

CAPRAL ASX ANNOUNCEMENT

Capral delivers first half result in line with expectations

Wednesday, 28 August 2024

Capral Half Year 2024 Results and Outlook

Capral Limited (ASX: CAA) ("Capral" or the "Company"), Australia's largest extruder and distributor of aluminium products, releases its financial results for the six months ending 30 June 2024 (1H24).

1H24 highlights:

- Volume 33,500 tonnes down 6% on prior period due to reduced demand in residential housing market, with industrial sectors remaining solid
- Underlying EBITDA¹ of \$28.7m (1H23: \$31.7m)
- Underlying EBIT¹ of \$16.9m (1H23: \$20.7m)
- EBIT of \$17.5m (1H23: \$20.2m)
- Net Profit After Tax (NPAT) of \$14.7m (1H23: \$16.6m)
- Earnings Per Share (EPS) for 1H24 at \$0.83 (1H23: \$0.93)
- Strong balance sheet with net cash increasing to \$67.8m and no debt
- Share buy-back returned \$0.18 per share equivalent in first half

"We have delivered a solid first half result that is in line with our expectations, despite challenging market conditions. Capral was able to achieve this by continuing to invest in its operational efficiency, product innovation, and customer service, all while maintaining direct customer market share against imports. This, combined with our strong cash flow and profitability, drives long-term growth and value for our shareholders," said Capral's CEO, Tony Dragicevich.

He added: "Our commitment to enhancing our sustainability performance and reducing our environmental impact is a key focus. We have made progress in several areas, such as packaging and waste management, supply chain analysis and climate risks. We are proud to be a member of the Aluminium Stewardship Initiative and to adhere to its standards of responsible production, sourcing, and stewardship of aluminium."

Capral anticipates continued softness in the residential housing market, largely due to macro-economic conditions. Although, this will be partly offset by ongoing solid demand in the industrial sectors.

During the second half of 2024, Capral will focus on maintaining its market position, optimising its cost base, and generating strong cash flow. The Company will also pursue growth opportunities, leveraging its product portfolio, technical capabilities, and customer relationships.

The acquisitions of Aluminium Trade Centre in March and Apple Aluminium in July were successfully completed and integrated into the Capral trade centre network. These acquisitions have bolstered Capral's national footprint and have complemented the Company's servicing and technical capabilities.



CAPRAL ASX ANNOUNCEMENT

Capral remains confident in its long-term strategy and its ability to create value for its shareholders, customers, employees, and the communities in which it operates.

Capral maintains its earnings guidance for the FY24 year, absent unforeseen events, with Underlying EBITDA range between \$50m and \$54m, and NPAT between \$23m and \$27m. The on-market share buy-back announced in February of up to 10% of its issued shares will continue through 2024 and recommence 2 September.

Capral's Half Year 2024 Report and Results Presentation are attached.

Investor and analyst conference call

Capral's Managing Director and CEO, Tony Dragicevich, and Chief Financial Officer, Tertius Campbell will host an Investor Webinar at 11:00 am (AEST) today.

Participants can register for the webinar by navigating to:

<https://s1.c-conf.com/diamondpass/10039768-4q3jbs.html>

Please note that registered participants will receive a confirmation email with details on how to join the webcast upon registration.

Approved and authorised for release by Capral's Board of Directors.

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¹ EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation. Underlying EBITDA and EBIT are adjusted for significant items (LME Revaluation).

FORWARD-LOOKING STATEMENTS

This announcement and presentation may contain forward looking statements which may be identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Capral or its Directors and management, and could cause Capral's actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.



APPENDIX 4D - HALF-YEAR REPORT FOR THE PERIOD ENDED 30 JUNE 2024

Name of Entity	CAPRAL LIMITED
A.B.N	78 004 213 692
Half-Year Ended	30/06/2024
Reporting Period	1 January 2024 to 30 June 2024
Previous Period	1 January 2023 to 30 June 2023

Results for announcement to the market

	30 June 2024 \$'000	30 June 2023 \$'000	Change \$'000	Change %
2.1 Revenues from ordinary activities	313,400	329,637	(16,237)	(4.9)
2.2 Profit from ordinary activities after tax attributable to members	14,685	16,604	(1,919)	(11.6)
2.3 Net profit for the period attributable to members	14,685	16,604	(1,919)	(11.6)
2.4 Dividend Information	30 June 2024		30 June 2023	
	Amount per security	Imputed amount per security	Amount per security	Imputed amount per security
Interim dividend	-	-	20 cents	20 cents
Special dividend	-	-	-	-

2.5 Record date for determining entitlements to and the date for payments of the dividends (if any)

Not Applicable

2.6 Explanation of 2.1 to 2.4

Please refer to the Directors' Report (included with this Report).

3.0 Net Tangible Assets per security

	30 June 2024	30 June 2023
NTA per share	\$10.47	\$9.44
Number of shares	17,346,675	18,050,723

4.0 Entities over which control has been gained or lost

Not Applicable

5.0 Individual and total dividends

A final dividend in respect of the financial year ended 31 December 2023 was paid on 19 March 2024, at 35 cents per ordinary share fully franked.

6.0 Dividend or dividend reinvestment plans

Not Applicable

7.0 Associates and joint venture entities

Not Applicable

8.0 Foreign Entities

Not Applicable

9.0 Audit dispute or qualification

Not Applicable

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DIRECTORS' REPORT

The directors present their report on the consolidated Group consisting of Capral Limited (**Capral**) and the entity it controlled at the end of, or during, the half-year ended 30 June 2024 and the independent auditor's review report thereon.

Directors

The following persons were directors of Capral during the half-year and up to the date of this report:

Name	Period Office Held
R. L. Wood-Ward	6 November 2008 – 8 May 2024
A. M. Dragicevich	15 April 2013 – Date of this report
K. Ostin	17 June 2020 – Date of this report
M. White	1 September 2021 – Date of this report
B. Tisher	24 February 2022 – Date of this report

Review of operations and key results

Capral is pleased to announce its 2024 first half result which was in line with expectations. Profit after tax was \$14.7 million for the half-year ended 30 June 2024 (1H24), compared with \$16.6 million for the half-year ended 30 June 2023 (1H23). This resulted in Earnings per Share for the first half of \$0.84, down from \$0.93 per share in 1H23.

Results Overview

Capral delivered Underlying EBITDA¹ of \$28.7 million down 10% on \$31.7 million in 1H23. Sales volume at 33,500 tonnes was 6% below the first half last year, and sales revenue fell 5% to \$313 million. Underlying EBIT¹ fell to \$16.9 million as compared to \$20.7 million in 1H23. 1H23 included a \$2.0m benefit from a one-off claims cost reversal.

As expected, volume fell as a result of reduced demand from the residential housing market. Commencements continued at low levels and the backlog of work that supported demand in 2023 fell away. Market share gains against imports to direct customers has been maintained despite international supply chains returning to normal, however volume to resellers softened. Demand in our key industrial sectors remained solid, especially transport and industrial construction.

The lower volume reduced capacity utilisation in our extrusion plants. However, the ongoing benefits of the 2019 operational restructure reduced the impact on bottom line profitability.

The balance sheet remains strong with net cash lifting to \$67.8 million, after \$9.3 million in shareholder distributions, \$4.7 million capital expenditure, and \$2.4m in acquisitions during 1H24.

The acquisitions of Aluminium Trade Centre in March 2024 and Apple Aluminium in July 2024 were successfully completed and integrated into Capral's trade centre network.

Share Buy-back

Capral's solid first half performance and cash position supports continuing distributions to shareholders.

Capral announced the commencement of another on-market share buy-back on or about 23rd February 2024 of up to 10% of issued shares during the 2024 year. During 1H24, Capral acquired 340,335 shares, equivalent to 18cps. No interim dividend declared (1H23:20cps).

Sustainability

In the first half, Capral advanced its sustainability efforts by targeting packaging and waste management and enhancing analysis of our supply chain, site operations, climate risks, and gender equality. This reflects our commitment to the Aluminium Stewardship Initiative's Performance and Chain of Custody Standards. Additionally, Capral has begun mapping Scope 3 emissions as a recognised element of our emission reduction strategy.

Our ESG team completed training in Life Cycle Assessment methodologies to enhance our climate impact reporting requirements and the development of Environmental Product Declarations. Capral's ongoing approach to sustainability and broader ESG compliance is integral to achieving our long-term sustainability goals and demonstrating our commitment to reducing our overall environmental footprint.

Capral Limited

Key Operating Risks

There have been no material changes in the key operating risks faced by Capral during the half year ended 30 June 2024.

Auditor's independence declaration

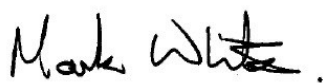
The auditors' independence declaration as required under section 307C of the Corporations Act is set out on page 3.

Rounding of amounts

Capral is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with this, amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

On behalf of the directors



M. White
Chairman



A. Dragicevich
Managing Director

Sydney
28 August 2024

¹ Capral believes that Underlying EBITDA and EBIT provides a better understanding of its financial performance and allows for a more relevant comparison of financial performance between financial periods. The Underlying EBITDA and EBIT are presented with reference to the ASIC Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011.

Performance Measures	1HY24 \$ million	1HY23 \$ million
Profit After Income Tax	14.7	16.6
Income Tax Benefit	-	-
Profit Before Income Tax	14.7	16.6
Add: Finance Costs	2.8	3.5
Add: Depreciation and Amortisation	11.7	11.0
Earnings Before Interest, Income Tax, Depreciation and Amortisation (EBITDA)	29.2	31.1
(Less Gain) / Add: LME Revaluation	(0.6)	0.6
Underlying EBITDA	28.7	31.7
Less: Depreciation and Amortisation	(11.7)	(11.0)
Underlying EBIT	16.9	20.7



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

To the Directors of Capral Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2024 there have been:

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

A stylized signature of the KPMG logo, written in blue ink.

KPMG

A handwritten signature in blue ink, appearing to be 'D. Camilleri'.

Daniel Camilleri
Partner
Sydney
28 August 2024

Capral Limited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 30 June 2024

		Consolidated Half-year ended	
	Note	30 June 2024 \$'000	30 June 2023 \$'000
Revenue		313,400	329,637
Other income	5	2,587	1,995
Raw materials and consumables used		(195,002)	(214,348)
Employee benefits expense		(56,437)	(53,752)
Depreciation and amortisation expense		(11,711)	(10,997)
Finance costs		(2,813)	(3,560)
Freight expenses		(7,493)	(8,182)
Occupancy costs		(2,772)	(2,787)
Repairs and maintenance expense		(4,655)	(4,048)
Electricity and gases expense		(4,782)	(5,433)
Other expenses		(15,637)	(11,921)
Profit before income tax		14,685	16,604
Income tax benefit	2	-	-
Profit for the period		14,685	16,604
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive income for the period		14,685	16,604
		2024	2023
Earnings per share		Cents per share	Cents per share
Basic (cents per share)		84.30	92.51
Diluted (cents per share)		82.98	90.90

The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share was 17,420,463 (2023: 17,948,931) and the earnings used in the same calculation was \$14,685,000 (2023: \$16,604,000).

The weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share was 17,696,935 (2023: 18,266,904) and the earnings used in the same calculation was \$14,685,000 (2023: \$16,604,000).

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

		Consolidated	
	Note	30 June	31 December
		2024	2023
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents		67,820	59,457
Trade and other receivables		97,459	89,313
Inventories		137,027	126,150
Other financial assets		11	11
Prepayments		2,549	2,711
Total current assets		304,866	277,642
Non-current assets			
Deferred tax assets	6	23,700	23,700
Property, plant and equipment		58,482	57,518
Right-of-use assets		63,134	62,710
Goodwill		4,379	3,070
Other intangible assets		490	560
Total non-current assets		150,185	147,558
Total assets		455,051	425,200
LIABILITIES			
Current liabilities			
Trade and other payables		133,347	106,973
Lease liabilities		16,353	15,558
Other financial liabilities		320	2,016
Current provisions		15,425	14,920
Deferred income		68	162
Total current liabilities		165,513	139,629
Non-current liabilities			
Lease liabilities		71,737	73,255
Non-current provisions		7,618	7,584
Total non-current liabilities		79,355	80,839
Total liabilities		244,868	220,468
Net assets		210,183	204,732
EQUITY			
Issued capital	8	416,626	424,771
Reserves		128,543	114,947
Accumulated losses		(334,986)	(334,986)
Total equity		210,183	204,732

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 30 June 2024

		Consolidated Half-year ended	
	Note	30 June 2024 \$'000	30 June 2023 \$'000
Cash flows from operating activities			
Receipts from customers		338,582	352,544
Payments to suppliers and employees		(304,148)	(312,279)
Interest and other finance costs paid		(2,674)	(3,204)
Net cash flows provided by operating activities		31,760	37,061
Cash flows from investing activities			
Payments for property, plant and equipment		(4,663)	(5,205)
Payments for intangible assets		(18)	-
Payment for purchase of a business	13	(2,418)	-
Interest received		780	323
Net cash flows used in investing activities		(6,319)	(4,882)
Cash flows from financing activities			
Dividends paid		(6,090)	(8,884)
Proceeds in relation to employee share scheme		104	92
Payments for share purchase – employee share scheme		-	(362)
Payments for on-market share buy-back		(3,171)	-
Repayment of borrowings		-	(24,083)
Repayment of principal of lease liabilities		(8,082)	(7,700)
Net cash flows used in financing activities		(17,239)	(40,937)
Net increase/(decrease) in cash and cash equivalents		8,202	(8,758)
Cash and cash equivalents at the beginning of the half-year period		59,457	48,988
Effect of foreign exchange rate changes		161	1,005
Cash and cash equivalents at end of the half-year period		67,820	41,235

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

Capral Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 30 June 2024

Consolidated	Note	Issued capital \$'000	Equity-settled compensation reserve \$'000	Employee Share Reserve \$'000	Asset revaluation reserve \$'000	Dividend Reserve* \$'000	Share Buy-Back Reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 January 2023		433,433	12,891	(38)	4,088	74,338	-	(334,986)	189,726
Profit for the period		-	-	-	-	16,604	-	- [^]	16,604
Total comprehensive profit for the period		-	-	-	-	16,604	-	- [^]	16,604
Share-based payment expense		-	498	-	-	-	-	-	498
Shares issued – employee escrow shares		43	-	-	-	-	-	-	43
Proceeds from employee escrow shares		-	-	49	-	-	-	-	49
Employees shares on-market purchase		-	-	(362)	-	-	-	-	(362)
Dividends paid		-	-	-	-	(8,884)	-	-	(8,884)
Balance as at 30 June 2023		433,476	13,389	(351)	4,088	82,058	-	(334,986)	197,674
Balance as at 1 January 2024		424,771	13,936	(2,320)	4,088	93,683	5,560	(334,986)	204,732
Profit for the period		-	-	-	-	14,685	-	- [^]	14,685
Total comprehensive profit for the period		-	-	-	-	14,685	-	- [^]	14,685
Share-based payment expense		-	549	-	-	-	-	-	549
Shares cancelled – on-market buy-back	8	(8,145)	-	-	-	-	4,974	-	(3,171)
Vested performance rights conversion to shares		-	(2,613)	1,987	-	-	-	-	(626)
Proceeds from employee escrow shares		-	-	104	-	-	-	-	104
Dividends paid		-	-	-	-	(6,090)	-	-	(6,090)
Balance as at 30 June 2024		416,626	11,872	(229)[#]	4,088	102,278	10,534	(334,986)	210,183

*Dividend reserve represents undistributed profits since the financial year 2010. Current period profit has been transferred to a dividend reserve account. An interim dividend is declared and is sourced from current period profit.

[^]Income tax benefit (2024: nil; 2023: nil) in relation to deferred tax assets on tax losses are excluded from dividend reserve.

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

[#]This relates to 97,853 uncanceled and unallocated Capral shares (refer to Note 8).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 30 June 2024

1 Material accounting policies

Capral Limited (**Capral**) is a company domiciled in Australia. The condensed consolidated half-year financial report ("**half-year financial report**") of Capral for the half-year period ended 30 June 2024 comprises Capral and its subsidiary (**Group**).

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting (which complies with the International Financial Reporting Standard IAS 34: Interim Financial Reporting), other mandatory professional reporting requirements and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the most recent annual financial report for the year ended 31 December 2023 and any public announcements made by Capral during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(b) Basis of preparation

Capral is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with this, amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The half-year financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial assets and liabilities at fair value through profit and loss and certain classes of property, plant and equipment. Cost is based on the fair values of consideration given in exchange for assets. Except where indicated otherwise, all amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in Capral's annual report for the financial year ended 31 December 2023, except as noted in Note 1(d) below.

This half-year financial report was authorised for issue by the Company's Board of Directors on 28 August 2024.

(c) Significant accounting judgements, estimates and assumptions

In the application of Capral's accounting policies, Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Application of new and revised standards

Capral has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the consolidated entity. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 30 June 2024

Consolidated Half-year ended	
30 June 2024 \$'000	30 June 2023 \$'000

2 Income tax

Current tax

The income tax expense for the half year differs from the prima facie amount calculated by reference to the pre-tax profit. The differences are reconciled as follows:

Profit from continuing operations before income tax expense	<u>14,685</u>	<u>16,604</u>
Income tax expense calculated at 30%	4,406	4,981
Tax effect of non-assessable / non-deductible items:		
Effect of expenses that are not deductible or taxable in determining taxable profit	253	212
Tax effect of utilisation of tax losses and temporary differences not previously recognised	<u>(4,659)</u>	<u>(5,193)</u>
Current income tax expense	<u>-</u>	<u>-</u>

3 Dividends

Consolidated Half-year ended	
30 June 2024 Cents per share	30 June 2023 Cents per share

Fully paid ordinary shares

Current period interim dividend declared – fully franked	-	20
Prior year final dividend paid - fully franked	<u>35</u>	<u>50</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 30 June 2024

4 Segment information

The information reported to Capral's Board of Directors, the Group's chief operating decision maker, for the purposes of resource allocation and assessment of performance is focused on the type of goods supplied, being aluminium products. As such, in 2024 and 2023, the Group operated in one reportable segment under AASB 8 Operating Segments.

Major Products and Services

The Group produces a wide range of extruded aluminium products and systems. It distributes those manufactured products in addition to a small number of bought-in products through two distribution channels.

The Group supplies to three market sectors through each of its distribution channels:

- Residential - supply of aluminium and other components for windows and doors, showers and wardrobes and security products,
- Commercial - supply of aluminium and other components for windows and doors, internal fit outs and other commercial building related products, and
- Industrial - supply of aluminium extrusions and rolled products for industrial uses.

Geographic Information

The Group operates in one geographical area, Australia.

Information About Major Customers

There are no individual major customers who contributed more than 10% of the Group's revenue in either the half year ended 2024 or in 2023.

	Consolidated Half-year ended	
	30 June	30 June
	2024	2023
	\$'000	\$'000
5 Other income		
Sub-lease rental income	1,807	1,672
Bank interest income	780	323
	<u>2,587</u>	<u>1,995</u>

6 Deferred tax assets

The Group has recognised a deferred tax asset of \$23,700,000 (31 December 2023: \$23,700,000) representing both carry forward tax losses and deductible temporary differences. These tax losses may be carried forward indefinitely, however subject to income tax recoupment rules in subsequent years. The recognition of the deferred tax assets is dependent on the three years to four years forecasted taxable profits. The Group has taken a view that it is probable to achieve forecasted taxable profits in the next three to four years against which this deferred tax asset recognised would be utilised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 30 June 2024

7 Share-based payments

Performance Rights - Managing Director

During the half-year, 47,000 performance rights were issued to Mr Dragicevich under the Long-Term Incentive Plan (LTIP) pursuant to shareholder approval at Capral's AGM in May 2024. These rights were issued subject to the achievement of performance conditions and have been independently valued as follows:

- EPS – 23,500 rights at \$7.95 per right
- TSR – 23,500 rights at \$5.43 per right

During the half-year, 86,300 performance rights granted as part of the 2021 LTIP award vested and converted on a 1 for 1 basis to Capral ordinary shares in March 2024.

The total number of performance rights outstanding to Mr Dragicevich as at 30 June 2024 is 140,400 (31 December 2023: 179,700).

Performance Rights – Key Management Personnel – Chief Financial Officer

During the half-year, 20,500 performance rights were issued to Mr Campbell under the LTIP. The new rights were issued subject to the achievement of performance conditions.

These rights have been independently valued as follows:

- EPS – 10,250 rights at \$7.78 per right
- TSR – 10,250 rights at \$5.36 per right

During the half-year, 25,700 performance rights granted as part of the 2021 LTIP award vested and converted on a 1 for 1 basis to Capral ordinary shares in March 2024.

The total number of performance rights outstanding to Mr Campbell as at 30 June 2024 is 54,600 (31 December 2023: 59,800).

Performance Rights - Executive and Senior Management

During the half-year, 132,500 performance rights were issued under the LTIP. The new rights were issued subject to the achievement of performance conditions.

These rights have been independently valued as follows:

- EPS – 66,250 rights at \$7.78 per right
- TSR – 66,250 rights at \$5.36 per right

During the half-year, 130,000 performance rights granted as part of the 2021 LTIP award vested and converted on a 1 for 1 basis to Capral ordinary shares in March 2024.

During the half-year 17,500 performance rights were forfeited due to the departure of three senior managers.

The total number of performance rights outstanding to Executive and Senior Management as at 30 June 2024 is 351,500 (31 December 2023: 366,500).

Short-Term Incentives Plan (STIP)

During the half-year, Capral allotted 12,674 (previously bought on-market) ordinary shares to Capral's Executives and Senior Management who purchased Capral's shares by using the above STIP target component (stretch) of their 2023 financial year after-tax STIP. These shares are held in escrow by Capral's share registry for a period of 3 years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 30 June 2024

8 Ordinary shares

Issued Capital	30 June 2024 No. 000	31 December 2023 No. 000	30 June 2024 \$'000	31 December 2023 \$'000
(a) Share capital				
Ordinary shares: fully paid	17,347	17,687	416,626	424,771

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

(b) Movement in ordinary share capital

Date	Details	Number of shares	Issue Price	\$'000
1 January 2024/ December 2023	Balance at the beginning of the financial year	17,687,010	-	424,771
March 2024	Shares cancelled – on-market buy-back ¹	(42,421)	\$23.932	(1,015)
April 2024	Shares cancelled – on-market buy-back ¹	(68,680)	\$23.932	(1,644)
May 2024	Shares cancelled – on-market buy-back ¹	(115,133)	\$23.932	(2,755)
June 2024	Shares cancelled – on-market buy-back ¹	(114,101)	\$23.932	(2,731)
June 2024	Balance at the end of the half-year	17,346,675	-	416,626

1. The Board approved the on-market buy-back and the cancellation of up to 1,600,000 shares in line with ASIC / ASX regulations starting from 11 March 2024. During the half-year, 340,335 shares were bought back by an independent third-party broker at an average of \$9.317 per share and cancelled at an average issue price of \$23.932 per share (\$431,995,567 / 18,050,723 shares). A resultant gain of \$4,973,937 million has been presented under a separate reserve account (Share Buy-Back Reserve).

Uncancelled and unallocated Capral shares

At the reporting date, the Group has 97,853 (31 December 2023: 287,526) uncanceled and unallocated Capral shares previously bought on-market and remain in the employee share reserve.

9 Contingent liabilities

Claims and possible claims, arise in the ordinary course of business against Capral. Capral has fully provided for all known and determinable material claims.

Capral's bankers have issued guarantees in respect of rental obligations on lease commitments, use of utilities infrastructure and international trade facilities. At 30 June 2024, these guarantees totalled \$4,941,002 (31 December 2023: \$4,941,002).

Capral's bankers have issued letters of credit in respect of Capral's purchases internationally. At 30 June 2024, these open letters of credit totalled \$10,346,254 (31 December 2023: \$5,946,935).

Consolidated	
30 June 2024 \$'000	31 December 2023 \$'000

10 Capital commitments

Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:

Within one year	2,127	3,000
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 30 June 2024

11 Related parties

Refer to Note 7 above in relation to equity securities granted, lapsed and converted to Capral ordinary shares during the half year under the LTIP and STIP that include rights granted to Capral's Managing Director, and rights granted and shares issued to the Chief Financial Officer (who are key management personnel). Other than the information detailed in Note 7, there have been no material related party transactions during the half year ended 30 June 2024.

12 Stand by arrangement and credit facilities

	30 June 2024 \$'000	31 December 2023 \$'000
The following facilities were in place:		
Secured facilities	70,000	80,000
Total secured facilities	70,000	80,000
Facilities used:		
Bank guarantees	4,941	4,941
Trade finance – drawn letters of credit	23,177	21,642
Trade finance – open letters of credit	10,346	5,947
Total facilities utilised	38,464	32,530
Total available facilities	21,536	47,470

Each trade instrument is approved individually and may result in temporary facility over utilisation due to timing of release of instruments already expired.

To align with Capral's ongoing requirements, this Multi-option facility was reduced to \$60 million from 1 January 2024, to closely align with Capral's working capital requirements with an expiry date of 30 April 2025.

The existing ANZ facilities consist of:

Secured:

- \$60 million Multi-option Facility which includes a Trade Finance Loan Facility, Trade Instruments and Trade Finance;
- \$5 million Loan Facility – Floating Rate; and
- \$5 million Standby Letter of Credit or Guarantee Facility.

Unsecured:

- \$2.5 million Electronic Payaway Facility; and
- \$0.5 million Commercial Card Facility;
- \$1.272 million Asset Finance Facility.

The trade loan facility has a maximum drawdown term of 90 days and with an ANZ defined variable base rate plus a margin.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 30 June 2024

13 Business Combinations

(a) Acquisition of assets from Aluminium Trade Centre Pty Ltd ("ATC")

Capral Limited acquired certain assets of the wholesale and retail distribution business from ATC on 22 March 2024 for a total consideration of \$3,181,000.

	30 June 2024 \$'000
Consideration	
Cash paid	2,418
Consideration payable in July 2024	763
Total Consideration	<u>3,181</u>

Acquisition-related costs amounting to \$22,000 have been excluded from the consideration transferred. These have been recognised as an expense in the period, within the 'Other expenses' line item in the Condensed Consolidated statement of profit or loss and other comprehensive income.

The acquisition of ATC by Capral strongly boosts Capral's market presence and enhances its ability to deliver market-leading service to fabricators and other aluminium product users across Victoria. The ATC business has been seamlessly integrated into Capral's operations, strengthening Capral's national footprint of aluminium distribution outlets.

Provisional value of the net identifiable assets acquired and liabilities assumed at the date of acquisition were:

	30 June 2024 \$'000
Current assets	
Inventory	1,512
Non-current assets	
Fixed assets	360
Right-of-use assets	350
Current liabilities	
Lease liabilities	(350)
Total	<u>1,872</u>
Provisionally determined value of intangibles (including goodwill)	
Consideration	3,181
Less: Provisional value of net identifiable assets	<u>(1,872)</u>
Goodwill	<u>1,309</u>

As at the date of this report, this acquisition accounting fair values are subject to further review by management as the Group has 12 months from the date of acquisition to finalise its purchase price accounting. The initial accounting of this business combination will be recognised in the Group's 31 December 2024 financial statements, including the allocation of the purchase price to goodwill.

The provisionally determined goodwill of \$1,309,000 arising from the acquisition consists mostly of the synergies and economies of scale expected from combining the operations of ATC and Capral Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 30 June 2024

13 Business Combinations (Cont'd)

(a) Acquisition of assets from Aluminium Trade Centre Pty Ltd ("ATC") (Cont'd)

Impact of acquisition on the results of the Group

The acquired business contributed a total revenue of \$1,699,000 and a net profit after tax of \$144,500 to the Group for the period from 22 March 2024 to 30 June 2024.

Had the business combination been effected at 1 January 2024, the Group's total revenue would have been \$314,348,000 and the Group's total net profit for the half year would have been \$14,751,000.

(b) Acquisition of assets from Apple Aluminium Pty Ltd

Capral acquired certain assets of the aluminium business from Apple Aluminium Pty Ltd on 26 July 2024 for a purchase price of \$3,615,000. This is a subsequent event with no accounting impact recorded in the 30 June 2024 half-year financial report.

The review of acquisition-related costs is on-going and not finalised on the date of this report. The final acquisition-related costs will be disclosed in the Group's 31 December 2024 financial statements.

The Apple Aluminium business acquisition strengthens Capral's market presence and enhances its ability to deliver market-leading service to fabricators and other users of aluminium products within Queensland.

The provisional fair value of net identifiable assets amounted to \$2,235,000, which includes inventory of \$1,835,000 and fixed assets of \$400,000.

As at the date of this report, this acquisition accounting fair values are subject to further review by management as the Group has 12 months from the date of acquisition to finalise its purchase price accounting. The initial accounting of this business combination will be recognised in the Group's 31 December 2024 financial statements, including the allocation of the purchase price to goodwill. Further information about this business combination has not been disclosed on the basis that it is impracticable given the close proximity between the completion date of the acquisition and the approval of this half-year financial report.

The provisionally determined goodwill of \$1,380,000 arising from this acquisition consists mostly of the synergies and economies of scale expected from combining the operations of Apple Aluminium and Capral Group.

14 Key management personnel

Remuneration arrangements of key management personnel are disclosed in the 2023 annual financial report. In addition, refer to Notes 7 and 10 in relation to changes during the half year; performance rights granted, expired and conversion to ordinary shares to Capral's Managing Director, Executive and Senior Management, under the LTIP and STIP.

15 Subsequent events

No other matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

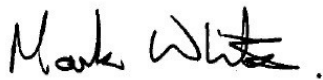
DIRECTORS' DECLARATION

In the opinion of the Directors of Capral Limited ("Company"):

1. the condensed consolidated financial statements and notes sets out on page 4 to 15, are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the six month period ended on that date; and
 - b. complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payables.

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

On behalf of the directors



M. White
Chairman



A. Dragicevich
Managing Director

Sydney
28 August 2024

Independent Auditor's Review Report

To the shareholders of Capral Limited

Conclusion

We have reviewed the accompanying **Condensed Consolidated Half-Year Financial Report** of Capral Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Half-Year Financial Report of Capral Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2024 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Consolidated Half-year Financial Report** comprises:

- Condensed Consolidated Statement of Financial Position as at 30 June 2024;
- Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the Interim Period ended on that date;
- Notes 1 to 15 comprising a summary of material accounting policies and other explanatory information; and
- The Directors' declaration.

The **Group** comprises Capral Limited (the Company) and the entity it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the six months ended on 30 June 2024.

Basis for Conclusion

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

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

Responsibilities of the Directors for the Condensed Consolidated Half-year Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Condensed Consolidated Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



KPMG



Daniel Camilleri
Partner
Sydney
28 August 2024