

MONADELPHOUS GROUP LIMITED

ABN 28 008 988 547

CONDENSED CONSOLIDATED FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2023

MONADELPHOUS GROUP LIMITED
ABN 28 008 988 547
CORPORATE DIRECTORY

Directors

Robert Velletri
Chair

Zoran Bebic
Managing Director

Susan Lee Murphy AO
Lead Independent Non-Executive Director

Dietmar Robert Voss
Independent Non-Executive Director

Helen Jane Gillies
Independent Non-Executive Director

Enrico Buratto
Independent Non-Executive Director

Company Secretaries

Philip Trueman
Kristy Glasgow

Principal Registered Office in Australia

59 Albany Highway
Victoria Park
Western Australia 6100
Telephone: +61 8 9316 1255
Facsimile: +61 8 9316 1950
Website: www.monadelphous.com.au

Postal Address

PO Box 600
Victoria Park
Western Australia 6979

Share Registry

Computershare Investor Services Pty Ltd

Level 17, 221 St George's Terrace
Perth
Western Australia 6000
Telephone: 1300 364 961
Facsimile: +61 8 9473 2500

ASX Code

MND – Fully Paid Ordinary Shares

Bankers

National Australia Bank Limited
100 St George's Terrace
Perth
Western Australia 6000

Westpac Banking Corporation

109 St George's Terrace
Perth
Western Australia 6000

Bankers

HSBC

188-190 St George's Terrace
Perth
Western Australia 6000

Auditors

Ernst & Young

The Ernst & Young Building
11 Mounts Bay Road
Perth
Western Australia 6000

Solicitors

Johnson, Winter and Slattery

Level 49, 152-158 St George's Terrace
Perth
Western Australia 6000

Controlled Entities

Monadelphous Engineering Associates Pty Ltd
Monadelphous Engineering Pty Ltd
Monadelphous Properties Pty Ltd
Monadelphous Workforce Pty Ltd
Genco Pty Ltd
Monadelphous Electrical & Instrumentation Pty Ltd
Monadelphous PNG Ltd
Monadelphous Holdings Pty Ltd
Moway International Limited
Inteforge Pty Ltd (formerly SinoStruct Pty Ltd)
Moway AustAsia Steel Structures Trading (Beijing) Company Limited
Monadelphous Group Limited Employee Share Trust
Monadelphous KT Pty Ltd
Monadelphous Energy Services Pty Ltd
Monadelphous Mongolia LLC
M Workforce Pty Ltd
M&ISS Pty Ltd
Monadelphous Engineering NZ Pty Ltd
M Maintenance Services Pty Ltd
MGJV Pty Ltd
Monadelphous Inc.
Monadelphous Investments Pty Ltd
MWOG Pty Ltd
Arc West Group Pty Ltd
MOAG Pty Ltd
Monadelphous International Holdings Pty Ltd
Evo Access Pty Ltd
MMW Projects Pty Ltd
RIG Installations (Newcastle) Pty Ltd
R E & M Services Pty Ltd
Pilbara Rail Services Pty Ltd
EC Projects Pty Ltd
Monadelphous Chile SpA
MAQ Rent SpA
Inteforge Engineering & Fabrication (Tianjin) Co. Ltd
Monadelphous RTW Pty Ltd
BMC Holdings (Vic) Pty Ltd
BMC Welding & Construction Pty Ltd
BMC HV Electrical & Instrumentation Pty Ltd
BMC Civil Pty Ltd
Melchor Contracting Pty Ltd

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2023.

DIRECTORS

The names and details of the directors of the Company in office during the half-year and until the date of this report are:

Robert Velletri	<i>Chair</i> Appointed as Director 26 August 1992 Appointed as Managing Director on 30 May 2003 and ceased as Managing Director following his appointment as Chair on 22 November 2022 Mechanical Engineer, Member of Engineers Australia 44 years experience in the construction and engineering services industry
Zoran Bebic	<i>Managing Director</i> Appointed as Managing Director 22 November 2022 Certified Practising Accountant, Fellow Member of CPA Australia 30 years experience in the construction and engineering services industry
Susan Lee Murphy AO	<i>Lead Independent Non-Executive Director</i> Appointed 11 June 2019 Civil Engineer, Honorary Fellow of Engineers Australia 44 years experience in the resources and infrastructure industries Also a non-executive director of the following other publicly listed entity: MMA Offshore Limited (ASX: MRM) – appointed 30 April 2021 RemSense Technologies Limited (ASX: REM) – appointed 17 May 2023
Dietmar Robert Voss	<i>Independent Non-Executive Director</i> Appointed 10 March 2014 Chemical Engineer, Member of the Australian Institute of Company Directors 49 years experience in the oil and gas, and mining and minerals industries
Helen Jane Gillies	<i>Independent Non-Executive Director</i> Appointed 5 September 2016 Solicitor, Master of Business Administration and Construction Law, Fellow of the Australian Institute of Company Directors 27 years experience in the construction and engineering services industry Also a non-executive director of the following other publicly listed entities: Yancoal Australia Limited (ASX:YAL) – appointed 30 January 2018 (resigned 9 February 2024) Aurelia Metals Limited (ASX:AMI) – appointed 21 January 2021 (resigned 31 January 2024)
Enrico Buratto	<i>Independent Non-Executive Director</i> Appointed 11 October 2021 Civil Engineer, Fellow of Engineers Australia 48 years experience in the construction and engineering services industry

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DIRECTORS' REPORT

COMPANY SECRETARIES

Philip Trueman

Company Secretary and Chief Financial Officer

Appointed 21 December 2007

Chartered Accountant, Member of Chartered Accountants Australia and New Zealand

23 years experience in the construction and engineering services industry

Kristy Glasgow

Company Secretary

Appointed 8 December 2014

Chartered Accountant, Member of Chartered Accountants Australia and New Zealand

18 years experience in the construction and engineering services industry

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Engineering Services

Monadelphous is a diversified services company operating in the resources, energy and infrastructure industry sector.

Services provided include:

- Fabrication, modularisation, offsite pre-assembly, procurement and installation of structural steel, tankage, mechanical and process equipment, piping, demolition and remediation works
- Multi-disciplined construction services
- Plant commissioning
- Electrical and instrumentation services
- Engineering, procurement and construction services
- Process and non-process maintenance services
- Front-end scoping, shutdown planning, management and execution
- Water and waste water asset construction and maintenance
- Construction of transmission pipelines and facilities
- Operation and maintenance of power and water assets
- Heavy lift and specialist transport
- Access solutions
- Dewatering services
- Corrosion management services
- Specialist coatings
- Rail maintenance services
- Structural concrete and associated works

General

Monadelphous operates from major offices in Perth and Brisbane, with regional offices in Newcastle, Beijing (China), Ulaanbaatar (Mongolia) and Manila (Philippines), and a network of workshop facilities in Kalgoorlie, Karratha, Port Hedland, Newman, Tom Price, Darwin, Roxby Downs, Gladstone, Hunter Valley, Mackay, Bibra Lake, Bunbury, Capel, Chinchilla, Osborne Park, Morwell and Tianjin (China).

The consolidated entity's revenue is earned predominantly from the resources, energy and infrastructure industry sector. There have been no significant changes in the nature of those activities during the year.

MONADELPHOUS GROUP LIMITED**ABN 28 008 988 547****DIRECTORS' REPORT****OPERATING RESULTS**

The consolidated entity's profit attributable to equity holders of the parent after providing for income tax for the half-year was \$30.080 million (2022: \$29.140 million).

DIVIDENDS PAID OR PROPOSED

A 25 cent fully franked interim dividend has been approved by the directors, payable on 28 March 2024 (2023: 24 cent interim dividend). A final fully franked dividend of \$24,200,293 was paid during the period in respect of the financial year ended 30 June 2023.

REVIEW OF OPERATIONS

	Half-year ended 31 December 2023 \$'000	Half-year ended 31 December 2022 \$'000
Revenue from contracts with customers	1,000,228	894,893
Profit after income tax attributable to equity holders of the parent	30,080	29,140

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DIRECTORS' REPORT

The Directors of Monadelphous Group Limited are pleased to report the Company's financial results for the half-year ended 31 December 2023.

FINANCIAL RESULTS

Revenue

Monadelphous recorded revenue from contracts with customers for the six months of \$1,007.9 million¹ in line with the guidance provided to the market, representing a 5.8 per cent increase on the prior corresponding period. The Company experienced record levels of maintenance services activity during the period, and secured over \$1.8 billion of new contracts and contract extensions.

The Maintenance and Industrial Services division achieved revenue for the six months of \$708.0 million, up 4.6 per cent on the prior corresponding period, having undertaken a number of significant onshore and offshore turnarounds in the energy sector during the period. The division continues to experience high levels of demand for services and sustaining capital works, assisting customers to maintain assets and supporting high levels of production.

The Engineering Construction division has experienced high levels of construction tendering activity over recent periods. Pleasingly, Monadelphous has been successfully awarded a material number of significant new construction contracts valued at approximately \$750 million since the start of the current financial year. The division reported revenue of \$303.1 million¹ for the six months, up 9.2 per cent on the prior corresponding period, with several recently awarded projects commencing site activities.

Statutory revenue, which excludes Monadelphous' share of revenue from joint ventures, was \$1,003.2 million, up 11.9 per cent on the prior corresponding period.

Earnings

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period was \$61.3 million², an increase of 5.3 per cent on the prior corresponding six months. The result delivered an EBITDA margin of 6.08 per cent, similar to the prior corresponding period, and up from 5.96 per cent for the financial year ended 30 June 2023.

Net profit after tax was \$30.1 million, up 3.2 per cent on the prior corresponding period, delivering earnings per share of 31.2 cents.

Dividend

Monadelphous' Board of Directors declared an interim dividend of 25 cents per share fully franked. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the interim dividend.

Balance sheet

Monadelphous ended the period with a record cash balance of \$263.3 million. The Company's cash at bank at 31 December 2023 was materially boosted by significant advances received during the period associated with recently awarded construction contracts.

Cash flow from operations for the six months was \$147.3 million, delivering an outstanding cashflow conversion rate of 260 per cent.

Monadelphous' strong balance sheet is a key enabler of operational performance and supports the Company's markets and growth strategy. During the period, the Company invested in its heavy lift crane fleet to support recently awarded construction contracts, expanding the capacity and capability of the fleet and undertaking major maintenance activities to extend the useful life of existing assets.

¹ Includes Monadelphous' share of joint venture revenue – refer to page 13 for reconciliation

² Refer to page 13 for reconciliation of EBITDA

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Statement of Claim

On 26 July 2023, the Company announced that Northern SEQ Distributor – Retailer Authority, trading as UnityWater (UnityWater), had served a Claim and Statement of Claim in the Supreme Court of Queensland against one of Monadelphous' wholly owned subsidiaries, Monadelphous Engineering Pty Ltd (ME). On 20 October 2023, UnityWater filed an amendment to that Statement of Claim in the Supreme Court Registry, amending the value of the claim to approximately \$200 million.

The claims made by UnityWater relate to a contract entered into by UnityWater and ME in 2016 for the design and construction of an upgrade to the Kawana Sewerage Treatment Plant on the Sunshine Coast in Queensland.

Monadelphous denies the allegations and claimed losses and will vigorously defend the claims, as well as pursuing available counterclaims. The Company has informed its insurers of the claims.

STRATEGIC PROGRESS

Monadelphous has secured over \$1.8 billion in new contracts and contract extensions since 1 July 2023, with major contracts secured in the energy, lithium and iron ore sectors. The Company has continued to focus on strategically targeting new work opportunities with an appropriate risk allocation.

In the energy sector, Monadelphous secured a significant variation to its existing offshore maintenance services contract with INPEX Operations Australia. The variation adds the provision of operational campaign and shutdown services at the INPEX-operated Ichthys LNG onshore processing facilities in Darwin, Northern Territory, to existing contracted works, and is valued at approximately \$75 million per annum. The existing contract was extended for a further four years earlier in 2023.

The Company was also awarded an extension to its long-term maintenance, shutdown and brownfields project services agreement at Woodside's onshore and offshore gas production facilities in the north-west of Western Australia (WA). The extension is for a three-year period, with an option for a further two years, and is valued at approximately \$180 million per annum.

During the period, the Company also secured more than \$530 million of new construction work in the lithium sector, including major contracts with Albemarle on the Kemerton Expansion Project, at Talison Lithium's Greenbushes site and Liontown Resources' Kathleen Valley Lithium Project, all in WA.

Monadelphous further cemented its presence in the Western Australian iron ore sector, delivering a significant volume of work, as well as securing new contracts and extensions, with long-term customers BHP, Rio Tinto and Fortescue. Awards included a multidisciplinary contract with Fortescue at the Christmas Creek mine site in the Pilbara region of WA, as well as a contract to undertake a series of upgrades at Fortescue's Anderson Point iron ore stockyard in Port Hedland.

The Company continued construction of a new major workshop and office facility in Karratha in the Pilbara region of WA. The facility, which is due for completion in mid-2024, includes designated fabrication, fleet maintenance, and equipment storage and materials handling areas. This significant investment will provide a modern and functional facility to support the delivery of services to customers and will further promote the Monadelphous brand in this key operating location. The facility will be a central hub for operations in the north-west region of WA, demonstrating the Company's strong commitment to the region and building on more than 30 years presence in the community.

Monadelphous' renewable energy joint venture, Zenviron, continued to build on its strong reputation for the delivery of balance-of-plant work for wind farms, successfully completing work at the Rye Park Wind Farm in New South Wales. Zenviron also entered the energy storage market during the period, being awarded its first EPC battery storage contract for balance-of-plant works at Tilt Renewables' Latrobe Valley BESS (Battery Energy Storage System) Project located south of Morwell, Victoria. The award comes off the back of Zenviron's early contractor involvement on the Project, with early works also completed on several wind farm projects which remain subject to final approvals and investment decisions.

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The Company successfully integrated BMC, its Victorian-based specialist electrical and maintenance services business, following the acquisition of the business in June 2023. BMC strategically positions Monadelphous in the east coast energy generation, transmission and storage market, as well as the growing offshore oil and gas decommissioning sector.

In October 2023, Monadelphous also acquired Melchor Contracting (Melchor), a Perth-based structural concrete business, broadening Monadelphous' multidisciplinary construction offering to include civil capability. Melchor, which employs around 300 people and generates revenue of approximately \$100 million per annum, offers full structural concrete package capability, including detailed earthworks, formwork, reinforcement fixing and concrete placement in the resources, energy and infrastructure sectors.

SUSTAINABILITY

Monadelphous is committed to the achievement of long-term sustainable growth in a responsible manner, delivering value for customers, and maintaining its reputation as a great company to work for, work with and invest in.

This commitment is underpinned by the key pillars of sustainability outlined in the Company's Sustainability Framework, including people, safety and wellbeing, diversity, communities and environment.

People

Monadelphous ended the period with a total workforce, including subcontractors, of just over 7,400 people. Employee numbers increased by around 20 per cent compared to 30 June 2023, with the increase in construction activity, as well as the acquisition of Melchor. The Company's steadfast commitment to the continued engagement of its valued employee base supported improved retention rates during the period, which is particularly pleasing in a period where industry-wide skilled labour shortages remain a challenge.

To further alleviate the effects of the labour shortage, the Company established a centralised sourcing team to more efficiently and effectively source, select and mobilise the right people at the right time.

The Company undertook a review of the effectiveness and design of its long-term leadership reward programs during the period. The aim of the review was to ensure the programs continue to support the retention of the Company's key leaders in a manner aligned to the creation of long-term shareholder wealth.

The review resulted in the implementation of the Long-Term Performance Reward Plan (LTPR Plan), which replaces the Employee Option Plan as the primary long-term employee equity vehicle. Awards under the plan are in the form of performance rights that vest three years after grant, subject to the successful achievement of an Earnings Per Share growth performance hurdle and the recipient's continued employment.

Monadelphous continued to focus on fostering a culture of strong leadership and providing development opportunities for its people, strengthening connections with current and emerging leaders through networking events and in-house leadership development programs. Operational leadership forums were held across the business, bringing together key people to network and improve leadership skills.

Early career development at Monadelphous remained a priority with more than 200 people participating in the Company's Graduate, Vacation, Apprenticeship and Traineeship programs during the six months. These programs are focused on providing learning and development opportunities around a range of relevant career pathways for diverse skillsets. The Company's 2023 Graduate Development Forum brought together graduates from across the country to challenge mindsets, refine technical skills and connect with leaders.

The Company's Registered Training Organisation delivered more than 700 training courses to over 2,600 trades people throughout the period, including high-risk work license training accreditation and verification of competency.

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Safety and Wellbeing

Monadelphous is committed to the principle of zero harm with an unwavering focus on the delivery of improved health and safety outcomes, reinforced by its safety message “The Safe Way is the Only Way”.

The Company’s Serious Incident Frequency Rate remained near historically low levels and the 12-month Total Recordable Injury Frequency Rate at 31 December 2023 was 3.82 incidents per million hours worked.

During the period, the Company undertook a Fatal Risk Control campaign aimed at continuing to identify, reduce and eliminate fatal risks.

The Company earned industry recognition for its commitment to innovation and safety performance, being awarded a Queensland Work Well Award for ‘Best demonstrated healthy and safe work design’ and the 2023 Queensland and Northern Territory Welding Excellence Awards: Health and Safety in Welding Award. In addition, Melchor was recognised as a finalist for a Mentally Healthy Workplace Award in the WA Mental Health Awards.

The Monadelphous Managing Director’s Safety Innovation Award was presented in August to its Gladstone Workshop team for developing a safer method to remove and refurbish heat exchangers. This innovative safety solution significantly reduced the inherent risks in the refurbishment of heater cassettes, minimising exposure to hazardous tasks, eliminating the requirement for confined space work, and delivering a substantial improvement in productivity.

As part of its ongoing commitment to employee health and wellbeing, the Company offered its people general health checks, skin checks and a series of face-to-face and online information sessions. Monadelphous also partnered with the Resilience Project to offer a resilience and wellbeing program for employees and family members and participated in RU OK Day focusing on mental health risk mitigation. The Company also commenced an independent review of psycho-social risk management systems to identify opportunities for continuous improvement in supporting the wellbeing of its people.

Diversity, Community and Environment

Making positive and sustainable contributions to the communities in which Monadelphous operates remains a key priority, with the Company continuing its efforts in the important focus areas of diversity, community and environment.

Monadelphous celebrates and acknowledges the Traditional Owners of the lands where its people live and work through a range of learning and engagement initiatives. The Company’s Stretch Reconciliation Action Plan (RAP) facilitates the identification and creation of opportunities for First Nations peoples and businesses, while fostering an internal culture of understanding and respect. The Company continues to exceed its RAP targets for Indigenous workforce participation.

The Company also continued its ongoing partnership with the Polly Farmer Foundation which supports Aboriginal and Torres Strait Islander students to pursue education pathways and engage in local communities. As a key founder of the Polly Farmer – Follow the Dream program, Monadelphous hosted school visits at the Perth office and Bibra Lake Employee Development Centre during the period, supporting Foundation alumni to pursue trades-related career pathways with pro-bono training through the Company’s Registered Training Organisation.

Monadelphous also released its reinvigorated Cultural Learning Strategy, a key RAP initiative, incorporating new cultural awareness and cultural safety activities. The Company delivered in-person and online learning opportunities from the Acknowledge This! program to support its employees to learn about delivering a meaningful and genuine Acknowledgement of Country. Additionally, in alignment with the 2023 NAIDOC theme, ‘For Our Elders’, cultural immersion sessions were held during NAIDOC Week.

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The Company continued to progress its Gender Diversity and Inclusion commitments through its partnership with National Association for Women in Operations (NAWO) and the development of a Buddy Program for new female employees. Aligned to its commitment to encouraging girls and young women to select STEM subjects, employee representatives presented at AREEA's Bright Futures STEM program in Perth and Brisbane, and the Company participated at the Chamber of Minerals and Energy Western Australia Inspiring Girls Forum.

Monadelphous was also named a finalist in the CME Women in Resources Awards in recognition of its Crane Operations Pathway Traineeship Program, a three-year program designed to prepare female and Indigenous trainees to qualify as crane operators.

Monadelphous continued its commitment to giving back to the communities where its people live and work, supporting approximately 70 community initiatives by contributing more than \$170,000 in funds and nearly 400 hours of voluntary work to local groups. This included support of the Company's charity partner, Starick, supporting women and children escaping family and domestic violence in WA. The Company also launched its new Karratha Community Grants Program, providing financial support to grassroots community organisations.

The Company continued to progress its Emissions and Energy Reduction Roadmap during the period, advancing emission reduction trials, completing the installation of solar panels at the Gap Ridge facility, and implementing emissions data capture processes ahead of base year reporting.

In line with Monadelphous' commitment to Net Zero, a hybrid power solution proposal was developed to reduce diesel emissions in operational compounds, supplementing its hybrid and electric vehicle fleet.

The Company also reviewed the Australian Government's proposed new climate-related financial disclosure exposure draft standards and has commenced a gap analysis to identify process improvements required to effectively address future climate reporting requirements.

PRODUCTIVITY AND INNOVATION

Monadelphous actively seeks to drive continuous improvement through innovative work practices and technology solutions, with a focus on increased productivity, the creation of sustainable efficiencies, maximising the value delivered to customers and supporting the Company's focus on safety.

During the period, Monadelphous progressed its innovative and repeatable 'plug and play' site facility solution, whereby prefabricated storage containers are transformed into standardised and interchangeable offices, crib and training rooms, significantly reducing the time, cost and effort required in the establishment of site facilities.

Further innovations included the application of 3D printing for the manufacture of unique supply components, alleviating supply chain delays, delivering direct savings to customers and enabling more productive execution of work tasks.

The Company continued to progress its digital transformation journey, commencing the rollout of new project management applications which maximise data-backed decision-making, and the ongoing digitalisation and automation of in-field processes.

In line with the Company's unwavering focus on safety and the management of fatal risks, in-field trials of Pedestrian Detection and Driver Fatigue and Distraction technology were undertaken during the period. The technology leverages computer vision and artificial intelligence (AI) to support ongoing safety improvement. Following trials of Driver Fatigue and Distraction technology, approximately 100 systems were installed across Monadelphous' vehicle fleet, with a further rollout planned for 2024.

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OPERATIONAL ACTIVITY

Engineering Construction

Monadelphous' Engineering Construction division, which provides large-scale, multidisciplinary project management and construction services, reported revenue of \$303.1 million¹ for the half year, 9.2 per cent up on the previous corresponding period. The division was awarded a number of significant new construction contracts during the period valued at approximately \$750 million.

In the lithium sector, Monadelphous secured a major construction contract with Albemarle at the Kemerton Expansion Project in the south-west region of WA. The contract, which is valued at approximately \$200 million, includes the front-end pyromet structural, mechanical, piping, electrical and instrumentation works associated with two new lithium processing trains. The Company also secured an additional package of work for the utilities and reagents scope on the project. These awards follow the earlier successful construction of two processing trains by Monadelphous at the project, and the award of long-term maintenance and sustaining capital projects contracts for Albemarle's Kemerton operations in the previous financial year.

Following a successful period of early contractor involvement, the Company secured a \$160 million contract for the construction of the Chemical Grade Plant 3 at Talison Lithium's Greenbushes site in the south-west of WA. The multidisciplinary contract to install a new crushing and screening facility and lithium concentrate processing plant includes tank and piping fabrication works and electrical supply.

Also in the lithium sector, Monadelphous commenced construction of the wet plant at Liontown Resources' Kathleen Valley Lithium Project located in the Northern Goldfields region of WA. The contract, valued at approximately \$100 million follows the award of a contract to supply and fabricate approximately 3,300 tonnes of steelwork, conveyors, mechanical steel, platework and tanks for the project which was awarded to Inteforge in the prior year.

In the iron ore sector, Monadelphous continued to progress work on the structural, mechanical and piping package for BHP's Car Dumper 3 Renewal Project at Nelson Point in Port Hedland, and was also awarded the electrical and instrumentation scope for the Project during the period.

Monadelphous was awarded a contract in the rare earths sector with Lynas Rare Earths for stage 1 of the Mt Weld Expansion Project, located near Laverton in the Goldfields region. The scope of work, which includes structural, mechanical and piping works associated with the new concentrate processing facility, has commenced and is expected to be completed in the first half of calendar 2024.

The Company also secured a multidisciplinary construction contract with Chevron Australia to support the installation and modification of electrical power and control facilities associated with the Jansz-IO Compression Project in WA.

Inteforge completed the fabrication of hydrogen gas separator modules for HydrogenPro and provided fabrication services for the Oyu Tolgoi Underground Project in Mongolia, as well as for several of the Company's construction contracts. Monadelphous also continued the construction of the surface infrastructure at the Oyu Tolgoi Underground Project, making good progress during the period.

Monadelphous continued to provide heavy lift services and associated engineering support at a number of project sites across the industry, including to CPB Contractors and John Holland Joint Venture on the West Gate Tunnel Project in Melbourne, Victoria, as well as to Fortescue at the Solomon and Eliwana mine sites in WA. Monadelphous' heavy lifting services joint venture, Alevro, delivered specialist haulage and lifting services to Bechtel at Woodside's Pluto Train 2 project in Karratha, WA.

¹ Includes Monadelphous' share of joint venture revenue

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Maintenance and Industrial Services

The Company's Maintenance and Industrial Services division, which specialises in the planning, management and execution of multidisciplinary maintenance services and sustaining capital works, delivered another record half year revenue result of \$708.0 million, up 4.6 per cent on the prior corresponding period. Pleasingly, the division has been awarded approximately \$1.08 billion in new contracts and contract extensions since the beginning of the 2024 financial year, including a number of significant long-term contract extensions and variations with energy customers.

Monadelphous experienced high levels of demand for maintenance services across all sectors. Activity levels were particularly high in the energy sector, with the Company completing a significant turnaround at the Shell Prelude FLNG facility during the period, as well as several onshore and offshore shutdowns for Woodside at the Goodwyn and North Rankin facilities, Karratha Gas Plant and Pluto LNG facilities. The Company also continued decommissioning work with Petrofac on the Northern Endeavour floating production, storage and offtake facility.

The Company secured a three-year services contract, with three one-year extension options, to continue providing sustaining capital projects and maintenance support at Santos' production and support facilities in the Southern Highlands region of Papua New Guinea.

High levels of activity continued in the Western Australian iron ore sector, with Monadelphous delivering a large volume of work under its long-term maintenance and non-process infrastructure panel agreements with Fortescue. The Company also secured a one-year extension to its sustaining capital works agreement providing multidisciplinary services across Rio Tinto's Pilbara iron ore operations, as well as an extension for the provision of general maintenance services to BHP's iron ore operations through to 30 June 2025.

Monadelphous was also awarded a number of additional maintenance services contract extensions by BHP during the period, including across the Nickel West operations in WA, at the Mt Arthur Coal operations in the Hunter Valley, New South Wales, and at the Olympic Dam mine site in South Australia.

Rio Tinto awarded Monadelphous a two-year extension to its existing contract for the provision of mechanical, electrical and access maintenance services for fixed plant shutdowns at Gove, Northern Territory. Additionally, BMC secured an outage contract at the Loy Yang B power station, based in Traralgon, Victoria.

Other significant contract activity undertaken during the period included:

- provision of services for Shell in Queensland;
- shutdown maintenance work for Origin's gas processing facilities in Queensland;
- minor capital project services at Newcrest Mining Limited's Lihir Gold Mine in Papua New Guinea;
- major shutdown, mechanical services and minor capital works at South32's Worsley Alumina operations in WA, including supporting the completion of the conversion of the first of its coal-fired boilers to natural gas;
- operation and maintenance of the coal handling facility at the Muja Power Station for Synergy in Collie, WA;
- general, electrical and mechanical maintenance, shutdown support and tank refurbishment services at Boddington Gold Mine in WA and Tanami Gold Mine in the Northern Territory;
- maintenance, shutdown and sustaining capital works for Albemarle's lithium hydroxide plant in Kemerton, WA; and
- completion and commissioning of the AGL fly ash pipeline project, connected to Bayswater Power Station in New South Wales.

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MARKETS AND OUTLOOK

Longer-term demand forecasts remain strong across most commodity markets, with global economic uncertainty moderating more recently.

The resources and energy sectors are providing a significant pipeline of prospects across a broad range of commodities, with expenditure related to decarbonisation representing an increasingly larger proportion of investment activity. Production across most commodities is forecast to remain around the current high levels, supporting continued sustaining capital and maintenance spend. Some price volatility in specific commodities may lead to a decrease in production or deferral of capital investments, as clients focus on reducing costs. Notwithstanding this, levels of mining and mineral processing development in the energy transition metals sector are forecast to remain high over the longer-term, and investment to sustain iron ore production levels will continue over coming years.

In the energy sector, there are several new gas construction projects currently in the development pipeline and demand remains strong for maintenance services, with decommissioning prospects expected to grow over coming years. The hydrogen market continues to evolve and is expected to provide more significant opportunities through the second half of this decade.

Sustained levels of maintenance activity in the resources sector are forecast as production remains high and recent mining developments and expansions move into the operating phase.

Accelerating decarbonisation efforts in Australia's power sector are driving an expanding pipeline of renewable energy opportunities, including a large number of new wind farms and battery energy storage projects. Planning approvals and network constraints have impacted investment decisions over the past year. However, Zenviron remains well placed to capitalise on the significant growth expected in this sector over coming years.

As the shortage of skilled labour in Australia remains a challenge, Monadelphous continues to focus on employee attraction, training, and development initiatives to support retention.

Following a solid first half and the momentum generated by construction awards in the period, full year revenue for FY24 is expected to see an increase of around 10 per cent on the previous year.

With labour and supply chain capacity constrained, the Company will continue to leverage its strong position and take a strategic and targeted approach to new work, engaging and collaborating early with its customers, focusing on earnings quality and maintaining an appropriate approach to the allocation of risk.

Supported by a strong balance sheet, Monadelphous will continue to assess potential acquisition opportunities to facilitate service expansion, market diversification and long-term sustainable growth.

In conclusion, I take this opportunity to thank the talented team at Monadelphous for their loyalty and dedication to the Company's continued growth and success. I would also like to extend my appreciation to our shareholders, customers and other stakeholders for their ongoing support.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Dividends Declared

On 19 February 2024, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2024 financial year. The total amount of the dividend is \$24,315,205 which represents a fully franked interim dividend of 25 cents per share. This dividend has not been provided for in the 31 December 2023 Financial Statements. The Monadelphous Group Limited Dividend Reinvestment plan will apply to the dividend.

Other than the items noted above, there are no matters or circumstances that have arisen since the end of the half-year ended 31 December 2023 which significantly affected or may significantly affect the operations of the

MONADELPHOUS GROUP LIMITED
ABN 28 008 988 547
DIRECTORS' REPORT

consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration is set out on page 14 and forms part of the Directors' Report for the half-year ended 31 December 2023.

ROUNDING

The amounts contained in this report and the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Signed in accordance with a resolution of the directors.



R. Velletri
Chair

Perth, 19 February 2024

MONADELPHOUS GROUP LIMITED

Revenue including joint ventures is a non-IFRS measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to revenue presented by other companies. This measure, which is unaudited, is important to management when used as an additional means to evaluate the Company's performance.

Reconciliation of Total Revenue from Contracts with Customers including joint ventures to Statutory Revenue from Contracts with Customers (unaudited)

	31 December 2023 \$'000	31 December 2022 \$'000
Total revenue from contracts with customers including joint ventures	1,007,871	952,967
Share of revenue from joint ventures ¹	(7,643)	(58,074)
Statutory revenue from contracts with customers	<u>1,000,228</u>	<u>894,893</u>

¹ Represents Monadelphous' proportionate share of the revenue from joint ventures accounted for using the equity method.

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. This measure, which is unaudited, is important to management as an additional way to evaluate the Company's performance.

Reconciliation of profit before income tax to EBITDA (unaudited)

	31 December 2023 \$'000	31 December 2022 \$'000
Profit before income tax	44,775	39,745
Interest expense on loans and hire purchase finance charges	1,175	1,024
Interest expense on other lease liabilities	765	728
Interest revenue	(2,984)	(1,643)
Depreciation of owned and hire purchase assets	13,122	12,532
Depreciation of right of use assets	4,367	4,043
Amortisation	300	-
Share of interest, depreciation, amortisation and tax of joint ventures ²	(229)	1,797
EBITDA	<u>61,291</u>	<u>58,226</u>

² Represents Monadelphous' proportionate share of the interest, depreciation, amortisation and tax of joint ventures accounted for using the equity method.



**Building a better
working world**

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Auditor's independence declaration to the directors of Monadelphous Group Limited

As lead auditor for the review of the half-year financial report of Monadelphous Group Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Monadelphous Group Limited and the entities it controlled during the financial period.

A stylized, handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'P. Dreyer'.

Pierre Dreyer
Partner
19 February 2024



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Independent auditor's review report to the members of Monadelphous Group Limited

Conclusion

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

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'P. Dreyer', written in a cursive style.

Pierre Dreyer
Partner
Perth
19 February 2024

MONADELPHOUS GROUP LIMITED

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Monadelphous Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2023 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



R. Velletri
Chair
Perth, 19 February 2024

MONADELPHOUS GROUP LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	Half-year ended 31 December 2023 \$'000	Half-year ended 31 December 2022 \$'000
CONTINUING OPERATIONS			
REVENUE	3	1,003,212	896,753
Cost of services rendered		(928,745)	(828,014)
GROSS PROFIT		74,467	68,739
Other income	3	3,071	2,129
Business development and tender costs		(9,191)	(11,164)
Occupancy costs		(1,825)	(1,758)
Administrative costs		(19,788)	(19,921)
Finance costs	3	(1,940)	(1,752)
Profit /(loss) from joint ventures		(19)	3,472
PROFIT FOR THE PERIOD BEFORE TAX		44,775	39,745
Income tax expense		(14,683)	(11,813)
PROFIT FOR THE PERIOD AFTER TAX		30,092	27,932
ATTRIBUTABLE TO			
EQUITY HOLDERS OF THE PARENT		30,080	29,140
NON-CONTROLLING INTERESTS		12	(1,208)
		30,092	27,932
Earnings per share:			
• Basic, profit for the period attributable to ordinary equity holders of the parent (cents per share)		31.15	30.50
• Diluted, profit for the period attributable to ordinary equity holders of the parent (cents per share)		30.67	30.05

MONADELPHOUS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Half-year ended 31 December 2023 \$'000	Half-year ended 31 December 2022 \$'000
NET PROFIT FOR THE PERIOD	30,092	27,932
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(1,268)	(2,006)
Items that will not be reclassified subsequently to profit or loss:		
Gain/(loss) on equity instruments designated at fair value through other comprehensive income	-	694
Income tax effect	-	(208)
	-	486
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(1,268)	(1,520)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	28,824	26,412
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	28,812	27,620
NON-CONTROLLING INTERESTS	12	(1,208)
	28,824	26,412

MONADELPHOUS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	31 December 2023 \$'000	30 June 2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		263,295	178,323
Trade and other receivables		314,125	330,709
Contract assets		7,637	5,770
Inventories		1,825	1,463
Total current assets		586,882	516,265
Non-current assets			
Contract assets		23,862	23,832
Property, plant and equipment	5, 3(b)	202,914	172,133
Deferred tax assets		27,936	21,659
Intangible assets and goodwill	14	18,800	16,026
Investment in joint ventures		12,001	14,770
Total non-current assets		285,513	248,420
TOTAL ASSETS		872,395	764,685
LIABILITIES			
Current liabilities			
Trade and other payables		222,335	157,169
Interest bearing loans and borrowings		5,064	342
Lease liabilities	6	26,265	24,130
Income tax payable		11,050	9,052
Provisions		73,003	64,562
Total current liabilities		337,717	255,255
Non-current liabilities			
Interest bearing loans and borrowings		8,630	428
Lease liabilities	6	66,985	63,828
Provisions		6,577	6,361
Other financial liability		704	835
Total non-current liabilities		82,896	71,452
TOTAL LIABILITIES		420,613	326,707
NET ASSETS		451,782	437,978
EQUITY			
Issued capital	7	143,049	141,115
Reserves		54,675	48,685
Retained earnings		254,058	248,178
TOTAL EQUITY		451,782	437,978

MONADELPHOUS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Attributable to equity holders

	Issued Capital \$'000	Share- Based Payment Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Non- controlling Interests \$'000	Fair Value Reserve for Financial Assets \$'000	Equity Reserve \$'000	Total \$'000
At 1 July 2023	141,115	55,011	(4,472)	248,178	-	2,856	(4,710)	437,978
Profit for the period	-	-	-	30,080	12	-	-	30,092
Other comprehensive loss	-	-	(1,268)	-	-	-	-	(1,268)
Total comprehensive income/(loss) for the period	-	-	(1,268)	30,080	12	-	-	28,824
Transactions with owners in their capacity as owners								
Reclassification of non-controlling interest to liabilities	-	-	-	-	(12)	-	12	-
Remeasurement of financial liability	-	-	-	-	-	-	36	36
Exercise of employee options	326	-	-	-	-	-	-	326
Share-based payments	-	4,182	-	-	-	-	-	4,182
Adjustment to deferred tax asset recognised on employee share trust	-	3,028	-	-	-	-	-	3,028
Dividend reinvestment plan	1,608	-	-	-	-	-	-	1,608
Dividends paid	-	-	-	(24,200)	-	-	-	(24,200)
At 31 December 2023	143,049	62,221	(5,740)	254,058	-	2,856	(4,662)	451,782

Attributable to equity holders

	Issued Capital \$'000	Share- Based Payment Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Non- controlling Interests \$'000	Fair Value Reserve for Financial Assets \$'000	Equity Reserve \$'000	Total \$'000
At 1 July 2022	136,096	42,766	(3,137)	241,554	-	1,264	(6,359)	412,184
Profit for the period	-	-	-	29,140	(1,208)	-	-	27,932
Other comprehensive loss	-	-	(2,006)	-	-	486	-	(1,520)
Total comprehensive income/(loss) for the period	-	-	(2,006)	29,140	(1,208)	486	-	26,412
Transactions with owners in their capacity as owners								
Reclassification of non-controlling interest to liabilities	-	-	-	-	1,208	-	(1,208)	-
Remeasurement of financial liability	-	-	-	-	-	-	670	670
Exercise of employee options	186	-	-	-	-	-	-	186
Share-based payments	-	6,152	-	-	-	-	-	6,152
Adjustment to deferred tax asset recognised on employee share trust	-	2,118	-	-	-	-	-	2,118
Dividend reinvestment plan	1,340	-	-	-	-	-	-	1,340
Dividends paid	-	-	-	(23,891)	-	-	-	(23,891)
At 31 December 2022	137,622	51,036	(5,143)	246,803	-	1,750	(6,897)	425,171

MONADELPHOUS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	Half-year ended 31 December 2023 \$'000	Half-year ended 31 December 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,178,904	1,029,538
Payments to suppliers and employees		(1,022,317)	(974,274)
Income tax paid		(13,985)	(18,137)
Other income		936	1,316
Interest received		2,984	1,643
Dividends received		2,750	1,592
Finance costs		(1,940)	(1,752)
		<hr/>	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITIES		147,332	39,926
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		3,920	1,177
Purchase of property, plant and equipment		(41,086)	(1,680)
Acquisition of controlled entities	14	(8,843)	-
		<hr/>	<hr/>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(46,009)	(503)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(22,592)	(22,551)
Proceeds from issue of shares on exercise of options		326	186
Proceeds of borrowings		22,493	2,431
Repayment of hire purchase leases		(8,226)	(8,926)
Repayment of other lease liabilities		(4,761)	(4,159)
		<hr/>	<hr/>
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(12,760)	(33,019)
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Opening cash and cash equivalents brought forward		178,323	183,329
Net foreign exchange difference		(3,591)	174
		<hr/>	<hr/>
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD		263,295	189,907
		<hr/> <hr/>	<hr/> <hr/>

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2023

1. CORPORATE INFORMATION

The half-year condensed consolidated financial report of Monadelphous Group Limited for the six months ended 31 December 2023 was authorised for issue in accordance with a resolution of directors on 19 February 2024.

Monadelphous Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(a) Basis of Preparation

The half-year financial report is a general-purpose condensed financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year condensed consolidated financial report does not include all information and disclosures required in the annual financial report and should be read in conjunction with the annual financial report of Monadelphous Group Limited as at 30 June 2023 together with any public announcements made during the half year. Comparative figures have been restated to conform to changes in the classification for the current financial year.

(b) New and amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023, except for the adoption of new standards effective as of 1 July 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Other revised Standards and Interpretations which apply from 1 July 2023 did not have a material effect on the financial position or performance of the Group.

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2023

	31 December 2023 \$'000	31 December 2022 \$'000
3. REVENUE AND EXPENSES		
(a) Specific Items		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:		
(i) Revenue		
Revenue from contracts with customers		
Services revenue	707,978	676,840
Construction revenue	292,250	218,053
	1,000,228	894,893
Other revenue		
Dividend income	-	217
Interest	2,984	1,643
	1,003,212	896,753
Disaggregation of revenue from contracts with customers by end customer industry:		
Energy	342,348	276,893
Energy transition metals and other minerals	342,128	305,557
Iron ore	278,406	306,016
Infrastructure	44,989	64,501
	1,007,871	952,967
Less share of revenue from joint ventures accounted for using the equity method	(7,643)	(58,074)
	1,000,228	894,893
(ii) Other income		
Gain on disposal of property, plant and equipment	2,135	813
Other income	936	1,316
	3,071	2,129
(b) Expenses		
Depreciation of owned property, plant and equipment	8,315	7,764
Depreciation of hire purchase assets	4,807	4,768
Depreciation of other lease assets	4,367	4,043
	17,489	16,575
(c) Finance costs		
Loans and finance charges payable	1,175	1,024
Interest on other lease liabilities	765	728
	1,940	1,752

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2023

	31 December 2023 \$'000	31 December 2022 \$'000
4. DIVIDENDS PAID AND PROPOSED		
(a) Fully franked dividends declared and paid during the half-year	24,200	23,891
(b) Dividends proposed and not yet recognised as a liability	24,315	23,048

5. PROPERTY, PLANT AND EQUIPMENT

During the half-year the consolidated entity acquired assets with a cost of \$47,799,416 (2022: \$9,363,445), including assets purchased by means of hire purchase contracts of \$6,570,347 (2022: \$8,329,618). Assets with a written down value of \$1,783,889 (2022: \$363,618) were disposed of during the period.

6. LEASE LIABILITIES

	31 December 2023 \$'000	30 June 2023 \$'000
CURRENT		
Hire purchase lease liabilities	16,576	14,812
Other lease liabilities	9,689	9,318
	<u>26,265</u>	<u>24,130</u>
NON-CURRENT		
Hire purchase lease liabilities	30,118	22,345
Other lease liabilities	36,867	41,483
	<u>66,985</u>	<u>63,828</u>

7. ISSUED CAPITAL

	Notes	31 December 2023 \$'000	30 June 2023 \$'000
Ordinary shares – Issued and fully paid	7(a)	<u>143,049</u>	<u>141,115</u>

(a) Movement in ordinary shares

	31 December 2023		31 December 2022	
	Number of Shares	\$'000	Number of Shares	\$'000
Beginning of the period	96,341,720	141,115	95,262,705	136,096
Exercise of employee options	296,370	326	225,309	186
Dividend reinvestment plan	112,711	1,608	101,747	1,340
Conversion of performance rights and retention rights	510,018	-	445,626	-
End of the period	<u>97,260,819</u>	<u>143,049</u>	<u>96,035,387</u>	<u>137,622</u>

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2023

8. OPERATING SEGMENTS

Revenue is derived by the consolidated entity from the provision of engineering services to the resources, energy and infrastructure industry sector. For the half-year ended 31 December 2023 the Engineering Construction division contributed revenue of \$303.1 million (2022: \$277.7 million) and the Maintenance and Industrial Services division contributed revenue of \$708.0 million (2022: \$676.8 million). Included in the Engineering Construction division revenue is \$3.2 million (2022: \$1.5 million) of inter-entity revenue and \$7.6 million (2022: \$58.1 million) of revenue of joint ventures, which is eliminated on consolidation. The operating divisions are exposed to similar risks and rewards from operations, and are only segmented to facilitate appropriate management structures.

The directors believe that the aggregation of the operating divisions is appropriate for segment reporting purposes as they:

- have similar economic characteristics;
- perform similar services for the same industry sector;
- have similar operational business processes;
- provide a diversified range of similar engineering services to a large number of common clients;
- utilise a centralised pool of engineering assets and shared services in their service delivery models, and the services provided to customers allow for the effective migration of employees between divisions; and
- operate predominately in one geographical area, namely Australia.

Accordingly, all service divisions have been aggregated to form one reporting segment.

9. CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities

On 26 July 2023, Monadelphous was notified that Northern SEQ Distributor – Retailer Authority, trading as UnityWater (“UnityWater”), has served a Claim and Statement of Claim (“the Claim”) in the Supreme Court of Queensland against one of Monadelphous’ wholly owned subsidiaries, Monadelphous Engineering Pty Ltd (“ME”). On 20 October 2023, UnityWater filed an amendment to that Statement of Claim in the Supreme Court Registry, amending the value of the Claim to approximately \$200 million. The Claim relates to a contract entered into between UnityWater and ME in 2016 for the design and construction of an upgrade to the Kawana Sewerage Treatment Plant on the Sunshine Coast in Queensland. ME denies the claimed losses contained in the Claim and will vigorously defend those claims, as well as pursuing available counterclaims.

There have been no other changes in contingent liabilities or contingent assets since the date of the last annual report.

Guarantees

	31 December 2023	30 June 2023
	\$’000	\$’000
Guarantees given to various clients for satisfactory contract performance	239,193	146,557

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2023

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value hierarchy

The Group uses various methods in estimating the fair value of a financial instrument.

- Level 1: The fair value is calculated using quoted prices in active markets.
- Level 2: The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying amount and estimated fair values of financial assets and financial liabilities at the balance date are materially the same. There were no material financial assets or liabilities measured at fair value at 31 December 2023 or 30 June 2023.

11. CAPITAL COMMITMENTS

The group has capital commitments related to the acquisition of plant and equipment of \$41,198,517 at 31 December 2023 (2022: \$35,629,094).

12. SIGNIFICANT EVENTS AFTER BALANCE DATE

Dividends declared

On 19 February 2024, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2024 financial year. The total amount of the dividend is \$24,315,205 which represents a fully franked interim dividend of 25 cents per share. This dividend has not been provided for in the 31 December 2023 Financial Statements. The Monadelphous Group Limited Dividend Reinvestment plan will apply to the dividend.

Other than the items noted above, there are no matters or circumstances that have arisen since the end of the half-year ended 31 December 2023 which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2023

13. SHARE BASED PAYMENT

Performance and Retention Rights

During the period, 438,383 performance rights were granted by Monadelphous Group Limited under the Company's Combined Reward Plan. These performance rights vest into shares in equal instalments, one, two and three years subsequent to award, subject to the employee remaining in the employ of the company at those particular dates. The fair value of each performance right issued during the period was estimated on the date of grant using a discounted cash flow calculation. The weighted average fair value of performance rights granted in the period was \$11.28.

In December, 198,521 performance rights were issued under the Company's newly established Long-Term Senior Leadership Performance Reward Plan ('LTPR Plan'). A further 34,440 performance rights have been offered to the Company's Managing Director, with the issue being subject to the shareholder approval at the Company's 2024 Annual General Meeting. The fair value of each performance right issued during the period was estimated on the date of grant using a discounted cash flow calculation. The weighted average fair value of performance rights granted in the period was \$12.52.

For the half-year ended 31 December 2023, the Group has recognised \$3,649,923 of share-based payment expense in the Condensed Consolidated Income Statement (2022: \$5,314,133) relating to performance rights under the Combined Reward and LTPR Plans and retention rights issued under the Employee Retention Plan.

Options

For the half-year ended 31 December 2023, the Group has recognised \$531,758 of share-based payment expense in the Condensed Consolidated Income Statement (2022: \$838,199) relating to options issued under the Employee Option Plan.

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14. BUSINESS COMBINATION

Acquisition of Melchor Contracting Pty Ltd

On 31 October 2023, Monadelphous Group Limited acquired 100% of the share capital of a Perth-based structural concrete and associated works business, Melchor Contracting Pty Ltd ('Melchor'). The acquisition of Melchor is aligned to Monadelphous' markets and growth strategy, broadening the Company's multidisciplinary construction offering to include civil capability.

The provisional fair values of the identifiable assets and liabilities acquired from Melchor as of date of acquisition were:

	Provisional fair value at acquisition date \$'000
Cash	1,157
Trade and other receivables	16,654
Property, plant and equipment and right of use assets	3,467
Other	1,779
Total assets	<u>23,057</u>
Trade and other payables	13,648
Lease liabilities	712
Provisions	2,410
Total liabilities	<u>16,770</u>
Fair value of identifiable net assets	6,287
Goodwill arising on acquisition	3,075
Purchase consideration	<u>9,362</u>
Acquisition-date fair-value of consideration transferred:	
Amount due from vendors	(638)
Cash paid	10,000
Total consideration	<u>9,362</u>
The cash outflow on acquisition is as follows:	
Net cash acquired with the business	(1,157)
Cash paid	10,000
Net consolidated cash outflow	<u>8,843</u>

The net assets recognised in the 31 December 2023 financial statements were based on a provisional assessment due to the timing of the finalisation of the completion statement. The goodwill recognised is primarily attributed to the expected synergies and other benefits from the acquisition.

Sales revenue of \$27.8 million has been recognised from Melchor for the period since acquisition. The net profit for the period was not material.

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Information on prior year acquisition - BMC

On 9 June 2023, Monadelphous Group Limited acquired 100% of the share capital of a Victorian-based mechanical and electrical services business, BMC Holdings (Vic) Pty Ltd ('BMC'). The acquisition accounting was provisional at 30 June 2023.

The fair values of the identifiable assets and liabilities acquired from BMC were finalised during the period and the 30 June 2023 Condensed Consolidated Statement of Financial Position has been restated accordingly, which resulted in the recognition of identifiable intangible assets of \$3,000,000 and adjustment to net asset acquired of \$657,000. The final goodwill arising on acquisition was \$8,821,000.