



# 2024 HALF YEAR REPORT

STEEL & TUBE HOLDINGS LIMITED

# INTERIM FINANCIAL STATEMENTS

---

FOR THE SIX MONTHS  
ENDED 31 DECEMBER 2023

## Contents

- 02 Interim Financial Statements
- 06 Notes to the Interim Financial Statements
- 11 Independent Review Report

These interim financial statements do not include all the notes and information normally included in the annual financial statements. Accordingly, they should be read in conjunction with the annual financial statements for the year ended 30 June 2023.

Due to rounding, numbers presented throughout the financial statements may not add up precisely to the totals provided.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Notes	Unaudited December 2023 \$000	Unaudited December 2022 \$000
Sales revenue	3	261,750	315,326
Other operating income		64	238
Cost of sales	2	(203,789)	(246,941)
Operating expenses	2	(47,510)	(47,162)
Software as a Service (SaaS) upfront expenditure		(381)	(1,068)
<b>Earnings before interest, tax, other gains and losses and impairment</b>		<b>10,134</b>	20,393
Other gains		38	64
<b>Earnings before interest, tax and impairment</b>		<b>10,172</b>	20,457
Reversal of impairment of Right-of-use assets		-	(113)
<b>Earnings before interest and tax</b>		<b>10,172</b>	20,344
Interest income		243	144
Interest expense		(2,924)	(4,009)
<b>Profit before tax</b>		<b>7,491</b>	16,479
Tax expense		(2,143)	(4,644)
<b>Profit for the period attributable to owners of the company</b>		<b>5,348</b>	11,835
<b>Items that may subsequently be reclassified to profit or loss</b>			
Other comprehensive loss - hedging reserve		(272)	(783)
<b>Total comprehensive income</b>		<b>5,076</b>	11,052
<b>Basic earnings per share (cents)</b>		<b>3.2</b>	7.1
<b>Diluted earnings per share (cents)</b>		<b>3.1</b>	7.0

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	Share capital \$000	Retained earnings \$000	Hedging reserve \$000	Treasury shares \$000	Share-based payments \$000	Total equity \$000
<b>Balance at 1 July 2023</b>	<b>157,168</b>	<b>52,741</b>	<b>9</b>	<b>(2,896)</b>	<b>1,132</b>	<b>208,154</b>
<b>Comprehensive income</b>						
Profit after tax	-	5,348	-	-	-	5,348
<b>Other comprehensive (loss) / income</b>						
Hedging reserve (net of tax)	-	-	(272)	-	-	(272)
<b>Total comprehensive income</b>	<b>-</b>	<b>5,348</b>	<b>(272)</b>	<b>-</b>	<b>-</b>	<b>5,076</b>
<b>Transactions with owners</b>						
Dividends paid	-	(6,639)	-	-	-	(6,639)
Employee share schemes	834	-	-	-	(219)	615
<b>Unaudited balance at 31 December 2023</b>	<b>158,002</b>	<b>51,450</b>	<b>(263)</b>	<b>(2,896)</b>	<b>913</b>	<b>207,206</b>
<b>Balance as at 1 July 2022</b>	<b>156,669</b>	<b>54,770</b>	<b>560</b>	<b>(2,896)</b>	<b>998</b>	<b>210,101</b>
<b>Comprehensive income</b>						
Profit after tax	-	11,835	-	-	-	11,835
<b>Other comprehensive (loss) / income</b>						
Hedging reserve (net of tax)	-	-	(783)	-	-	(783)
<b>Total comprehensive income</b>	<b>-</b>	<b>11,835</b>	<b>(783)</b>	<b>-</b>	<b>-</b>	<b>11,052</b>
<b>Transactions with owners</b>						
Dividends paid	-	(12,457)	-	-	-	(12,457)
Employee share schemes	499	-	-	-	55	554
<b>Unaudited balance at 31 December 2022</b>	<b>157,168</b>	<b>54,148</b>	<b>(223)</b>	<b>(2,896)</b>	<b>1,053</b>	<b>209,250</b>

The accompanying notes form part of these financial statements.

# BALANCE SHEET

As at 31 December 2023

	Notes	Unaudited December 2023 \$000	Audited June 2023 \$000
<b>Current assets</b>			
Cash and cash equivalents		26,259	6,481
Trade and other receivables		54,717	69,798
Contract assets		5,559	9,225
Inventories	4	128,623	139,158
Income tax receivable		1,048	-
Derivative assets		3	278
		<b>216,209</b>	<b>224,940</b>
<b>Non-current assets</b>			
Deferred tax		6,460	7,074
Property, plant and equipment		37,130	35,647
Intangibles		13,203	13,523
Right-of-use assets		77,155	82,905
		<b>133,948</b>	<b>139,149</b>
<b>Total assets</b>		<b>350,157</b>	<b>364,089</b>
<b>Current liabilities</b>			
Trade and other payables		46,160	49,025
Income tax payable		-	5,603
Provisions		586	494
Derivative liabilities		1,518	69
Short term lease liabilities		13,462	14,235
		<b>61,726</b>	<b>69,426</b>
<b>Non-current liabilities</b>			
Provisions		1,220	1,318
Long term lease liabilities		80,005	85,191
		<b>81,225</b>	<b>86,509</b>
<b>Equity</b>			
Share capital		158,002	157,168
Retained earnings		51,450	52,741
Other reserves		(2,246)	(1,755)
		<b>207,206</b>	<b>208,154</b>
<b>Total equity and liabilities</b>		<b>350,157</b>	<b>364,089</b>

These financial statements and the accompanying notes were authorised by the board on 19 February 2024.

For the board:



**Susan Paterson** Chair



**Karen Jordan** Director

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

Notes	Unaudited December 2023 \$000	Unaudited December 2022 \$000
<b>Cash flows from operating activities</b>		
Customer receipts	<b>282,529</b>	337,514
Interest receipts	<b>243</b>	144
Payments to suppliers and employees	<b>(233,388)</b>	(287,584)
Payments for interest on leases	<b>(2,468)</b>	(2,244)
Income tax payments	<b>(7,758)</b>	(5,102)
Interest payments	<b>(443)</b>	(1,646)
Wage subsidy received	-	58
<b>Net cash inflow from operating activities</b>	<b>38,715</b>	41,140
<b>Cash flows from investing activities</b>		
Property, plant and equipment disposal proceeds	<b>17</b>	92
Property, plant and equipment and intangible asset purchases	<b>(4,443)</b>	(2,280)
Payment for new business purchase	-	(8,909)
<b>Net cash outflow from investing activities</b>	<b>(4,426)</b>	(11,097)
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	-	(11,000)
Dividends paid	<b>(6,639)</b>	(12,457)
Payment for leases	<b>(7,872)</b>	(7,096)
<b>Net cash outflow from investing activities</b>	<b>(14,511)</b>	(30,553)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>19,778</b>	(510)
Cash and cash equivalents at the beginning of the period	<b>6,481</b>	8,046
<b>Cash and cash equivalents at the end of the period</b>	<b>26,259</b>	7,536
<b>Represented by:</b>		
Cash and cash equivalents	<b>26,259</b>	7,536
	<b>26,259</b>	7,536

The accompanying notes form part of these financial statements.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Steel & Tube Holdings Limited (the company or Steel & Tube) is registered under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013. The company is a limited liability company incorporated and domiciled in New Zealand. The group comprises Steel & Tube Holdings Limited and its subsidiaries. The group's principal activities relate to the distribution and processing of steel products.

The registered office of the company is 7 Bruce Roderick Drive, East Tamaki, Auckland 2013, New Zealand.

These interim financial statements have been reviewed, not audited, and were approved for issue on 19 February 2024.

These interim financial statements are presented in New Zealand dollars and rounded to the nearest thousand.

#### Basis of preparation

The group is a for-profit entity. The interim financial statements have been prepared in accordance with, and comply with, New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 34: Interim Financial Reporting and the NZX Main Board Listing Rules (issued 15 January 2024).

These interim financial statements do not include all the information required for an annual financial report and consequently should be read in conjunction with the audited financial statements of the group for the year ended 30 June 2023. Non-GAAP measures shown in the interim financial statements are defined in the 2023 Annual Report.

These interim financial statements have been prepared using the same accounting policies and methods of computation as the financial statements for the year ended 30 June 2023.

The preparation of the interim financial statements requires the exercise of judgements that affect the application of accounting policies, the reported amounts of assets and liabilities, and income and expenses. Where applicable and based on information available at the time of preparing the interim financial statements, the group has updated its judgements, estimates and assumptions adopted since the audited financial statements of the group for the year ended 30 June 2023.

These interim financial statements have been prepared on a going concern basis as the group will be able to discharge its liabilities.

The carrying value of all financial instruments approximates fair value. All financial instruments are held at amortised cost, with the exception of derivative instruments which are accounted for at fair value through profit or loss. The derivative instruments comprise forward foreign exchange contracts, the fair value of which are calculated using forward exchange rates that are quoted in an active market. All financial instruments accounted for at fair value through profit or loss are classified as level 2 of the fair value hierarchy. The group applies hedge accounting and where derivative instruments are designated as hedging instruments in a cash flow hedge, fair value gains/losses are recognised in other comprehensive income and released either to profit or loss or the hedged item when the forecast transaction takes place.



## 2. EXPENSES

	Unaudited December 2023 \$000	Unaudited December 2022 \$000
<b>Cost of sales and operating expenses:</b>		
Inventories expensed in cost of sales	<b>187,353</b>	229,686
Impairment of trade and other receivables	<b>(129)</b>	278
Depreciation and amortisation	<b>11,000</b>	10,138
Directors' fees	<b>321</b>	325
Employee benefits	<b>36,959</b>	37,325
Defined contribution plans	<b>1,027</b>	974
Information technology expenses	<b>3,538</b>	3,650
Foreign exchange gains	<b>(260)</b>	(478)
Short term and low value lease costs	<b>157</b>	143
Other expenses	<b>11,333</b>	12,062
<b>Total cost of sales and operating expenses</b>	<b>251,299</b>	294,103

Inventory sold during the period is expensed as cost of sales. Depreciation of \$887k (31 December 2022: \$823k) related to equipment used to manufacture products is included in cost of sales. Depreciation of right-of-use assets and other depreciation is included in operating expenses. Information technology expenses disclosed in the above table excludes SaaS upfront expenditure. This has been disclosed separately on the Statement of Profit or Loss and Other Comprehensive Income.

## 3. OPERATING SEGMENTS

The group has identified two reporting segments as at 31 December 2023 having regard for the criteria outlined in NZ IFRS 8 Operating Segments (NZ IFRS 8). The group's Chief Operating Decision Maker (being the CEO) receives financial reports which aggregate the activities of the group's various operating segments into two distinct divisions, being Distribution and Infrastructure.

These reportable segments have been determined by having regard to the nature of products, services and processes the various Business Units undertake to service customers. The group has a diverse range of customers from various industries, with no single customer contributing more than 10% of the group's revenue.

The group derives its revenue from the distribution and processing of steel and associated products. Within the Distribution division, the primary focus is on the distribution of steel products and fasteners, servicing similar customer groups, sharing similar business models and trading skills, and using similar sales channels. The majority of product is traded and sales staff are tasked to know the full range of products. Within the Infrastructure division, product is predominately steel product which is bought and processed/manufactured in warehouse facilities for project/contract customers.



The CEO uses EBIT as a measure to assess the performance of segments. The segment information provided to the CEO for the period ended 31 December 2023 is as follows:

December 2023	Distribution \$000	Infrastructure \$000	Other \$000	Reconciled to group \$000
<i>Timing of revenue recognition</i>				
At a point in time	153,141	64,814	6	<b>217,961</b>
Over time	-	43,789	-	<b>43,789</b>
<b>Revenue from external customers</b>	<b>153,141</b>	<b>108,603</b>	<b>6</b>	<b>261,750</b>
Depreciation and amortisation	(5,837)	(3,815)	(1,348)	<b>(11,000)</b>
Expenses	(142,501)	(99,419)	1,342	<b>(240,578)</b>
<b>Segment EBIT</b>	<b>4,803</b>	<b>5,369</b>	-	<b>10,172</b>
Interest on leases	(1,525)	(918)	(25)	<b>(2,468)</b>
Interest - others (net)				<b>(213)</b>
Reconciled to group profit before tax				<b>7,491</b>

December 2022	Distribution \$000	Infrastructure \$000	Other \$000	Reconciled to Group \$000
<i>Timing of revenue recognition</i>				
At a point in time	191,643	75,677	14	<b>267,334</b>
Over time	-	47,992	-	<b>47,992</b>
<b>Revenue from external customers</b>	<b>191,643</b>	<b>123,669</b>	<b>14</b>	<b>315,326</b>
Depreciation and amortisation	(5,171)	(3,544)	(1,423)	<b>(10,138)</b>
Expenses	(170,353)	(115,900)	1,409	<b>(284,844)</b>
<b>Segment EBIT</b>	<b>16,119</b>	<b>4,225</b>	-	<b>20,344</b>
Interest on leases	(1,331)	(906)	(7)	<b>(2,244)</b>
Interest - others (net)				<b>(1,621)</b>
Reconciled to group profit before tax				<b>16,479</b>

Depreciation and amortisation recognised in the period ended 31 December 2023 is inclusive of depreciation recognised under NZ IFRS 16 Leases, which is in line with the financial reports received by the CEO.

Interest recognised under NZ IFRS 16 Leases is shown separately in the financial reports provided to the CEO. Other interest income and expense are not allocated to segments as these are driven by the central treasury function, which manages the cash position of the group.

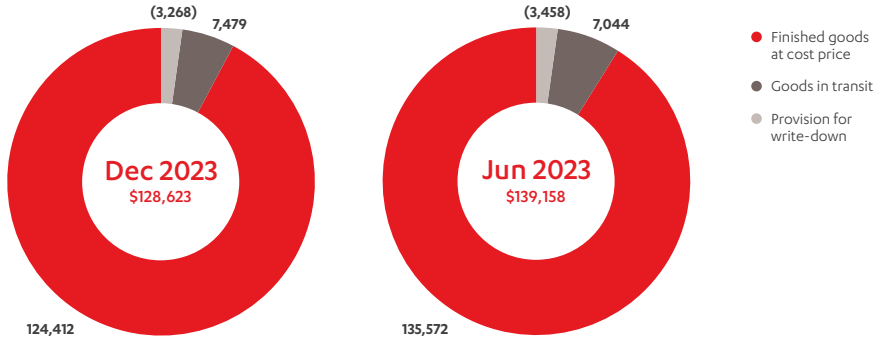
Assets and liabilities are reported to the CEO on a group basis, and are not separately reported with respect to the individual operating segments.

Sales between segments are eliminated on consolidation. The amounts provided to the CEO with respect to segment revenue are measured in a manner consistent with that of the financial statements.

#### 4. INVENTORY

The group holds inventories valued at \$128.6m (30 June 2023: \$139.2m).

##### Inventories (\$000s)



#### 5. IMPAIRMENT TESTING

NZ IAS 36 Impairment of Assets (NZ IAS 36) requires the group to assess for any indicators of impairment at the end of each reporting period and also to test the recoverable amount of the group's assets against its carrying value to assess whether there is any indication that an asset may be impaired. The recoverable amount is the higher of an asset's fair value less costs of disposal (FVLCD) and value-in-use (VIU).

For the purpose of assessing impairment, assets are grouped in the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating unit or CGU), which as at 31 December 2023 were identified as being Distribution, Reinforcing/CFDL and Rollforming.

As at 31 December 2023, the group has not identified any indicators of impairment over the assets held at the CGUs. The group's market capitalisation is slightly below net assets at period end, however this market capitalisation value excludes any control premium and may not reflect the value of 100% of the group's net assets.

The group has therefore concluded that no impairment is required as at 31 December 2023. The group has also concluded that no reversal of the previous impairment of intangible assets should be made following an assessment that previous assumptions applied remains consistent in the current half-year.

## **6. RELATED PARTY AND SHARE BASED PLANS**

The group has related party relationships with its subsidiaries and with key management personnel.

There have been no material changes in the nature or amount of related party transactions for the group since 30 June 2023.

## **7. SUBSEQUENT EVENTS**

On 19 February 2024, the board declared an interim dividend of 4.0 cents per share (2023: 4.0 cents) totalling \$6.7m (2023: \$6.6m). The dividends will be fully imputed and will be paid to shareholders on 28 March 2024.



# Independent Review Report

To the shareholders of Steel & Tube Holdings Limited

**Report on the interim consolidated financial statements of Steel & Tube Holdings Limited and its subsidiaries (together the 'Group')**

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements on pages 2 to 10 do not:

- i. present, in all material respects the Group's financial position as at 31 December 2023 and its financial performance and cash flows for the 6 month period ended on that date in compliance with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the 6-month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

## Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410 (Revised)"). Our responsibilities are further described in the *Auditor's Responsibilities for the review of the financial statements* section of our report.

We are independent of Steel & Tube Holdings Limited, in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Our firm has provided statutory audit services and advisory services in respect of the readiness of greenhouse gas emissions disclosures for assurance. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

## Use of this Independent Review Report

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



---

## Responsibilities of the Directors for the interim consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal controls to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

---

## Auditor's Responsibilities for the review of the interim consolidated financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 (Revised). NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

A review of interim consolidated financial statements in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410 (Revised)") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

KPMG  
Auckland  
19 February 2024



## Directory

### Registered Office

7 Bruce Roderick Drive, East Tamaki,  
Auckland 2013, New Zealand

PO Box 58880, Botany, Auckland 2163,  
New Zealand

**Ph:** +64 4 570 5000 **Fax:** +64 4 570 2453

**Email:** [info@steelandtube.co.nz](mailto:info@steelandtube.co.nz)

**Website:** [www.steelandtube.co.nz](http://www.steelandtube.co.nz)

### Directors

Susan Paterson Chair and Independent  
Director

Steve Reindler Independent Director

Christopher Ellis Independent Director

John Beveridge Independent Director

Karen Jordan Independent Director

Andrew Flavell Independent Director

### Future Director

Cherie Kerrison

### Auditor

KPMG Auckland

18 Viaduct Harbour Avenue, Auckland 1010

### Share Registry

**Computershare Investor Services Limited**  
Private Bag 92119, Auckland 1142, New Zealand

**Ph:** +64 9 488 8777 **Fax:** +64 9 488 8787

**Email:** [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

**Website:** [www.computershare.co.nz](http://www.computershare.co.nz)

### Bankers

ANZ New Zealand

ANZ Centre, 23-29 Albert Street, Auckland 1010

### Solicitors

Chapman Tripp Auckland

Level 34, PwC Tower, 15 Customs Street West

PO Box 2206, Auckland 1140

### Financial Calendar

Half year results announced February

End of financial year 30 June

Annual results announced August

Annual report August

### Stock Exchange

The company's shares trade on the  
New Zealand Exchange under the code STU