers
15 Customs Street West
Auckland 1010
New Zealand

Lawyers

Bell Gully
Vero Centre
48 Shortland Street
Auckland 1140
New Zealand

Bankers

ASB Bank Limited
Westpac New Zealand Limited
Westpac Banking Corporation

Share registrar

Link Market Services
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
PO Box 91976, Auckland 1142
New Zealand

Further information online

This Annual Report, all our core governance documents (our constitution, some of our key policies and charters), our investor relations policies and all our announcements can be viewed on our website:

www.metroglass.co.nz/investor-centre/

Investor calendar

2024 Annual Shareholders' Meeting	August 2024
2025 Half Year balance date	30 September 2024
2025 Half Year results announcement	November 2024
2025 Full Year balance date	31 March 2025
2025 Full Year results announcement	May 2025

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