steel&tube
STRONGER TOGETHER

2024 ANNUAL REPORT

STEEL & TUBE HOLDINGS LIMITED

Heke Rua Archives

The ground has been turned and construction has commenced on a new building of national significance, Heke Rua Archives in Wellington. Best practice standards have been applied to the building performance, including the use of steel foundations to protect the building and its contents. Steel & Tube supplied approx. 1,400 tonnes of reinforcing steel to LT McGuinness, ensuring strong foundations for this significant building, as well as supplied and installed 19,200m² of ComFlor composite steel decking across the nine-level building.

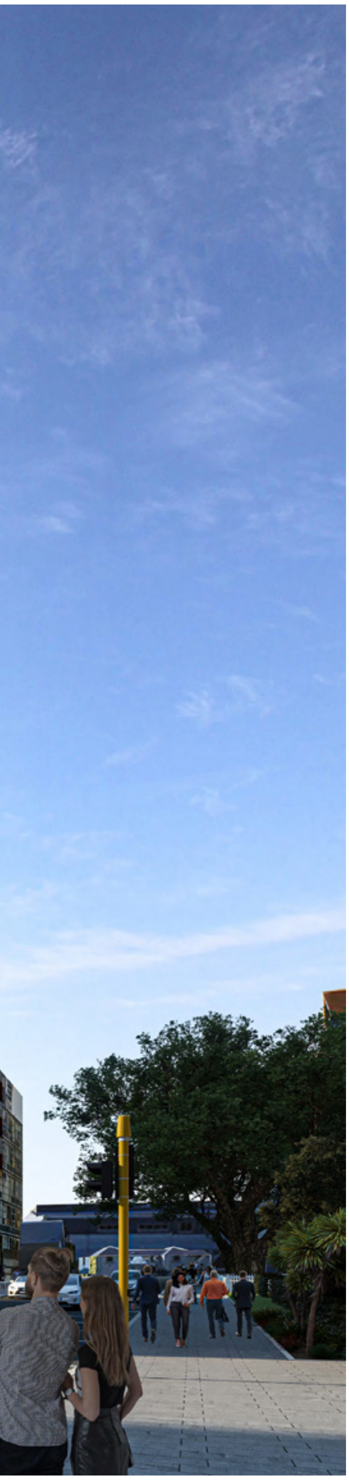
It is with pleasure that we present Steel & Tube's Annual Report for the year ended 30 June 2024. This has been a year during which Steel & Tube has demonstrated its resilience and strength in a challenging trading environment. We are proud to share our progress with you as our team continues to successfully deliver on our dual pathway strategy.

Susan Paterson
Chair

23 August 2024

Mark Malpass
Chief Executive Officer

This Annual Report and Financial Statements of Steel & Tube Holdings Limited are prepared in accordance with the New Zealand International Financial Reporting Standards, NZX Listing Rules and Corporate Governance Code and Companies Act 1993. The Annual Report contains certain forward-looking statements with respect to the Company's financial position and operational results. This involves a degree of risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Because of this uncertainty, all forward-looking statements have not been reviewed or reported on by our auditor. Due to rounding, numbers presented throughout the financial statements may not add up precisely to the totals provided.



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About Us

Steel & Tube is one of New Zealand's leading distributors and processors of metal and related products. We offer New Zealand's most comprehensive range of steel products, services and solutions.

We source, process and distribute steel and metal products – including fastenings, fire reticulation products, chain and rigging, stainless steel, aluminium, engineering steel and processed plate and sheet. We also make steel products to order on a project basis, including roofing, ComFlor decking and reinforcing.

We have expertise across a diverse range of sectors, offering our customers a wide range of products and solutions to meet their steel needs.

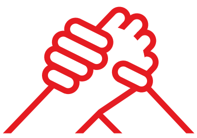
We serve our customers through our nationwide network and our online platform, helping them to build successful projects and create better outcomes.

Our competitive advantage is our ability to cross sell our extensive offer to customers, leveraging our national footprint and the breadth of product offering across multiple sectors.

Our people are our greatest strength – the backbone of our company. We are passionate, innovative, capable and proud of what we do.

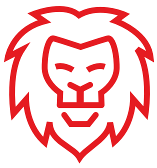
Our purpose is to make life easier for our customers.

In 2023, we launched a powerful new purpose and values.
These underpin Steel & Tube's future success for the decades ahead.



WE HAVE RESPECT
WHAKAUTE

+ We value the skills the whole team bring to the table – we're stronger together
+ We're inclusive, seek diversity of thought and accept differences
+ We honour the legacy of our brand and strive to strengthen it for future teams



WE ARE BRAVE
MĀIA

+ We fight the good fight and work hard to do what is right
+ We stand out from the crowd and support each other to push the boundaries of what is possible

WE CARE
MANAAKI

+ We look after our customers, our communities, our environment and each other
+ We put safety and wellbeing at the heart of our business
+ We cheer our people on, celebrate great work and recognise progress
+ We walk the talk and take responsibility for delivering value to our customers

Our Business

Our stable of best-in-class businesses are some of this country's leading steel suppliers. We are continuing to grow, adding high value products, services and solutions to our customer offer.

steel&tube STRONGER TOGETHER | FORTRESS FASTENERS | ComFlor | Hurricane | KIWI PIPE & FITTINGS

858 Team members[1]	**29** Sites across New Zealand	**7,051** Shareholders	**31** Employee NPS[3] Above industry average
13,482 Active Customers	**0.00** Safety TRIFR[2] Lowest in company's history	**50** Customer NPS[3] Above industry average	**110.9** $kgCO_2e$/ Tonne sold Scope 1, 2 and 3 emissions intensity[4]

1 Excludes vacancies and contractors

2 TRIFR: Employee Total Recordable Injury Frequency Rate per 1 million work hours

3 Net Promoter Score. Customer NPS is calculated based on 3 months rolling average. Employee NPS industry average is 21 and Customer NPS industry average is 30

4 Scope 3 emissions data excludes category 1 (purchased goods), category 2 (capital goods) and category 7 (employee commute)

Our Strategic Roadmap

What Matters

- CUSTOMER FIRST
- CREATING A SUCCESSFUL & RESILIENT BUSINESS
- COMMITTED TO HEALTH, SAFETY, QUALITY & ENVIRONMENT
- A WINNING TEAM & POSITIVE COMMUNITY IMPACT

Our Purpose

TO MAKE LIFE EASIER FOR OUR CUSTOMERS

Our Values

- WE HAVE RESPECT
- WE ARE BRAVE
- WE CARE

STRATEGIC GOALS

CUSTOMER	SHAREHOLDER	GROWTH	SUSTAINABILITY
Preferred supplier for steel solutions and products	Deliver increasing value and returns for our shareholders	Increase value through organic growth and M&A	Positive outcomes for our business, our people, our communities and our planet

Steel & Tube continues to deliver on its dual pathway strategy, building a diversified and resilient business while capitalising on new avenues of growth.

Continue to Strengthen the Core

+ Best-in-class customer experience
+ Cross sell products and services
+ Accelerate shift to digital sales
+ Drive gross margin $/tonne
+ Operating efficiency

Strengthening the core involves building on the strong business foundation we have established, to deliver best-in-class customer experiences, operational efficiency and a strong financial performance.

The breadth of our product range, scale of our network, our IT and digital platform and our team of talented people are all paramount to achieving our goal of being New Zealand's preferred supplier of steel products and solutions.

Sustainability is also a key consideration in strengthening our core. We are committed to sustainable practices, focusing on environmental stewardship, responsible sourcing, and managing our carbon footprint.

Grow High Value Products and Services

+ High value products, diversified materials and value-added services
+ Diversify customer segments and build scale
+ Primary focus is on organic investment and M&A in direct adjacent sectors

We will grow our business by expanding our offering and investing in new products and services that provide high value to our customers.

While our primary focus is on organic growth, we remain open to considering opportunities in adjacent sectors that align with our strategic objectives and provide synergistic benefits.

We will leverage our expertise, market knowledge, and customer relationships to identify and capitalise on growth opportunities.

FY24 at a Glance

Continued focus on delivering customer value, maintaining market share, improved product mix and tight cost controls will provide operating leverage and profit growth when the economy improves.

Continue to Strengthen the Core

+ Solid performance in a recessionary environment delivering resilient operating profit
+ Maintained market share and strengthened customer value add
+ Created significant operating leverage through tight cost control and continued shift towards high value products and services
+ Gross margin dollars/tonne improved due to pricing disciplines and improved product mix
+ Cost inflation offset with $5m+ cost out programme successfully completed
+ Managed inventory in line with market activity, with a 13% reduction year on year
+ No bank debt and positive cash balance, with net cash of $8.7m at year end
+ Continued investment in digital technology, equipment and growth opportunities
+ Well positioned to take advantage of increasing activity and demand when the economy recovers

Grow High Value Products and Services

+ Strategic organic investments and acquisitions continue to perform above expectations
+ Continued expansion of aluminium product range, in response to strong demand
+ Investment in new plate processing equipment in Christchurch commissioned in 2H24
+ Acquired 20 owned and leased specialist freight trucks and 8 trailers from Roadex
+ Geographic expansion of Kiwi Pipe & Fittings delivering growth
+ Increased packaged product warehouse capacity and investment in warehouse technologies
+ Investment in new mesh straightening equipment and new purlins machinery with automated stacking system to be commissioned in FY25

Revenue
$479.1m, -18.7%

Volume
115,535t, -21.1%

EBITDA
$31.4m, -39.5%

EBIT
$9.6m, -69.0%

NPAT
$2.6m, -84.7%

Normalised EBITDA[1]
$35.8m, -32.3%

Normalised EBIT[1]
$14.5m, -54.8%

Net operating cashflow
$42.2, -57.1%

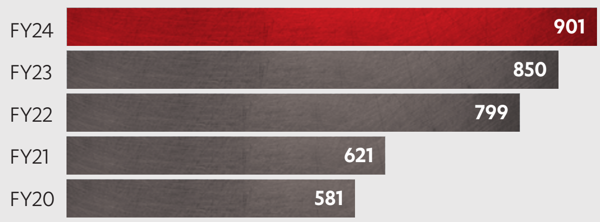
Net Cash
$8.7m, 33.8%

Total FY24 Dividends (fully imputed)
6.0 cents per share

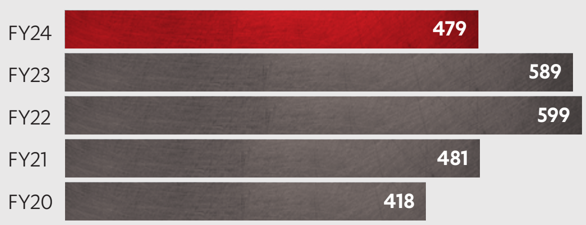
Percentage variance shown above is compared against FY23

Volume (Tonnes 000s)

Gross Margin $/Tonne



Revenue ($m)



		FY23	FY24
Interim Dividend	cps (net)	4.0	4.0
Final Dividend	cps (net)	4.0	2.0
Total	cps (net)	8.0	6.0
	cps (gross)[2]	11.1	8.3
Dividend Yield (gross)[3]	%	9.9%	9.7%

[1] Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments relating to Software as a Service costs, Project Strong and restructuring costs. See more details and reconciliation on page 44

[2] Gross dividends include the benefit of imputation credits

[3] Based on share price at 30 June each year – FY24 $0.86, FY23 $1.12

Chair and CEO's Report

Tēnā koutou

On behalf of the board and management, we are pleased to present this year's Annual Report.

In what has been a year of significant economic slowdown across New Zealand, Steel & Tube has continued to deliver, a solid financial result, continued strengthening of our operational platform, and investment into higher value growth opportunities. We are very proud of our team who have demonstrated agility, leadership and adaptability in challenging trading conditions, and have been a key driver of our result this year.

Our dual pathway strategy is delivering tangible results and the work we have done over the last 12 months ensures that our company is poised to maximise demand growth when the economy improves. With a strong balance sheet, we are well positioned to take advantage of organic and acquisition growth opportunities. The long term economic drivers and trends for our business are positive and indicate a strong and long pipeline of demand for steel products and solutions.

Trading Conditions

The economic headwinds which commenced in the second half of FY23, escalated over FY24. Interest rates remained high as have inflationary pressures and the cost of living. This resulted in a reduction in business spending, and projects and investments being put on hold, with a notable effect on demand for steel.

Despite this, Steel & Tube has continued to strengthen customer relationships, maintain market share, grow margins through customer value add and significantly improve operating leverage to position itself for New Zealand's economic recovery. We have continued to focus on what we can control and explore new opportunities to grow higher value products and services.

"FY24 was another year of delivery and execution on our proven strategy."

Susan Paterson
Chair

“In a challenging market, we have further strengthened our core business and customer value add, resulting in significant operating leverage, while continuing to invest in growth. We are well positioned to maximise the opportunities when demand returns.”

Continue to Strengthen the Core

Over the past year, we have focussed on improving our operating leverage, which will drive margin expansion and profit growth when demand returns. While already a lean and efficient organisation, we have made further inroads, using technology and data insights to streamline our business. In the last 12 months, we have more than offset inflation pressures by taking $5m out of our cost base and we are now commencing a new cost out programme, targeting a further $5m in savings. This will help to further improve operating leverage and the profitability of our company.

We are constantly looking for opportunities to improve our systems, processes and people capability. Twelve months ago, we commenced Project Strong to increase our warehouse capacity and improve our service offer and productivity. We expanded the scope of the project during the year to further improve utilisation of capacity across our Auckland branches and reduce overheads, including the accelerated exit from the Avondale building. Additional costs associated with this have been recognised in the FY24 results.

In this year’s dynamic environment, we have remained flexible and are supporting our customers through value added services as we continue providing the quality and delivery reliability they expect. We have introduced specialised sales teams, continued to enhance our online channels and recently expanded our ‘last-mile’ freight fleet. We are growing our share of wallet by cross-selling a range of products to existing customers. This has come to life through new product growth, better segmentation and focussed sales disciplines across our customer base.

Mark Malpass
Chief Executive Officer

Grow High Value Products and Services

The value of our growth strategy is now proven and we are actively exploring new opportunities. Our successful introduction of aluminium and plate processing, acquisition of Fasteners NZ and Kiwi Pipe & Fittings and more recently, the purchase of Roadex leased and owned trucks, gives us confidence in our direction. These growth investments are performing well. They are helping increase our share of wallet with existing and new customers, and are adding to the value of our business for shareholders. In general, these initiatives leverage our existing operating platform which further strengthens our margins.

We have carefully managed our finances, which in turn is allowing us to invest in new higher value products, equipment and businesses. We have been able to invest in M&A and organic growth at the bottom of cycle – as the market conditions become tougher, more owners are looking to exit or sell. We have reviewed many opportunities; however, we are very conscious that any investment we make must deliver financial and strategic value.

To support our growth, we have established a dedicated Strategic Growth team. We continue to consider M&A prospects, particularly small to medium sized bolt-on acquisitions, and remain open to larger opportunities should they arise.

Financial Performance

Steel & Tube delivered a solid FY24 financial performance despite the adverse trading conditions.

The significant drop in demand across a range of sectors as a result of economic conditions, drove a 21% reduction in volumes to 115,535 tonnes, with revenue down 19% to $479.1m (FY23: $589.1m). While volumes were down as a result of the economic climate, market share was maintained and average selling prices remained elevated.

Pleasingly gross margin dollars per tonne continued to improve and was up to $901 per tonne (FY23: $850) as a result of increasing customer share of wallet, strategic focus on higher value products and services, and pricing disciplines.

Cost reductions have offset inflation and supported resilient operating profits, with normalised operating expenses down $3.8m or 5.2% year on year.

Normalised earnings were in line with June 2024 guidance with Normalised EBITDA of $35.8m (FY23: $52.9m) and Normalised EBIT of $14.5m (FY23: $32.1m). The company reported a net profit after tax of $2.6m which includes one-off and non-trading costs.

With good cash reserves and no borrowings, our strong balance sheet provides resilience in difficult times, the ability to continue to pay dividends to shareholders and the opportunity to grow through organic and M&A investments. Inventory levels have been reduced in line with activity and were down $17.9m, or 12.9%, year on year. We have managed inventory carefully to ensure best use of working capital and continue to shift our investment towards higher margin products. Cashflows remained strong with high cash collections in a softened operating environment. Net cash was $8.7m at year end, providing capacity for investment into capital initiatives and growth opportunities.

Shareholder Returns

Reflecting market conditions, the board has declared a final dividend of 2.0 cents per share, fully imputed. This takes full year dividends to 6.0 cents per share, representing a gross yield of 9.7%. The payout is above our policy guidelines of 60% to 80% of Adjusted NPAT and reflects the board's continuing confidence in the company’s future.

Earnings per share are 1.6 cents, with Net Tangible Assets per share at $1.11.

We continue to engage with the market to demonstrate the value of our strategy, the resilience and strength of our business and our ability to deliver value for shareholders including an attractive dividend yield.

Acknowledgements

Our ongoing success would not be possible without our loyal customer base and wonderful team.

We are very proud of what our people have achieved this year, working together to support each other and deliver on our strategic priorities. They have worked hard to create an exceptional workplace culture and deliver for our customers, and our employee engagement score is close to industry leading.

We would also like to thank our suppliers and business partners for their support, as well as our shareholders for their trust and commitment.

Sustainability

We have continued to take action on creating a sustainable business, with initiatives focussed around our four pillars. We are constantly looking at ways we can 'do business better and smarter' to support our environmental and societal goals. At all times, we ensure that we are operating to the highest ethical, environmental and corporate governance standards possible.

Following on from our disclosure last year, this year Steel & Tube will be reporting for the first time under the Aotearoa New Zealand Climate Standards. Our climate-related disclosures will be published as a separate document by 31 October 2024 and will be available at steelandtube.co.nz/sustainability#disclosures.

Sector Outlook

The longer term macro trends are positive for steel. It is one of the most essential and often the only product for many construction needs. It is also a sustainable building product – permanent, forever reusable and the most recycled substance on the planet.

We see a significant opportunity in infrastructure and climate resilience. The Government is forecasting a spend of more than $68b in infrastructure work over the next five years which provides a real opportunity for us – this includes roading projects, regional infrastructure, rebuild of communities following Cyclone Gabrielle and the Auckland floods, and KiwiRail. Other areas of growth include health, water, energy generation and climate resilience. There is a big pipeline of work ahead and Steel & Tube is well positioned to capitalise on this.

Looking Forward to FY25

Our dual pathway strategy is now proven and we will continue to build on this in the coming year, strengthening our core and investing in high value products and services.

While the timing and pace of an economic recovery remains unclear, our expectation from our customer mix is that we are near the bottom of the cycle and should start to see conditions improve in the 2025 calendar year.

We are successfully navigating the challenging trading environment and are well positioned for demand growth when it returns – our market share is strong, we have a loyal customer base and we have quality inventory meaning we can provide the products and solutions we know people will want and need when their projects start up again.

The macro-trends for our sector remain strong, our dual pathway strategy is delivering tangible and valuable results and we have a lean and efficient operation.

On behalf of all the team at Steel & Tube, we would like to thank our shareholders for your continued support. We look forward to a strong future together.

Susan Paterson
Chair

Mark Malpass
Chief Executive Officer

Last-mile excellence

Steel & Tube's strategic acquisition of owned and leased trucks from Roadex is yielding significant benefits. The 'last-mile' initiative is exceeding expectations, driving improved service delivery, operational efficiencies and positive earnings. The rebranding process is well underway and creating a powerful brand identity that resonates with our customers. Our dedicated drivers are committed to providing outstanding last-mile service, exceeding customer expectations at every turn.

5 Minutes with

Marc Hainen GM Strategic Growth

Steel & Tube is focussed on growth, under its strategic pillar to Grow High Value Products and Services. Long serving executive, Marc Hainen, has recently been appointed to lead a dedicated Strategic Growth team. Marc was previously GM Distribution.

What is the rationale for the Strategic Growth team?

Strategic growth is about going deeper or wider in high value areas to create value and scale, as well as improving our mix of added value vs commodity products. We know scale in our business can drive significant earnings improvement and by adding value for our customers, we can generate increased revenue and margins. Ultimately our goal is creating shareholder value.

Our recent success in several new organic areas such as aluminium, plate processing and more recently freight services, as well as acquisitions of Kiwi Pipe & Fittings and Fasteners NZ has given us the conviction that, done well, these can become a material part of our group. All of these have created significant value and are positive contributors to the overall business. With our balance sheet strength, we are in a great position to really build on this base.

Tell us about the process you work through to assess deals?

We have developed a systematic approach to all our growth initiatives. This has a series of gates to pass through at each stage. The starting point is usually an evaluation of the initial opportunity against our criteria and moves through to the actual acquisition, integration, and ongoing review against the expected outcomes. We have a range of criteria – these are a mix of financial, such as investment returns, but also strategic rationale which take into consideration the fit with our overall business objectives, our ability to operate and add value under Steel & Tube ownership, as well as various compliance criteria.

The economy is at the bottom of the cycle. Is now a good time to be investing in growth?

We believe our criteria should be agnostic to cycle – the financial and strategic rationale should be consistent no matter how the economy is trending. Having said that, most people would consider that we are more likely to be able to get good value at a low market point. When we model potential targets or growth initiatives, we project economic trends through multiple years, so these movements are fully understood.

How do you prioritise organic vs M&A growth?

This is an important consideration. Organic is usually our default as risks tend to be lower. M&A is considered where we see an opportunity to create value rapidly and more effectively than organic growth initiatives alone.

What are the main types of businesses you're interested in?

Typically, these are New Zealand based, although we would also consider Australia once we have exhausted New Zealand opportunities. Ideally, they have a commonality of customer base with our existing business, have good industry structures, can fit within our existing business ownership and are logical extensions or deepening of existing positions. We also consider the risks and value we can create through our ownership and whether the business is in a growth segment of the market.

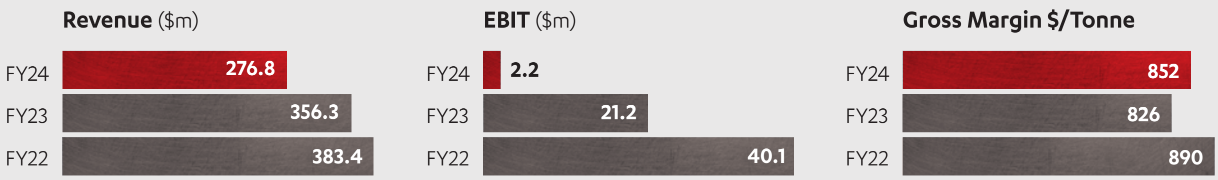
James Campbell, Marc Hainen, Rosey Addenbrooke, Brendan Smith

Our Businesses

Steel & Tube operates under two divisions, each of which comprises high quality brands, products and services.

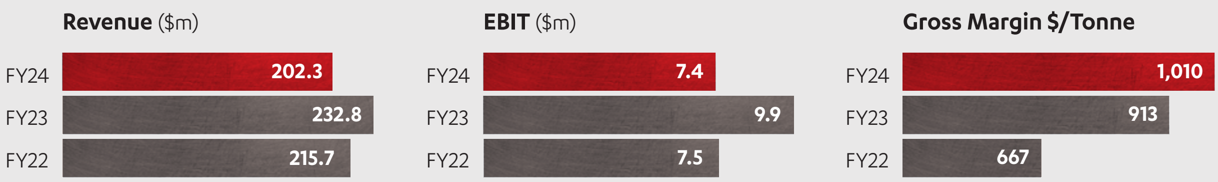
Distribution Carbon steel / Stainless steel / Fasteners / Aluminium

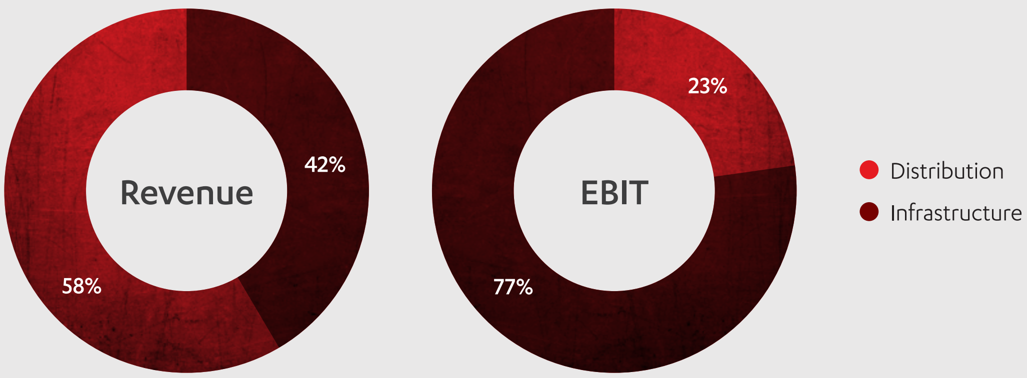
Products sourced from preferred steel mills and distributed through our national network



Infrastructure Rollforming / ComFlor/CFDL / Reinforcing & Wire Products

Processed before sale, typically on a contract or project basis, including onsite installation service





Total Group Revenue $479.1m

Total Group EBIT $9.6m

Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments and unusual transactions. See reconciliation and more details on page 44.

Distribution

> The team has focussed on controlling the controllables, with average selling price holding steady despite market contraction, competition and pricing volatility.

Daryll Maiden | Acting GM Distribution

Our Distribution business is high volume, lower margin. We source products in bulk from preferred steel mills and suppliers, and then distribute in smaller quantities to more than 14,000 active customers through our national network.

The challenging economic headwinds seen in 2H23 gained further momentum in FY24. Demand softened across all sectors, particularly in construction, as well as engineering and manufacturing.

The team has focussed on controlling the controllables, with average selling price holding steady despite market contraction, competition and pricing volatility. Margin dollars per tonne have also remained constant due to a higher value mix of products and pricing disciplines.

Growth investments into new products and businesses are performing well, with purchases often made by existing customers. Where possible, we utilise our existing operating platform, often optimising spare capacity, resource and expertise. Our latest investment into the expansion of our specialised steel delivery fleet demonstrates our focus on customers, providing us with greater control over the final delivery of product to our customers.

+ The demand for aluminium continues to increase and Steel & Tube's market share has grown strongly in just 15 months. We are continuing to expand the range with new products expected to support further growth in this high margin category
+ Kiwi Pipe & Fittings (fire reticulation) is performing strongly, with increased market share and an expanded national presence which leverages our national network
+ Plate processing volumes have grown as has market share, although competition has increased in the commodity sector of the market. Steel & Tube is differentiating itself through its high quality service offer. New equipment was commissioned in Christchurch in April 2024 and is off to a good start
+ Demand for stainless steel and engineering steel has been maintained despite the softer market
+ Our Project Strong investment in palletised warehousing is nearing completion, and is increasing our capacity for high value, high demand products

Infrastructure

"Our ability to provide customers with a one stop shop for all their steel requirements allows for better management, quality control and customer outcomes."

Reinforcing

Peter Ensor | GM Reinforcing and Major Projects

The reinforcing business supplies reinforcing steel, mesh and ComFlor (a composite steel decking product). CFDL is the home of ComFlor composite steel decking, providing sales, technical advice and specialised installation services.

The slowdown in the economy in addition to the election of a new Government in late 2023, has had a direct impact on investment in central and local infrastructure over the last year. Higher interest rates are also leading to less commercial and residential development activity.

Our team has been focussed on building our customer share of wallet. Reinforcing is installed at the start of a project, providing the opportunity to encourage providers to use Steel & Tube products throughout the build process. Our ability to provide customers with a one-stop-shop for all their steel requirements allows for better management, quality control and customer outcomes.

A new Major Projects team structure has been introduced to manage the process and support relationships with these important customers.

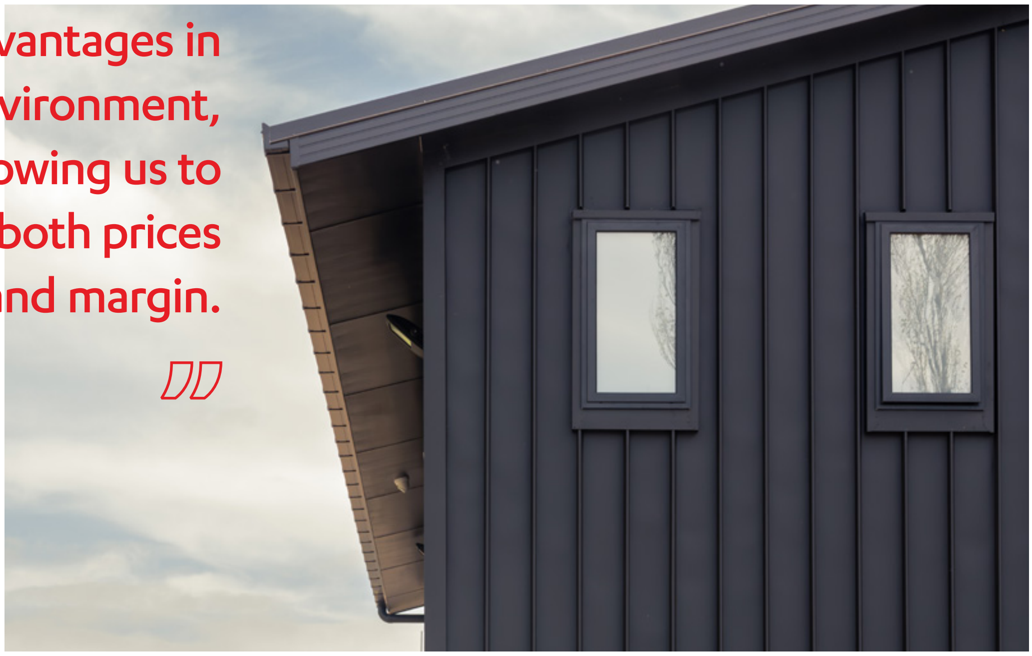
We have also continued to invest in our business. The Wellington fabrication facility has been expanded with new equipment to meet growing demand in the lower North Island. By prefabricating reinforcing at our sites, we can lower costs, improve safety and quality outcomes, and speed up the overall construction process. We also invested in a new threading machine in Auckland, which allows us to prefabricate threaded bars before installation, delivering cost savings and reducing waste.

Bringing the best in fire safety

When Pacific Building Services (PBS) was contracted to supply and install fire services for a vast 10,000m² warehouse complex at 69 Mclaughlins Rd, Auckland, they sought a partner as reliable and sturdy as the structure they were working on.

Kiwi Pipe & Fittings was the natural choice. With a tight timeframe and budget, our team worked in tandem with PBS Project Managers to deliver an efficient and cost-effective solution. Approximately 3km of sprinkler pipe, in various sizes, was able to be meticulously installed, along with a complement of fittings, valves, pipe supports, and sprinklers themselves. The result is two state-of-the-art warehouses, shielded by a fire protection system that stands as a beacon of safety and our shared dedication to excellence.

> Our expertise and focus on quality service are valuable advantages in this environment, allowing us to manage both prices and margin.



Rollforming

Peter Reiber | GM Rollforming

The rollforming business comprises roofing, coil and purlins, and the manufacture of ComFlor composite steel decking which is sold through Steel & Tube's CFDL business.

It was a positive although challenging year for the rollforming business with Steel & Tube holding market share in a very competitive market. Our expertise and focus on quality service are valuable advantages in this environment, allowing us to manage both prices and margin. Further improvements have been made to the customer service team, sales competencies and processes to ensure we continue to offer the best possible experience. We have seen good customer growth, including a number of larger organisations choosing to use Steel & Tube ahead of other suppliers.

We are investing in new manufacturing equipment that offers greater flexibility, reliability and efficiency, and allows us to bring new products to market.

As one of the last products to be installed in a building project, roofing performed strongly during the year as construction projects that began earlier in the cycle came to completion. However, weaker activity in both the residential and commercial sectors since early in the 2024 calendar year, will result in a softer pipeline of forward work. New roofing profiles are being introduced, as well as a focus on Warm Roof product, which add more high end and unique products to the range. We were also pleased to continue our partnership with Kāinga Ora, securing a new contract for roof replacement as part of maintaining their current housing stock.

Coil, purlins and sheet sales operated within challenging market conditions and experienced a drop in volume compared to FY23. The commercial project space has faced project deferrals and delays and remains competitive. A new purlins machine will be commissioned in FY25, which will increase capacity and flexibility.

The team is continuing to focus on internal processes and resourcing and is well prepared for demand when activity levels improve.

From the Ground Up

The Waikato Regional Theatre represents an arts-led urban regeneration project for Hamilton that will reconnect the city with the Waikato River. Architecturally designed by Jasmax, this centre for the arts will encourage creative innovation by accommodating a wide range of activities and events. Steel & Tube has been involved across the construction of the theatre, working with partners and contractors to supply quality steel products from the ground up.

Helping to ensure the resilience and safety of the theatre is KOROK® Building Systems NZ, a leading manufacturer of high-performance fire and acoustic rated wall systems. KOROK partners with Steel & Tube for their high-quality steel products, integrating these into their system offerings to the market. Steel & Tube's reliable quality supply chain and exceptional service ensure that KOROK manufactures and delivers to meet the stringent fire and acoustic performance their clients require.

What Matters

Our goal is clear: to maximise steel's contribution to a sustainable and low emissions society, whilst continuing to grow our business and deliver value to our shareholders.

We recognise that our achievements extend beyond financial performance alone. Our aim is to operate our business in a way that is positive for our people, our customers and our planet while being financially rewarding for our shareholders.

We have a values driven culture which provides the foundation for how we operate our business, manage risk, generate value and deliver on our ESG goals. While we had an increased focus on environmental sustainability this year, due to the introduction of the Aotearoa New Zealand Climate Standards, we have also continued to support our people and build a sustainable business.

Our actions are focussed around our four pillars, shown below. You can read more on our actions in each of these areas on the following pages, as well as in our Governance Report on pages 32 to 43.

CUSTOMER FIRST	CREATING A SUCCESSFUL & RESILIENT BUSINESS	COMMITTED TO HEALTH, SAFETY, QUALITY & ENVIRONMENT	A WINNING TEAM & POSITIVE COMMUNITY IMPACT
Providing a one stop shop for the most essential steel products, and making it easier for our customers to do business with us	Always looking for ways to work smarter, and using technology and great thinking to pull it all together and enable a better business	Operating at the highest levels to de-risk our business	Building one great team across Steel & Tube
+ Customer satisfaction and service	+ Resilient supply chain + Digital innovation + Financial performance + Corporate governance	+ Health & Safety + Climate change, emissions and environment + Product life cycle and circularity	+ Human capital management + Culture and wellbeing + Diversity, equity and inclusion + Community engagement

Customer First

Providing a one stop shop for the most essential steel products, and making it easier for our customers to do business with us

Customer satisfaction and service

Making life easier for our customers is embedded in all we do across the business, from how they communicate and transact with our teams to the delivery of products.

Over the past year, we have worked to create a quality, seamless experience for customers when they interact with Steel & Tube. We have introduced specialised sales teams, continued to enhance our online channels and recently expanded our 'last-mile' truck fleet.

To assist our large customers further, we have introduced a new role of GM Major Projects, to oversee large projects from tender to completion. As companies become more selective with their investments, a strong track record of successful project completion becomes even more critical. Our increased focus ensures we are well positioned to capture attractive projects.

We use technology and data insights to gain a clear understanding of our customers and enhance their experience, from supply chain management to pricing and inventory control. Technology is also helping reduce our cost to serve.

With the introduction of new higher value products and services, we have focussed our efforts on increasing our share of wallet from existing customers, providing them with more of their steel and metal needs.

In a competitive market environment, we know that if we provide great service and quality products, we will build scale. Our sales team of more than 100 people across our business are working hard to build relationships and maximise what our customers buy from Steel & Tube.

FY24 Highlights

+ Expanded reinforcing fabrication facility in Wellington to meet the growing customer base in the lower North Island
+ Introduction of new brands, products and services including in freight, roofing, aluminium, road barriers and seismic systems
+ Digital CAD modelling continues to provide customers with efficiency and value creation
+ Invested in new equipment to add value and provide further options for customers, such as plate processing
+ Expert Customer Excellence (CX) team providing advice and ensuring seamless order processing and delivery. New structure introduced in FY24 to provide greater engagement with key accounts
+ Invested in training and increased sales competency and disciplines to allow for better engagement with customers
+ Good customer growth with large organisations increasingly using Steel & Tube ahead of other providers
+ Continued to enhance the Webshop with new tools such as order tracking

Creating a Successful and Resilient Business

Always looking for ways to work smarter, and using technology and great thinking to pull it all together and enable a better business

Resilient Supply Chain

We continually look at how we can source, transport, store and deliver steel products more effectively. With the slowdown in demand in FY24, we revisited our cost and capacity and managed inventory to match market activity.

Shipping steel from international steel mills is a vital part of our supply chain. We changed to a new international freight forwarder from 1 July 2023, which has enabled better stock control, cost efficiencies and traceability.

A major initiative in FY24 was Project Strong – a substantial investment to significantly increase our palletised capacity and improve efficiencies and customer service. This has also allowed us to further optimise our last-mile deliveries across different product streams and consolidate line haul costs which assists in reducing carbon emissions.

The focus on last-mile was also seen in the recent acquisition of Roadex assets, expanding our specialist steel freight fleet. Freight services is an important part of our service proposition and drivers are a key interface with our customers. We have identified further opportunities to improve our freight and route optimisation within our network.

Digital Innovation

Technology is a key enabler for our business, providing data, insights and management tools to help us run our business more effectively, as well as improving our customer experience and enhancing safety and quality.

In FY24, we completed an initial rollout of a new Warehouse Management System and we are also using technology to assist with inventory management, freight planning and network design.

We are using Artificial Intelligence (AI) in various parts of the business and looking at how we can further use AI tools to help us do business better and smarter, particularly for tasks that are labour or time intensive. For example, using image recognition, warehouse staff can take a picture of a rack of products and AI can calculate how many items there are. This eliminates manual counting and saves valuable time.

With the acquisition of Roadex assets, we will be investigating technology to provide additional benefits for our customers, which will further differentiate our offer.

Our ecommerce platform remains an important channel for customers who want to do business online and at times that suit them. Around 320 customers log in every day to research and order products, see when an item is dispatched, view quotes and check on invoices.

Our digital platform also supports our team, with our online training modules and wellbeing programme continuing to be popular. Health, safety, quality and sustainability performance is also enhanced by our ability to capture data and use the insights to drive improvements across our business.

Te Matapihi Central Library

The $189m Te Matapihi Central library refurbishment is well on track after construction commenced in December 2022 to remediate the building to the highest standard. Working with LT McGuinness, Steel & Tube has provided 1,400 tonnes of reinforcing steel and supplied approx. 1,430m² of ComFlor composite steel decking, helping create a safe, resilient and future-proofed library for the generations to come.

Committed to Health, Safety, Quality and Environment

Operating at the highest levels to de-risk our business

Health and Safety

Health, safety and wellbeing is embedded into our culture and our values. We are committed to ensuring our people go home safe, every day and empower every team member to contribute to a safe workplace and uphold high safety standards. Our safety performance has significantly improved over the past seven years, culminating in no employee medical treatment injuries or employee lost time injuries in the last year, a record for the company.

To achieve this, we have established comprehensive safety programmes, fostered a culture of safety through open communication and adhere to stringent equipment and machinery safety standards. This year, we have introduced additional safety protocols for team members working around machinery and carried out training on these and other safety protocols across the business. We have also expanded CCTV coverage at key sites and installed new cameras and monitoring software. Over the next year, we will be conducting a pilot using AI alongside our CCTV network to better understand and improve the safety of work being performed.

We believe in harnessing the power of our people and have a number of tools which foster a culture of transparency and safety awareness and create a platform for continuous improvement. Our people are engaged with our safety programme and are important contributors to keeping our whole team safe and well.

We operate under a comprehensive Integrated Management System that is certified to international standards in quality, occupational health and safety and environment. This triple ISO certification demonstrates our commitment to these priority areas and ensures a robust approach to risk management.

Steel & Tube took a lead role in establishing the Steel Construction New Zealand health and safety forum and we continue to share learnings with others in our sector, to make the industry a safer place to work.

Climate change, emissions and environment

Steel & Tube is well positioned to respond to a low emission future and we are supportive of New Zealand's net-zero ambitions by 2050. We are focussed on those things that we can control, from the transport emissions of our fleet to energy use and the reduction of waste produced during manufacturing in our plants.

The transition to a lower emissions economy brings both risks and opportunities for Steel & Tube. For instance, the growing interest in renewable energy projects, such as wind farms and solar, aligns with Steel & Tube's proven expertise in this area.

We are mindful of the greenhouse gas emitted during steel's production and while we are closely monitoring new technologies to decarbonise steel, we are conscious these are still in the very early stages.

By taking proactive measures, we can contribute to a more sustainable future for all. This approach is reflected in the work we have done this year to strengthen our core with our business not only being more cost efficient but also more carbon efficient.

Product life cycle and circularity

One of Steel & Tube's strengths is the quality and durability of our products. We source our steel from independently audited and verified steel mills and have a rigorous testing and compliance programme. We continue to engage with our supply chain on climate impact, improving the capture of the embodied carbon in cradle to gate emissions. Our IANZ-accredited reinforcing steel testing laboratory adheres to international standards, certifying that our products comply with the New Zealand reinforcing steel standard. This IANZ certification underscores our competence and ability to produce valid results, instilling confidence in our work.

Steel is one of the world's most essential and sustainable building products – permanent, forever reusable and the most recycled substance on the planet. On a cradle to cradle basis, steel's environmental performance compares favourably to other materials such as timber.

Extending the life of a structure enables more value to be extracted from the resources invested to build, operate and maintain it. Steel's thermal mass properties keep buildings cooler in summer and warmer in winter, reducing the reliance on air conditioning and heating.

In New Zealand, it is estimated that around 85% of steel from demolition sites is returned to steel mills for recycling. New Zealand Steel's new electric arc furnace (EAF), which is expected to be commissioned in 2026, will increase the amount of scrap metal that can be recycled into steel in New Zealand, and will use renewable energy. This will provide businesses such as Steel & Tube with locally made, low carbon steel.

A Winning Team and Positive Community Impact

Building one great team across Steel & Tube

Our People

Across the last year, in collaboration with our team, we have refreshed our purpose and values. These provide our people with a sense of belonging, encourage behaviour that benefits our team and our business and have become a guiding point for decision making. The strong engagement of our team members is reflected in high engagement scores, which are close to industry leading.

We continue to attract high quality talent and were pleased to report increased employee retention at all levels of the business.

This year, we have placed a considerable focus on helping our leaders become more connected to our strategy – our Leaders Forum was an investment in equipping our leaders to better understand our direction, lead their own teams, and create stronger networks across the country.

We are conscious of cost of living pressures on our people and have initiatives to support them, including on-site breakfast food, financial advisory and coaching services, access to a range of discounts on household items, and Steel & Tube's Back to School fund to support families.

Our wellness modules remain a popular part of our online training platform and we also offer free coaching services through MyCoach which are focussed on overall wellbeing. These cover topics ranging from sleep to nutrition and budgeting.

Our Diversity & Inclusion team leads the way in creating awareness campaigns across the country on matters important to our people, with everything from Mental Health awareness, Movember and Breast Cancer awareness to Pink Shirt Day, International Women's Day and Diwali. We have a vibrant culture which is now recognised and fostered as a core strength of Steel & Tube.

Community Engagement

We contribute to our communities with the provision of jobs and employment opportunities for younger people through our cadetships, and support for a range of government and not-for-profit organisational initiatives to increase employment for disadvantaged youth. This has involved hosting a number of site tours with school leavers and unemployed job seekers to create awareness about opportunities in construction and related industries. We also provide educational support for families of our team members through the First Foundation and our own Steel & Tube scholarships for tertiary education.

Steel & Tube's employee-led Kāpuia team continues to shape our commitment to Māori, both for our people and within the wider community. The advisory team has been instrumental in leading the opening of Steel & Tube's Hamilton site with appropriate blessings and connections to local hapu and iwi, creating a tradition of company-wide Matariki shared lunches, and sponsoring the Annual Turangawaewae Marae Junior Waka Ama regatta. A two day strategy session at Kiwi House in Otorohanga, led by the team and supported by management, also cemented a longer term plan for Māori development priorities at Steel & Tube.

The Board

Steel & Tube's board comprises six independent directors, all of whom have significant relevant industry and market experience, skills and expertise that are of value to the company. The board is committed to the highest standards of corporate governance and ethical behaviour. This is achieved through robust governance policies, practices and processes to ensure a culture that is open, transparent and focussed on adding value for our stakeholders. This year's Corporate Governance report can be read on pages 32 to 43.

Susan Paterson

Appointed 16 January 2017

Chair and Independent Director

ONZM, CFINSTD, MBA (LDN), BPHARM

Susan was appointed Chair in Feb 2017. A professional director since 1996 Susan became an Officer of the Order of New Zealand (ONZM) in 2015 for her services to corporate governance. Having trained and practiced as a pharmacist, Susan completed her MBA at London Business School, then worked in strategy and IT consulting and management roles in New Zealand, Europe and USA. She worked in the steel sector at Fletcher Challenge and was General Manager of Wiremakers.

Andrew Flavell

Appointed 1 October 2021

Independent Director

NZCE, BE (HONS), ME, DR. ENG

Dr. Flavell has extensive international experience in the information technology space. This includes leading large teams, driving digital transformations, delivering compelling consumer experiences, personalization and loyalty, privacy and security, and AI and machine learning. In the roles he has held over the past 30 years he has also contributed significantly to risk management and governance in the application of digital technologies.

Steve Reindler

Appointed 28 August 2017

Independent Director

BE MECH (HONS), AMP, FIPENZ, CFINSTD

Steve is an engineer with a background in large-scale infrastructure and heavy industry manufacturing. He has held senior management roles at Auckland International Airport, NZ Steel and BHP Steel. Steve was inaugural chairman of the Chartered Professional Engineers Council and a President of the New Zealand Institution of Professional Engineers.

Chris Ellis

Appointed 29 September 2017

Independent Director

BE, MS, CMINSTD

Chris' background spans the manufacturing, heavy construction and engineering sectors. He qualified with a civil engineering degree from the University of Canterbury, a Master of Science in civil engineering from Stanford University and more recently a senior executive program at Wharton Business School. He is an experienced, strategy-focussed director with an extensive career in the Australasian building industry. He has held CEO roles with Brightwater Group and at Fletcher Building where he was Chief Executive of the Building Products Division.

Karen Jordan

Appointed 10 December 2020

Independent Director

BSOCSC, FCMA, CFINSTD

Karen is experienced across private, public and not-for-profit sectors. She is a Chartered Fellow of both the IOD NZ and of CIMA. Karen has over 20 years' corporate experience in FTSE listed energy companies in the UK energy infrastructure sector. She is currently a director on the Board of Lyttelton Port Company and an Independent Member of the NZDF Risk & Assurance Committee.

John Beveridge

Appointed 14 August 2019

Independent Director

BA, POST GRAD BUSINESS DIPLOMA, CMINSTD

John has held a range of senior executive roles across a variety of sectors including building and industrial materials manufacturing, distribution, finance and consumer goods. John was most recently the Chief Executive for the building trade materials supplier, Placemakers, and previously held leadership roles at Godfrey Hirst, Lion Nathan and Barclays Bank PLC. He has an economics degree from Otago University, Post Graduate Marketing Diploma from Auckland University and has completed the Senior Executive program at Columbia University, New York.

Profiles on each director can be viewed on our website at www.steelandtube.co.nz/corporate/board

Leadership Team

Steel & Tube's leadership team is comprised of individuals who are experts in their area and have a proven ability to lead successful teams.

Peter Ensor

GM Reinforcing and Major Projects

BE CIVIL (HONS)

Peter joined Steel & Tube in 2021. He brings extensive construction experience with over 20 years' in the industry. Peter brings to Steel & Tube a successful track record of leading and building teams with a focus of health & safety, quality, financial management and customer engagement. Peter is now Chair of the Concrete NZ – Reinforcing Processor's Stakeholder Group.

Anna Morris

GM People and Culture

LLB, BA

Anna joined Steel & Tube in 2019. She is an experienced executive with a background in human resources, law and corporate services. Anna has worked extensively in the construction and building industry, with her previous role being Head of People & Performance at Fletcher Construction Company Ltd.

Sam Reindler

GM Logistics & Distribution Centres

BE MECH (HONS)

Sam started working with Steel & Tube in January 2022 as the National Commercial Manager for Reinforcing. He brings extensive engineering and construction, operational and commercial experience from companies such as KiwiRail, Transport for London, Auckland Transport and Waste Management.

Peter Reiber

GM Rollforming

NZCE, MECHANICAL

Peter re-joined the Steel & Tube team in 2022, building on over 20 years of industry and senior management experience. With a specialisation in process improvement, leadership and business development for manufacturing and technology-driven companies, Peter brings a wealth of knowledge and expertise to the role.

Mark Malpass

Chief Executive Officer

MBA, BE (HONS), NZCE

Mark has had significant executive and governance experience both in NZ and overseas. He worked with ExxonMobil Corporation for over 19 years, previously Managing Director of Mobil Oil NZ, and was Chief Executive of Fletcher Building's largest division, Infrastructure Products. Mark was appointed Chief Executive in February 2018, after initially being appointed an Independent Director in March 2017 and then stepping down to take on the interim CEO role in September 2017.

Damian Miller

GM Quality, Health, Safety and Environment

BN

Damian has over 30 years' international experience in Operations Management, Quality, Health, Safety & Environment, QA/QC, oil & gas and the steel industry.
He has held various Operations & Executive Management positions in the US, Asia, Africa and Latin America.

Richard Smyth

Chief Financial Officer

BCOM, FCA

Richard joined the company in 2021. A Fellow Chartered Accountant, Richard has financial and senior level leadership experience across the entertainment and energy sectors. He commenced his career within PwC's audit team, working both in New Zealand and overseas. His most recent role was Deputy Chief Financial Officer at SkyCity. Richard is a board member of the New Zealand Accounting Standards Board.

Raffaella del Prete

Chief Digital Officer

BSENG, MSCENG, MRES

Raffaella joined the Steel & Tube team in December 2023, and brings over 20 years of IT experience to the Chief Digital Officer role. She has worked in the UK, France and New Zealand with global businesses such as Vodafone, AIA, BP and Fonterra, giving her exposure to a diverse range of businesses and technologies. Her experience in leading digital transformations along with sustainable technologies experience is an valued addition to the Steel & Tube team.

Marc Hainen

GM Strategic Growth

BBS, PGDIPBUS

Marc joined the company in 2017. He brings significant experience in the steel and construction industry in New Zealand. Marc has a strong background in sales and marketing management, operations and manufacturing as well as logistics and supply chain. He has held a variety of management and leadership roles in New Zealand, Australia and the UK, including multiple roles leading a variety of divisions within Fletcher Building Limited.

Daryll Maiden

Acting GM Distribution

Daryll has more than 25 years' industry experience and a wealth of indepth knowledge across steel and allied products. He joined Steel & Tube in 2014 through the acquisition of Tata Steel, and has held numerous branch, regional and national leadership roles, most recently as National Sales & Operations Manager Distribution. He took on the Acting GM Distribution role in May 2024.

Profiles on each team member can be viewed on our website at www.steelandtube.co.nz/corporate/senior-management

Governance

Corporate governance at Steel & Tube is predicated on high standards of ethics and performance and is achieved through robust governance policies, practices and processes to ensure a culture that is open, transparent and focussed on adding value for our stakeholders.

The board regularly reviews Steel & Tube's governance structures and processes to identify opportunities for enhancement, ensure they are consistent with best practice and reflect Steel & Tube's operations.

The board believes that the company's corporate governance framework materially complies with the NZX Corporate Governance Code dated 1 April 2023 (the Code). A summary of Steel & Tube's governance actions and performance against each of the Principles in the Code is detailed on the following pages.

The information in this report is current as at 23 August 2024 and has been approved by the board of Steel & Tube.

1. Ethical Standards

1.1 Code of Ethics

We expect our directors and team members to act with integrity and professionalism and undertake their duties in the best interests of the company, taking into account the interest of shareholders and other stakeholders. The board has adopted a Code of Ethics, which is available on the company website and staff intranet. Steel & Tube's policies also include detailed standards of integrity, conduct and behaviour required of all employees. This forms part of the new employee induction programme.

We encourage employees to speak out if they have concerns. The avenues for doing so are detailed in the company's Whistleblower Policy which is on the company website.

1.2 Insider Trading Policy

Steel & Tube has an Insider Trading Policy which, along with the Financial Markets Conduct Act 2013, imposes limitations and requirements on directors and employees in dealing in the company's shares. These limitations prohibit dealing in shares while in possession of inside information and impose requirements for seeking consent to trade.

While there is no formal requirement to do so, all directors hold shares in the company either directly or through affiliates.

Details of directors' share dealings are set out on page 90 of this report.

2. Board Composition and Performance

2.1 Board Charter

The roles and responsibilities of the board are detailed in the Board Charter, which is reviewed at least every three years and is available on the company website. The board's primary objective is to enhance shareholder value and protect the interests of other stakeholders by improving corporate performance and accountability.

The board has delegated authority for the day to day management of the business to the CEO and the wider senior management team with specified financial and non-financial limits. A formal Delegated Authorities Policy documents delegated authorities and is reviewed annually by the board.

2.2 Nomination and Appointment of Directors

Membership, rotation and retirement of directors is determined in accordance with the company constitution and NZX Listing Rules.

The Nominations Committee has delegated responsibility from the board to make recommendations on board composition and nominations, subject to the company constitution.

Directors will retire and may stand for re-election by shareholders at least every three years, in accordance with the NZX Listing Rules. A director appointed since the previous Annual Shareholders' Meeting holds office only until the next Annual Shareholders' Meeting but is eligible for election at that meeting.

Shareholders may also nominate candidates for election to the board. The board asks for director nominations each year prior to the Annual Shareholders' Meeting, in accordance with the company constitution and the NZX Listing Rules.

The board has developed a skills matrix and takes into account a number of factors including qualifications, experience and skills when making directorship recommendations to the shareholders. The collective capability of the current board is assessed against these requirements and the search then focuses on finding a board member who will best complement the current mix of capabilities on the board.

Key information is provided to shareholders when a director stands for election or re-election.

2.3 Written Agreements

The company has written agreements with each director, outlining the terms of their appointment. The board is satisfied that each director has the necessary time available to devote to the position, broadens the board's expertise and has the competencies to ensure the effective functioning of the board.

The company has arranged a policy of directors' and officers' liability insurance. This policy covers the directors and officers so that any monetary loss suffered by them, as a result of actions undertaken by them as directors or officers, is insured to specified limits (and subject to legal requirements and/or restrictions).

2.4 Director Information

As at the date of this report, the board comprises six independent directors, who have significant relevant industry and market experience, skills and expertise that are of value to the company.

The board considers director succession on a regular basis, considering such things as tenure, experience and director workload.

Profiles of directors are available on the company website and are included in the Annual Report. Directors' interests are disclosed on page 89 of the Annual Report.

The board believes that the current directors offer valuable and complementary skill sets. Importantly, the majority of Steel & Tube's directors have either worked in or held governance positions within the sector.

Skills Matrix

Director Expertise	High	Moderate
Governance	● ● ●	● ●
Commercial	● ● ● ●	● ●
Financial Acumen (F&A)	● ●	● ● ● ●
M&A	●	● ● ● ●
Quality, Health, Safety, Environmental and Training	● ● ●	● ●
Business Turnaround	● ● ●	● ● ●
Steel Industry	● ●	● ●
Manufacturing	● ● ●	●
Construction/Infrastructure	● ● ●	●
Logistics, Supply Chain & Procurement	● ●	● ● ● ●
Sales Marketing and Brand	● ●	● ●
Digital Technology and Change	●	● ● ●
People, Culture and Employee Relations	● ● ● ●	● ●

2.5 Diversity

Equality and diversity are cornerstones of our organisational culture. We believe that diversity at Steel & Tube is integral to creating a collaborative workplace culture, competitive advantage and ultimately, sustainable business success. Diversity provides us with a broad range of perspectives and experience that enhance the quality and depth of our decision-making and helps create a united team approach across all levels of our organisation.

The board encourages diversity and will not knowingly participate in business situations where Steel & Tube could be complicit in human rights and labour standard abuses. Our approach to diversity is outlined in the Diversity and Inclusion Policy, which is available on the company website.

Measurable objectives form part of the People & Culture plan each year and they are agreed and approved by the board. A number of initiatives are in place to support diversity and achievement of Steel & Tube's diversity and inclusion objectives. The board believes the principles in the policy were adhered to in FY24.

Key areas of focus are:

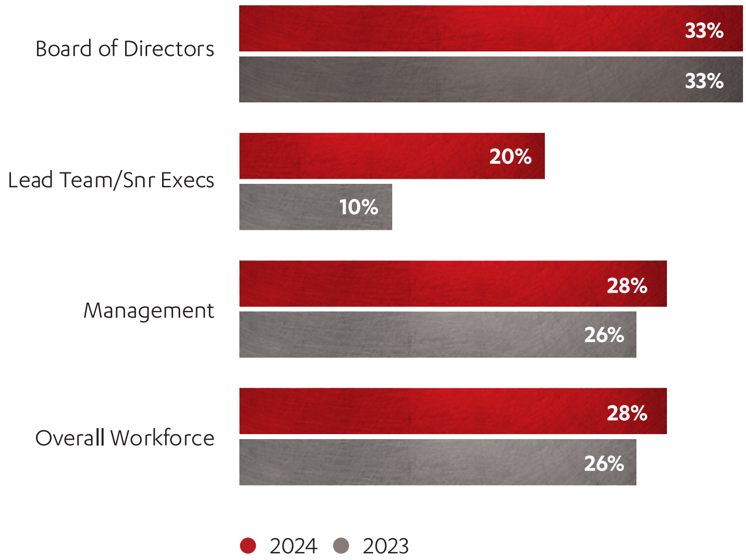
- Recruitment and retention of a diverse workforce
- Fair and consistent reward and recognition
- Flexible working arrangements
- Employee engagement
- Agreed standards of conduct and behaviour

Steel & Tube has a diverse workforce, representing 32 different ethnicities. English is a second language for many Steel & Tube team members. To create a safe and supportive working environment Steel & Tube translates documentation into different languages and provides safety training which also helps improve numeracy and literacy levels.

The officers of the company (as defined by the NZX Listing Rules for the purposes of diversity reporting) are the CEO and specific direct reports of the CEO having key functional responsibility, namely the CFO. As at 30 June 2024, females represented 25% of Directors and Officers of the Company (FY23: 25%).

As at 30 June	FY24 Female	FY24 Male	FY23 Female	FY23 Male
Directors	2	4	2	4
Officers	-	2	-	2

Female representation at Steel & Tube



2.6 Director Training and Education

Directors are encouraged to undertake appropriate training and education to ensure they remain current on how to best perform their duties. In addition, management provides regular updates on relevant industry and company issues, including briefings from senior executives. All directors are current members of New Zealand Institute of Directors.

All directors have access to executives to discuss issues or obtain information on specific areas in relation to matters to be discussed at board meetings, or other areas as they consider appropriate. The board committees and directors, subject to the approval of the board chair, have the right to seek independent professional advice at the company's expense, to enable them to carry out their responsibilities.

2.7 Board Performance and Review

The board monitors its own performance annually and from time to time commissions external reviews to assess the performance of individual directors and the board's effectiveness. An external review was last conducted in calendar year 2021 and a review is being scheduled for FY25.

2.8 Director Independence

Director independence is determined in accordance with NZX Listing Rules and with regard to the factors described in Table 2.4 of the NZX Corporate Governance Code. The board has determined that all current directors are independent and have no disqualifying relationships.

Directors are required to notify the company of any interests they have that could impact an assessment of their independence or their ability to act in the best interests of Steel & Tube. Steel & Tube has processes in place to manage any conflicts of interest with directors.

2.9 Independent Chair

Steel & Tube's chair is required to be an independent director and is elected by the directors. Susan Paterson was appointed as chair in January 2017 and is deemed to be independent.

2.10 Separation of the role of Chair and CEO

The board supports the separation of the roles of chair and CEO. Steel & Tube's CEO, Mark Malpass is not a director on the Steel & Tube board.

3. Board Committees

The board has established several standing committees, each of which has a board-approved written charter summarising the role, responsibilities, delegations and membership requirements.

Board committees assist the board by focussing on specific responsibilities in greater detail than is possible in board meetings. However, the board retains ultimate responsibility for the functions of its committees and determines their responsibilities. The board appoints the members and chair of each committee, with the committee chair reporting committee recommendations to the board.

The board regularly reviews the charters of each board committee, the committees' performance against those charters and membership of each committee.

The board believes that committee charters, committee membership and roles of committee members comply with recommendations in the Code.

Current membership of each of the board committees at 30 June 2024 is set out below.

Committee	Role	Members
Audit & Risk	Assist the board in its oversight of the integrity of financial reporting, financial management and controls, external audit quality and independence, and the risk management framework	Karen Jordan (chair) Steve Reindler John Beveridge Andrew Flavell
People & Culture	Assist the board to establish and maintain a strong governance framework overseeing the management of the company's people, remuneration and diversity policies	Steve Reindler (Chair) Susan Paterson Chris Ellis
Nomination	Assist the board in ensuring appropriate board performance and composition and in appointing directors	Susan Paterson (Chair) Steve Reindler Chris Ellis John Beveridge Karen Jordan Andrew Flavell
Quality, Health, Safety, Environment and Training	Assist the board to meet its responsibilities in relation to the company's Quality, Health and Safety (H&S) and Environment policies, procedures, and legislative compliance	Chris Ellis (chair) John Beveridge Karen Jordan

The table below sets out committee member and director attendance at board and committee meetings during FY24. Board meetings are scheduled throughout the year, with other meetings to deal with certain matters arising from time to time being held when necessary.

Board/Committee	Board	Audit & Risk	People & Culture	Nomination	QHSET
Total Number of Meetings	10	4	2	1	4
Susan Paterson	10	3	2	1	4
Steve Reindler	10	4	2	1	-
Chris Ellis	10	-	2	1	4
John Beveridge	10	4	-	1	4
Karen Jordan	10	4	-	1	2
Andrew Flavell	10	4	-	1	-

3.1 Audit & Risk Committee

The board has an Audit & Risk committee which acts as a delegate of the board on financial reporting, internal control and risk management issues. There are a minimum of three members, who are all independent directors.
The committee is currently made up of four independent directors. The chair of the committee, Karen Jordan, is not the chair of the board, is independent and has significant accounting and financial expertise. The remaining committee members have a range of qualifications and are all experienced in commercial and operational matters.

The role and responsibilities of the committee are detailed in a written charter which is available on Steel & Tube's website.

3.2 Management attendance at Audit & Risk Committee meetings

Management attendance at committee meetings is by invitation only.

3.3 People & Culture Committee

The People & Culture committee assists the board to establish and maintain a strong governance framework overseeing the management of the company's people, remuneration and diversity policies. All members of the committee are independent directors, and it operates to a written charter which is available on Steel & Tube's website.

3.4 Nomination Committee

The Nomination committee assists the board in ensuring appropriate board performance and composition and in appointing directors. All members of the committee are independent directors, and it operates to a written charter which is available on Steel & Tube's website.

3.5 Quality, Health & Safety, Environment and Training Committee

The Quality, Health & Safety, Environment and Training committee assists the board to meet its responsibilities in relation to the company's Quality, Health and Safety and Environment policies, procedures, and legislative compliance. All members of the committee are independent directors, and it operates to a written charter which is available on Steel & Tube's website.

Other Board Committees

Special purpose committees may be formed to review and monitor specific projects with senior management.
There were no other board committees formed during FY24.

3.6 Takeover Protocols

In the case of a takeover offer, Steel & Tube would follow its takeover protocols including forming an Independent Takeover committee to oversee disclosure and response and to engage expert legal and financial advisors to provide advice on procedure.

4. Reporting and Disclosure

4.1 Continuous Disclosure Policy

We are committed to keeping investors and the market informed of all material information about the company and its performance, in a timely manner. In addition to all information required by law, we also seek to provide sufficient meaningful information to ensure stakeholders and investors are well informed.

Steel & Tube is committed to providing accurate, timely, consistent and reliable disclosure of information to ensure market participants have fair access to information that may impact on its share price. The company's Continuous Disclosure Policy sets out the principles and requirements of this commitment to timely disclosures.

4.2 Access to Key Governance Policies

Easy access to information about Steel & Tube, including financial and operational information and key corporate governance policies and charters, is available through our company website at www.steelandtube.co.nz.

4.3 Financial Reporting

The board is responsible for ensuring that the financial statements give a true and fair view of the financial position of the company and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates. The board is also responsible for ensuring all relevant financial reporting and accounting standards have been followed.

The Audit & Risk committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews Steel & Tube's full and half year financial statements and makes recommendations to the board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit. All matters required to be addressed, and for which the committee has responsibility, were addressed during the reporting period.

For the financial year ended 30 June 2024, the directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate the compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Chief Executive Officer and Chief Financial Officer have confirmed in writing that Steel & Tube's external financial reports are presented fairly in all material aspects.

4.4 Non-financial Reporting

Steel & Tube has a commitment to ensuring that the company adds value for all its stakeholders, from shareholders to staff and the communities the company operates in, as well as reducing the environmental impact of the company's activities. Steel & Tube believes it is the company's corporate responsibility to ensure the company plays its part in making the world a better place.

We have identified environmental, social and governance (ESG) principles which we believe will enhance Steel & Tube and support our growth. Oversight of ESG is set out in Steel & Tube's Sustainability Policy. Steel & Tube's Group Sustainability Manager leads the company's sustainability practices. Independent director, John Beveridge has been appointed to lead the board in relation to sustainability matters.

Steel & Tube will be reporting for the first time under the Aotearoa New Zealand Climate Standards. Our Climate-related Disclosures will be published as a separate document by 31 October 2024 and will be available at steelandtube.co.nz/sustainability#disclosures.

5. Remuneration

Remuneration of directors and senior executives is the key responsibility of the People & Culture Committee.

The framework for the determination and payment of directors and senior executives' remuneration is set out in Steel & Tube's Remuneration Policy. External advice is sought on a regular basis to ensure remuneration is benchmarked to the market for senior management positions, directors and board committee positions.

Details of director and executive remuneration in FY24 are provided on pages 86 to 88.

5.1 Directors' Remuneration

Shareholders fix the total remuneration available for directors. Approval is sought for any increase in the pool available to pay directors' fees, and any recommendations to shareholders regarding director remuneration are provided for approval in a transparent manner. If independent advice is sought by the board, it will be disclosed to shareholders as part of the approval process.

The last increase in director remuneration was approved by shareholders at the Annual Meeting in September 2022, for a total fee pool of $642,500. Board policy is that no sum is paid to a director upon retirement or cessation of office.

While there is no formal requirement to do so, the directors are expected to hold shares. Currently, all directors hold at least 1000 shares in the company either personally or through affiliates.

Directors' share dealings and interests in the company are detailed on pages 89 to 90.

Remuneration for each board role as at 30 June 2024 is as follows. Specific payments made to each director during FY24, as well as other related information, is set out in the Remuneration Report on page 86.

Chair	$165,000
Director	$87,500
Committee Chair – Audit & Risk, QHSET	$15,000
Committee Chair – People & Culture	$10,000

5.2 and 5.3 Executive and CEO Remuneration

Steel & Tube's executive remuneration policies and practices are designed to attract, retain and motivate high calibre people and create a performance-focussed culture. Details of executive and CEO Remuneration are set out in the Remuneration Report on pages 86 to 88.

6. Risk Management

6.1 Risk Management Framework

Steel & Tube's ability to deliver appropriate returns to its shareholders requires successful execution of business strategy and the elimination, reduction and mitigation of associated risks. We apply effective risk management principles across our Business Units to ensure risk is identified, assessed, categorised and ranked to allow the business to understand its risks.

The board has overall responsibility for the establishment and oversight of the group's risk management framework. The board is responsible for overseeing and monitoring significant business risks and overseeing management's processes to mitigate the identified risks.

Key risks are owned by members of the executive leadership team. This promotes integration into operations and planning and a culture of proactive risk management. Management regularly reports to the board on significant business risks and treatments for those risks. Legislative compliance is monitored across each business unit through Quantate compliance management survey.

The company is exposed to risks from a number of sources, including operational, strategic, economic and financial risks. Steel & Tube's risk management framework incorporates policies, procedures and appropriate internal controls to identify, assess and manage areas of significant business and financial risks.

Key risks are assessed on a risk profile identifying the likelihood of occurrence and potential severity of impact; and are managed with a focus on decreasing the risk likelihood and minimising the risk impact should it occur. Steel & Tube maintains insurance policies that it considers adequate and practicable to meet its insurable risks.

Key risk areas include:

Key Risk	Description	Mitigation
Maintenance of Steel & Tube's values and culture	Deviation from the company's core values and culture could lead to ethical and reputational issues	• Unified purpose focussed on making life easy for customers • Regular communication and reinforcement of the company's values and culture through inductions, training and workshops • Monitoring of employee engagement surveys and controls environment
Strategy execution	Ineffective implementation of strategic initiatives leading to sub-optimal performance and competitive disadvantage	• Clearly defined strategic goals with measurable objectives and key performance indicators (KPIs) • Clear responsibilities and accountability for strategy implementation • Regular progress monitoring and corrective actions to address deviations from the plan
Quality of products	Risks associated with the production and supply of substandard or faulty products, leading to customer dissatisfaction and potential product under-performance and/or legal liabilities	• Robust quality control processes throughout the production chain • Regular product testing to rigorous standards • Independent audits of supplier mills • Internal audits and ISO certification and compliance • Maintaining compliance with industry standards and regulations
Economic environment and trading conditions	Exposure to economic fluctuations impacting demand, pricing, and overall financial performance	• Diversification of product offerings and customer base to reduce dependency on specific sectors • Regular economic analysis and scenario planning to anticipate and respond to market changes • Syndicated bank debt facility • Active financial stewardship

6.2 Quality, Health, Safety and Environment

The board is committed to ensuring a safe and healthy environment for all Steel & Tube people and anyone in the company's workplaces. Ensuring Steel & Tube employees and contractors go home safely every day is our number one priority.

The board is responsible for ensuring that the systems used to identify and manage health and safety risks are fit for purpose, being effectively implemented, regularly reviewed and continuously improved. A mix of lead and lag indicators are reported, and safety performance is tracked to identify patterns to help prevent incidents. Health and safety is reviewed at each board meeting and the chair of the QHSET committee regularly provides updates to the board on committee proceedings.

	2019	2020	2021	2022	2023	2024
Safety TRIFR	1.5	4.9	1.86	1.13	1.14	0.00

Steel & Tube's aim is to be the preferred New Zealand supplier for steel products and solutions and our expert people play an important role in that, sharing their knowledge and experience with customers. Ensuring the quality of Steel & Tube's products remains a critical focus and an extensive Quality Management Programme is in place and overseen by the General Manager Quality, Health, Safety and Environment.

More information on our approach to Quality and Health & Safety is outlined on page 26.

7. Auditors

7.1 External Audit

Steel & Tube's External Auditor Independence Policy outlines our commitment to ensuring audit independence, both in fact and appearance, so that Steel & Tube's external financial reporting is viewed as being highly objective and without bias.

For the year ended 30 June 2024, KPMG was the external auditor of Steel & Tube. KPMG was first appointed as auditor in 2021 for the audit of the year ended 30 June 2022, with the next lead partner rotation due no later than after the completion of the 30 June 2026 audit.

The Audit & Risk Committee monitors the ongoing independence, quality and performance of the external auditors and monitors audit partner rotation. The committee pre-approves any non-audit work undertaken by the external auditors. In FY24, KPMG provided non-audit services relating to pre-assurance of Greenhouse Gas Emission disclosures. The fees paid for audit services in FY24 is identified in Note E4 of the Financial Report.

KPMG has provided the Steel & Tube board with written confirmation that, in their view, they were able to operate independently during the year.

7.2 Attendance at Annual Meeting

It is Steel & Tube's practice that the external auditors attend the Annual Shareholders' Meeting each year and are available to answer questions from shareholders relevant to the audit.

7.3 Internal Audit

Steel & Tube operates an outsourced internal audit function, which reports to and is monitored by the Audit & Risk Committee.

The committee approves the annual internal audit plan, receives internal audit review reports on the adequacy and effectiveness of Steel & Tube's internal controls and monitors the implementation of recommendations arising from the internal auditor's review findings.

During FY24, BDO acted as the company's outsourced internal audit provider.

8. Shareholder Rights and Relations

8.1 Investor website

Easy access to information about the performance of Steel & Tube is available through the Investor Centre on the company's website at www.steelandtube.co.nz/investor-centre.

8.2 Engagement with shareholders

We are committed to open and regular dialogue and engagement with shareholders. Steel & Tube's investor relations programme includes semi-annual post-results briefings with investors, analysts and investor meetings, and earnings announcements. In addition, we release semi-annual Shareholder Newsletters as part of our initiative to keep shareholders informed about the business and the contribution our company makes to New Zealand's economic development and prosperity. The programme is designed to provide shareholders and other market participants the opportunity to obtain information, express views and ask questions.

Shareholders are encouraged to communicate with the company and its share registry electronically. Approximately 66% of Steel & Tube's shareholders have opted for email communications.

We endeavour to make it easy for shareholders to participate in Annual Shareholders' Meetings, which are held in a main centre, streamed live online and recorded and posted on the company website. Shareholders can ask questions and express their views to the board, management and the external auditors at Annual Shareholders' Meetings. In 2023, 12 shareholders attended the meeting in person, with a further 30 shareholders joining online.

In addition to shareholders, Steel & Tube has a wide range of stakeholders and maintains open channels of communication for all audiences, including the investing community and the New Zealand Shareholders' Association, as well as its staff, suppliers and customers.

8.3 Voting on major decisions

The board considers that shareholders should be entitled to vote on decisions that would change the essential nature of Steel & Tube's business. The board adopts the one share, one vote principle, conducting voting at shareholder meetings by poll.

Shareholders are also able to vote by proxy ahead of meetings without having to physically attend those meetings.

8.4 Equity offers

Steel & Tube did not undertake any capital raising during FY24. Should Steel & Tube consider raising additional capital, we will structure the offer having regard to likely levels of shareholder participation and optimising and enhancing the ability to maximise the level of capital raised. The board will look to give all shareholders an opportunity to participate in any capital raising.

8.5 Notice of meeting

We aim to provide at least 20 working days of the notice of the Annual Shareholders Meeting, which is posted on Steel & Tube's website, announced on the NZX and sent to shareholders prior to the meeting each year. This goal was achieved in 2023.

Financial Measures

Non-GAAP Financial Information

Steel & Tube uses several non-GAAP measures when discussing financial performance. These include Normalised EBITDA, Normalised EBIT and Working Capital. Management believes that these measures provide useful information on the underlying performance of Steel & Tube's business. They are used internally to evaluate performance, analyse trends and allocate resources. Non-GAAP financial measures should not be viewed as a substitute for measures reported in accordance with NZ IFRS.

Non-Trading Adjustments/Unusual Transactions

The financial results for FY24 include transactions considered to be non-trading in either their nature or size. Unusual transactions can be as a result of specific events or circumstances or major acquisitions, disposals or divestments that are not expected to occur frequently. Excluding these transactions from normalised earnings and can assist users in forming a view of the underlying performance of the group.

EBITDA/EBIT

EBITDA is Earnings/(Loss) before the deduction of interest, tax, depreciation and amortisation. EBIT is Earnings/(Loss) before the deduction of interest and tax. These are both non-GAAP financial measures.

Earnings before interest, tax, other gains and losses and impairment represents operating profit for the year before other gains and losses, impairment and deduction of interest and tax. Earnings before interest, tax and impairment represents operating profit for the year including other gains and losses before impairment and deduction of interest and tax. Management believes that these additional measures provide useful information on the underlying performance of the group's business.

Normalised EBITDA/EBIT

This means EBITDA/EBIT excluding non-trading adjustments and unusual transactions. FY24 EBITDA was impacted by non-trading adjustments totalling $4.4m and FY24 EBIT was impacted by non-trading adjustments totalling $4.9m. Management believes that normalised measures provide a more appropriate measure of Steel & Tube's performance and more useful information on the normalised earnings of the company.

Working Capital

This means the net position after current liabilities are deducted from current assets. The major individual components of working capital for the group are inventories, trade and other receivables and trade and other payables. How the group manages these has an impact on operating cash flow and borrowings.

	EBITDA		EBIT	
Reconciliation of Reported to Normalised Earnings Year Ended 30 June	FY24 $000	FY23 $000	FY24 $000	FY23 $000
Reported	**31,415**	**51,876**	**9,569**	**31,009**
Project Strong costs [1]	2,701	-	3,192	-
Software as a Service (SaaS) expenditure	1,144	1,109	1,144	1,109
Business restructuring costs	550	-	550	-
Loss on de-recognition of finance lease receivable	-	128	-	128
NZ IFRS 16 reversal of impairment	-	(177)	-	(177)
Normalised	**35,810**	**52,936**	**14,455**	**32,069**

[1] Project Strong is a board approved integrated transformation project and involves increasing our palletised warehouse capacity, improving our service offering and increasing our productivity. It includes exiting the Avondale site, increasing palletised product at Bruce Roderick Drive site and optimising processing across Auckland.
Costs included additional labour, relocation costs, temporary storage, accelerated depreciation and other items.
This project will be completed during FY25.

5 Year Financial Performance

	2024 $000	2023 $000	2022 $000	2021 $000	2020 $000
Financial Performance					
Sales	**479,126**	589,078	599,148	481,043	417,923
EBITDA	**31,415**	51,876	66,598	38,614	(37,236)
Depreciation and amortisation	**(21,846)**	(20,867)	(18,962)	(17,907)	(20,458)
EBIT	**9,569**	31,009	47,636	20,707	(57,694)
Net finance costs	**(5,769)**	(7,239)	(5,701)	(5,754)	(6,661)
Profit / (loss) before tax	**3,800**	23,770	41,935	14,953	(64,355)
Tax (expense) / benefit	**(1,160)**	(6,773)	(11,742)	418	4,342
Profit / (loss) after tax	**2,640**	16,997	30,193	15,371	(60,013)
Operating cash inflow / (outflow)	**42,235**	98,280	(34,117)	29,332	39,606
Funds Employed					
Equity	**198,190**	208,154	210,101	193,753	181,290
Non-current liabilities	**98,961**	86,509	83,788	92,023	106,084
	297,151	294,663	293,889	285,776	287,374
Comprises					
Current assets	**198,551**	224,940	303,790	222,510	193,761
Current liabilities	**(56,658)**	(69,426)	(139,971)	(80,024)	(58,871)
Working Capital	**141,893**	155,514	163,819	142,486	134,890
Non-current assets	**155,258**	139,149	130,070	143,290	152,484
	297,151	294,663	293,889	285,776	287,374
Statistics					
Dividends per share (cents) [1]	**6.0**	8.0	13.0	4.5	-
Basic earnings per share (cents)	**1.6**	10.3	18.3	9.3	(36.4)
Return on Sales	**0.6%**	2.9%	5.0%	3.2%	(14.4%)
Return on Equity	**1.3%**	8.2%	14.4%	7.9%	(33.1%)
Working Capital (times) [2]	**3.5**	3.2	2.2	2.8	3.3
Net tangible assets per share	**$1.11**	$1.17	$1.22	$1.11	$1.03
Equity to total assets	**56.0%**	57.2%	48.4%	53.0%	52.4%
Gearing (debt to debt plus equity)	**-**	-	19.5%	-	5.2%
Net interest cover (times) [3]	**1.7**	4.3	8.4	3.6	(4.9)
Ordinary shareholders	**7,051**	7,269	7,385	7,528	8,036
Employees	**858**	851	829	799	884
-Female	**239**	221	224	201	192
-Male	**618**	630	605	598	692
-Gender diverse	**1**	-	-	-	-
Directors & Officers					
-Female	**2**	2	2	2	2
-Male	**6**	6	6	5	5

1 Dividends per share are calculated based on dividends issued in respect of the financial year

2 Calculated using current assets/current liabilities

3 Calculated as EBIT over net finance costs (including NZ IFRS 16 Interest costs)

Financial Report

Financial Statements 2024

The Financial Report for Steel & Tube includes these sections:

- Financial Statements
- Performance
- Working Capital
- Fixed Capital
- Funding
- Other

Key Policy

Material accounting policies which are relevant to the understanding of the financial statements are highlighted throughout the report.

Critical Accounting Estimates And Judgements

Preparation of these 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.

Estimates and judgements are continually evaluated, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The group makes estimates and assumptions about the future. Actual results may differ from these estimates.

Key Judgement

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are highlighted throughout the report.

General Information

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

These financial statements have been prepared:

- In accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), for which Steel & Tube is a for-profit entity
- To comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and with International Financial Reporting Standards (IFRS)
- In accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules (issued 24 May 2024)
- In New Zealand dollars (which is the company's and subsidiaries' functional currency and the group's presentation currency) and rounded to the nearest thousand dollars
- Under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies

Non-GAAP Financial Information

The group's standard profit measure prepared under New Zealand Generally Accepted Accounting Practice (GAAP) is profit for the period, or net profit after tax. The group also uses non-GAAP financial information which is not prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) when discussing financial performance. The directors and management believe that this non-GAAP financial information provides useful information to readers of the financial statements to assist in the understanding of the group's financial performance.

Non-GAAP financial information used in these financial statements are:

- Earnings before interest, tax, other gains and losses and impairment;
- Earnings before interest, tax and impairment; and
- Earnings before interest and tax (EBIT)

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Notes	2024 $000	2023 $000
Sales revenue	A3	**479,126**	589,078
Other operating income		**58**	654
Cost of sales	A2	**(375,014)**	(464,676)
Operating expenses	A2	**(93,540)**	(93,173)
Software as a Service (SaaS) upfront expenditure		**(1,144)**	(1,109)
Earnings before interest, tax, other gains and losses and impairment		**9,486**	30,774
Other gains		**83**	58
Earnings before interest, tax and impairment		**9,569**	30,832
Reversal of impairment of Right-of-use assets	C4	**-**	177
Earnings before interest and tax		**9,569**	31,009
Finance income	A6	**575**	405
Finance costs	A6	**(6,344)**	(7,644)
Profit before tax		**3,800**	23,770
Tax expense	A5	**(1,160)**	(6,773)
Profit for the year attributable to owners of the company		**2,640**	16,997
Items that may subsequently be reclassified to profit or loss			
Other comprehensive income – hedging reserve		**(35)**	(551)
Total comprehensive income		**2,605**	16,446
Basic earnings per share (cents)	A1	**1.6**	10.3
Diluted earnings per share (cents)	A1	**1.6**	10.2

Statement of Changes in Equity

For the year ended 30 June 2024

	Notes	Share capital $000	Retained earnings $000	Hedging reserve $000	Treasury shares $000	Share-based payments $000	Total equity $000
Balance at 1 July 2023		157,168	52,741	9	(2,896)	1,132	208,154
Comprehensive income							
Profit after tax		-	2,640	-	-	-	2,640
Other comprehensive income							
Hedging reserve (net of tax)		-	-	(35)	-	-	(35)
Total comprehensive income/(loss)		-	2,640	(35)	-	-	2,605
Transactions with owners							
Dividends paid	A1	-	(13,331)	-	-	-	(13,331)
Employee share schemes	D3	(2,062)	-	-	2,896	(93)	741
Shares gifted to employees	D3	21	-	-	-	-	21
Balance at 30 June 2024		155,127	42,050	(26)	-	1,039	198,190

	Notes	Share capital $000	Retained earnings $000	Hedging reserve $000	Treasury shares $000	Share-based payments $000	Total equity $000
Balance as at 1 July 2022		156,669	54,770	560	(2,896)	998	210,101
Comprehensive income							
Profit after tax		-	16,997	-	-	-	16,997
Other comprehensive income							
Hedging reserve (net of tax)		-	-	(551)	-	-	(551)
Total comprehensive income/(loss)		-	16,997	(551)	-	-	16,446
Transactions with owners							
Dividends paid	A1	-	(19,026)	-	-	-	(19,026)
Employee share schemes		499	-	-	-	134	633
Balance at 30 June 2023		157,168	52,741	9	(2,896)	1,132	208,154

Balance Sheet

As at 30 June 2024

	Notes	2024 $000	2023 $000
Current assets			
Cash and cash equivalents	E6	**8,699**	6,481
Trade and other receivables	B2	**58,912**	69,798
Contract assets	A4	**4,925**	9,225
Inventories	B1	**121,320**	139,158
Income tax receivable		**4,640**	-
Derivative assets	E6	**55**	278
		198,551	224,940
Non-current assets			
Loan receivable	A6	**1,532**	-
Deferred tax	A5	**5,714**	7,074
Property, plant and equipment	C1	**40,010**	35,647
Intangibles	C2	**12,665**	13,523
Right-of-use assets	C4	**95,337**	82,905
		155,258	139,149
Total assets		**353,809**	364,089
Current liabilities			
Trade and other payables	B3	**41,022**	49,025
Income tax payable		**-**	5,603
Provisions	E2	**1,099**	494
Derivative liabilities	E6	**170**	69
Short term lease liabilities	C4	**14,367**	14,235
		56,658	69,426
Non-current liabilities			
Provisions	E2	**1,335**	1,318
Long term lease liabilities	C4	**97,626**	85,191
		98,961	86,509
Equity			
Share capital	D3	**155,127**	157,168
Retained earnings		**42,050**	52,741
Other reserves		**1,013**	(1,755)
		198,190	208,154
Total equity and liabilities		**353,809**	364,089

These financial statements and the accompanying notes were authorised by the board on 23 August 2024.

For the board

Susan Paterson | *Chair*   Karen Jordan | *Director*

Statement of Cash Flows

For the year ended 30 June 2024

	Notes	2024 $000	2023 $000
Cash flows from operating activities			
Customer receipts		495,830	612,196
Interest receipts		544	405
Payments to suppliers and employees		(438,060)	(501,625)
Payments for interest on leases		(5,279)	(4,499)
Income tax payments		(9,811)	(5,238)
Interest payments		(989)	(3,039)
Wage subsidy received		-	80
Net cash inflow from operating activities		42,235	98,280
Cash flows from investing activities			
Property, plant and equipment disposal proceeds		116	112
Property, plant and equipment and intangible asset purchases		(9,500)	(6,249)
Loan advance to third party	A6	(1,500)	-
Payment for new business purchase		(654)	(8,909)
Net cash outflow from investing activities		(11,538)	(15,046)
Cash flows from financing activities			
Repayment of bank borrowings		-	(51,000)
Dividends paid	A1	(13,331)	(19,026)
Payment for leases		(15,148)	(14,773)
Net cash outflow from investing activities		(28,479)	(84,799)
Net increase/(decrease) in cash and cash equivalents		2,218	(1,565)
Cash and cash equivalents at the beginning of the year		6,481	8,046
Cash and cash equivalents at the end of the year		8,699	6,481
Represented by:			
Cash and cash equivalents		8,699	6,481
		8,699	6,481
Reconciliation of profit after tax to cash flows from operating activities			
Profit after tax		2,640	16,997
Non-cash adjustments:			
Depreciation and amortisation		21,846	20,868
Deferred tax		1,144	508
Reversal of impairment of right-of-use assets		-	(177)
Loss on derecognition of finance lease receivable		-	128
Gain on lease termination		(32)	-
Share scheme expense		524	409
Foreign exchange gains		(195)	(585)
Other non-cash items		284	421
Gain on items classified as investing activities:			
Gain on property, plant and equipment disposals		(51)	(22)
		26,160	38,547
Movements in working capital:			
Income tax receivable/payable		(9,795)	589
Inventories		17,838	56,482
Trade and other receivables and contract assets		15,186	22,593
Trade and other payables and provisions		(7,154)	(19,931)
Net cash inflow from operating activities		42,235	98,280

Performance

Notes to the Financial Statements

For the year ended 30 June 2024

This section focuses on the group's financial performance and returns provided to shareholders.

A1: Dividends and Earnings per Share

On 19 February 2024, the board declared an interim dividend of 4.00 cents per share (2023: 4.00) totalling $6.7m (2023: $6.6m). The dividends were fully imputed and paid to shareholders on 28 March 2024. On 23 August 2024, the board declared a final dividend (fully imputed) of 2.00 cents per share (2023: 4.00) totalling $3.3m (2023: $6.7m). The dividends will be paid to shareholders on 27 September 2024.

	2024 $000	2023 $000
Dividends paid	**13,331**	19,026

Dividends paid includes the current year interim dividend and prior year final dividend.

	FY24	FY23
Dividends were paid / payable in respect of the following years:	**$000**	**$000**
Interim Dividend Paid	**6,658**	6,578
Final Dividend Payable	**3,348**	6,673
Total	**10,006**	13,251

Cents per share	**FY24**	**FY23**
Interim Dividend (FY24: imputed, FY23: imputed)	**4.00**	4.00
Final Dividend (FY24: imputed, FY23: imputed)	**2.00**	4.00

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of fully paid shares less treasury shares.

Diluted earnings per share includes partly paid shares (see Note D3) and represents the group's earnings per share if unvested share rights were exercised. The weighted average number of shares is adjusted by the number of outstanding rights to executive shares that are deemed to vest at their future vesting dates.

There are no dilutive potential ordinary shares and therefore basic and diluted earnings per share are the same.

Earnings per share (EPS)	**2024 000**	**2023 000**
Profit after tax	**2,640**	16,997
Weighted average number of shares for basic EPS	**166,831**	165,658
Weighted average number of shares for diluted EPS	**169,654**	169,338
Basic earnings per share (cents)	**1.6**	10.3
Diluted earnings per share (cents)	**1.6**	10.2

A2: Expenses

Cost of sales and operating expenses:	Notes	2024 $000	2023 $000
Inventories expensed in cost of sales		**342,254**	430,950
Employee benefits		**74,336**	74,528
Depreciation and amortisation	C1/C2/C4	**21,846**	20,867
Information technology expenses		**6,956**	7,300
Defined contribution plans		**1,979**	1,997
Directors' fees		**643**	665
Short term and low value lease costs		**217**	118
Impairment (reversal)/loss on trade receivables		**(231)**	54
Foreign exchange gains		**(195)**	(585)
Other expenses		**20,749**	21,955
Total cost of sales and operating expenses		**468,554**	557,849

Inventory sold during the year is expensed as cost of sales. Inventory write-downs of $0.6m (2023: $0.3m) was incurred in the ordinary course of business which are included within Inventories expensed in cost of sales.

Depreciation of $1.8m (2023: $1.6m) 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.

Employee benefits expense in the current financial year include restructuring costs of $0.5m recognised as part of a board approved restructuring plan.

Included in the above table is $3.2m of Project Strong costs, primarily within employee benefits and right-of-use assets depreciation expense.

A3: Operating Segments

The group has identified two reporting segments as at 30 June 2024 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 business, 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 business, 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 year ended 30 June 2024 is as follows:

2024	Distribution $000	Infrastructure $000	Reconciled to group $000
Timing of revenue recognition			
At a point in time	276,867	122,931	**399,798**
Over time	-	79,328	**79,328**
Revenue from external customers	**276,867**	**202,259**	479,126
Depreciation and amortisation	(12,256)	(9,590)	**(21,846)**
Expenses	(262,397)	(185,314)	**(447,711)**
Segment EBIT	**2,214**	**7,355**	9,569
Interest on leases	(3,167)	(2,112)	**(5,279)**
Interest – others (net)			**(490)**
Reconciled to group profit before tax			3,800

2023	Distribution $000	Infrastructure $000	Reconciled to group $000
Timing of revenue recognition			
At a point in time	356,301	136,507	**492,808**
Over time	-	96,270	**96,270**
Revenue from external customers	**356,301**	**232,777**	589,078
Depreciation and amortisation	(12,748)	(8,119)	**(20,867)**
Expenses	(322,396)	(214,806)	**(537,202)**
Segment EBIT	**21,157**	**9,852**	31,009
Interest on leases	(2,689)	(1,810)	**(4,499)**
Interest – others (net)			**(2,740)**
Reconciled to group profit before tax			23,770

Operating segments are reported in a manner consistent with the internal reports that the CEO uses to assess performance. The operating segments include the reallocation of the head office function costs to respective segments. Comparative figures have been amended to align with current year presentation.

Depreciation and amortisation recognised as at 30 June 2024 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.

A4: Revenue recognised on construction contracts

Key Policy

Refer to Note E9 for the group's accounting policy on revenue recognised on construction contracts. A contract asset is recognised when the group has completed its performance obligation in advance of the cash consideration (or the group's entitlement to invoice the customer). A contract liability is recognised when the group receives cash consideration (or it is due) in advance of the obligation being performed.

Key Judgement - Construction Contracts

Estimates and judgements are made by the group when assessing construction contracts. These vary between each project based on specific contractual terms. The estimates and judgements inherent in accounting for the group's construction contracts relate to the assessment of the forecast costs to complete the project, which includes an estimation of expected material and labour costs and the quantum and likelihood of any revenue variations that the group is contractually entitled to. If forecast costs are expected to exceed forecast revenues, a provision for onerous contract loss is recognised.

	2024 $000	2023 $000
Contract assets	**4,925**	9,225

The contract assets relate to the group’s rights to consideration for work completed but not billed at the reporting date. The group's contract liabilities are not material either in the current or comparative year.

A5: Income and Deferred Tax

Income tax comprises both current and deferred tax.

All entities in the group are part of the same income tax group.

Key Policy

Current tax is the expected payable on the taxable income for the period, using current tax rates, and any adjustment to tax payable in respect of prior periods.

Deferred tax is recognised in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are only recognised to the extent that it is probable future taxable profits will offset temporary differences. Tax rates used are those that have been enacted or substantially enacted at balance date and which are expected to apply when the deferred tax asset or liability crystalises.

Deferred tax is not provided if it arises from the following differences:

- Goodwill not deductible for tax purposes
- Initial recognition of assets and liabilities in a transaction other than a business combination that affects neither accounting or taxable profit
- Investment in subsidiaries where the timing of the reversal of the temporary difference is controlled by the group to the extent that they will probably not reverse in the foreseeable future

Income and deferred tax

Income tax expense The income tax expense is determined as follows:	2024 $000	2023 $000
Profit or loss		
Current income tax		
Current year income tax expense	-	6,136
Adjustments in respect of prior periods	16	(1)
Deferred income tax		
Depreciation, provisions, accruals, tax losses and other	1,160	657
Adjustments in respect of prior periods	(16)	(19)
Income tax expense in profit or loss	1,160	6,773

Reconciliation of income tax expense	2024 $000	2023 $000
Profit before tax	3,800	23,770
Non-deductible expenditure	344	487
	4,144	24,257
Tax at current rate of 28%	1,160	6,792
Prior period adjustment	-	(19)
Total income tax expense	1,160	6,773
Represented by:		
Current tax	16	6,135
Deferred tax	1,144	638
	1,160	6,773

Deferred tax assets and liabilities

The table below shows the movement in the deferred tax balances that are recognised at the beginning and end of the period.

	Restated Opening balance $000	Prior period adjustments $000	Recognised in income $000	Recognised in equity $000	Closing balance $000
Group 2024					
Property, plant and equipment & Intangibles	**(2,066)**	**-**	**(13)**	**-**	**(2,079)**
Right-of-use assets	**(23,595)**	**-**	**(3,447)**	**-**	**(27,042)**
Lease liabilities	**27,821**	**-**	**3,537**	**-**	**31,358**
Employee benefits	**2,761**	**-**	**(998)**	**(230)**	**1,533**
Provisions	**2,158**	**16**	**(516)**	**-**	**1,658**
Cash flow hedging reserve	**(5)**	**-**	**-**	**14**	**9**
Net taxable losses	**-**	**-**	**277**	**-**	**277**
	7,074	**16**	**(1,160)**	**(216)**	**5,714**

	Restated Opening balance $000	Prior period adjustments $000	Recognised in income $000	Recognised in equity $000	Restated Closing balance $000
Group 2023 – Restated[1]					
Property, plant and equipment & Intangibles	(1,912)	-	(154)	-	(2,066)
Right-of-use assets	(22,552)	-	(1,043)	-	(23,595)
Lease liabilities	26,900	-	921	-	27,821
Employee benefits	3,218	5	(378)	(84)	2,761
Provisions	2,147	14	(3)	-	2,158
Cash flow hedging reserve	(219)	-	-	214	(5)
	7,582	19	(657)	130	7,074

	2024 $000	Restated[1] 2023 $000
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax liabilities	**(29,119)**	(25,664)
Deferred tax assets	**34,833**	32,738
	5,714	7,074

Imputation credits available at 30 June 2024 were $5m (2023 $0.3m).

[1] Comparatives have been restated following the group's adoption of Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to NZ IAS 12) from 1 July 2023. Refer to the below for further details.

Changes in material accounting policies - Deferred tax related to assets and liabilities arising from a single transaction

The group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to NZ IAS 12) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

The group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of NZ IAS 12. There was also no impact on the opening retained earnings as at 1 July 2022 as a result of the change.
The key impact for the group relates to the disclosure of the deferred tax assets and liabilities recognised, as presented above.

A6: Net Finance Costs

	2024 $000	2023 $000
Finance income		
Interest income – loan receivable	32	-
Interest received	543	405
	575	405
Finance costs		
Interest expense – bank	1,065	3,145
Interest expense – lease liabilities	5,279	4,499
	6,344	7,644
Net Finance costs	(5,769)	(7,239)

The group entered into a loan facility arrangement with a third party, ROBOS International Limited (ROBOS) in the current year. Included in the arrangement is an equity option. The loan receivable is classified as a financial asset at FVTPL (fair value through profit or loss). $1.5m of the loan was drawn down as at balance date.

Working Capital

Notes to the Financial Statements

For the year ended 30 June 2024

This section contains details of the short term operating assets and liabilities required to service the group's distribution branches and processing sites.

B1: Inventories

Key Policy

Inventories are stated at the lower of cost and net realisable value, with cost determined on a moving average cost basis or standard cost basis. Costs include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, and selling expenses.

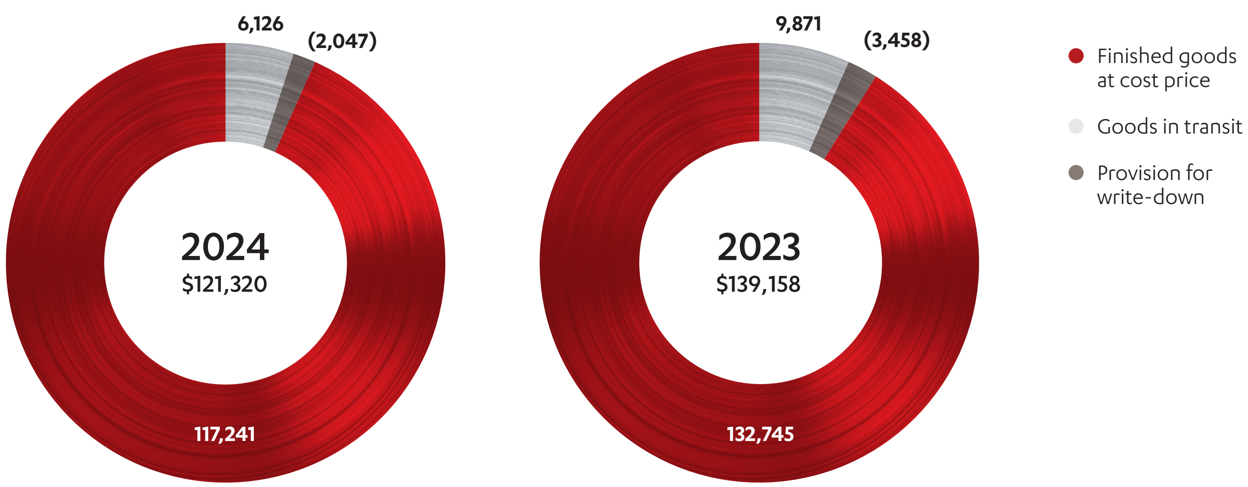
Key Judgement - Inventory Valuation

The majority of the group's inventory comprises steel products and fastenings, which have long lives and generally are not at risk of obsolescence. The group undertook an assessment of its inventory holdings at 30 June 2024 to determine whether the net realisable value (NRV) of inventory was greater than or equal to the current carrying value of inventory. The group has undertaken a full review of all aged inventory to identify any inventory at higher risk, particularly slow moving inventory. Following this review, an impairment provision of $2.0m (2023: $3.5m) continues to be recognised as at 30 June 2024 to record the carrying value of inventory at its NRV where that is considered to be lower than its cost. Judgement was required in determining if the slow moving inventory can be sold and its expected sales price, and therefore whether inventory should be impaired. This includes consideration of current market conditions and prices.

To further support the valuation of inventory the group operates a regular inventory count programme which requires inventory to be counted on a cycle count basis, and through a full wall-to-wall count where required to ensure the accuracy of the group's inventory records.

The group holds inventories valued at $121.3m (2023: $139.2m).

Inventories ($000s)



The group is exposed to foreign exchange risk arising mainly from overseas purchases of inventory. In accordance with its Treasury Policy, all committed overseas purchase orders are hedged using forward foreign exchange contracts where payment is made in a foreign currency. The group qualifies for hedge accounting. The effective portion of the changes in fair value is recognised in other comprehensive income and accumulated in the hedging reserve in equity as described in section E9.

As at balance date, foreign exchange contracts recorded as assets were $0.05m (2023: $0.28m) and as liabilities were $0.17m (2023: $0.07m). The notional value of foreign exchange contracts in place as at 30 June 2024 totalled $20.45m (2023: $29.20m). The fair value of the foreign currency forward exchange contracts is as shown on the Balance Sheet. Refer to section E6 for the fair value hierarchy determination.

If the NZ dollar had weakened/strengthened by 5% against foreign currencies (primarily US dollar) at balance date, there would be no impact on profit or loss, as the group qualifies for hedge accounting and all hedges are 100% effective at balance date. The effect would be to equity +$1.10m if the NZ dollar strengthened by 5% and -$0.94m if the NZ dollar weakened by 5% (2023: +$1.53m and -$1.41m, respectively).

B2: Trade and Other Receivables

Key Judgement - Provision for Impairment

The group has applied the simplified approach to providing for expected credit losses, which requires the recognition of a lifetime expected loss provision for trade and other receivables.

The expected credit loss (ECL) allowances for financial assets are based on assumptions about the risk of default and expected credit loss rates. The group uses its judgement in making these assumptions and selecting the inputs to the impairment calculation, which is based on the group's historical experience, the aging profile of the financial assets, existing market conditions as well as external economic forecasts at each reporting date. Details of key considerations and judgements are set out below.

The group considers the lifetime expected credit losses associated with its receivables upon initial recognition, and on an ongoing basis at the end of each reporting period. To assess whether there is a specific increase in credit risk, the group compares the risk of default occurring on these receivables at the reporting date with the risk of default at the date of initial recognition. The group considers its trade receivables to be in default when:
- The debtor is unlikely to pay its credit obligations to the group in full; or
- The receivable is more than 60 days past due (i.e. overdue)

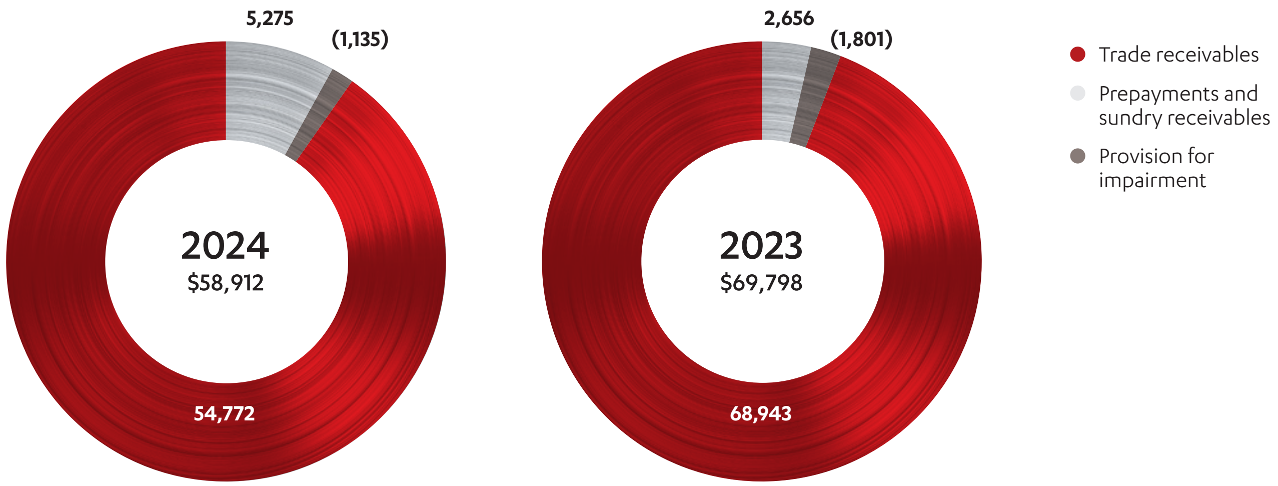
Available forward looking information is considered, including actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer or counterparty's ability to meet their obligations. This also incorporates any objective evidence that indicates that the customers will not be able to pay their debts when due, these include significant financial difficulties of customers and the probability of entering receivership or bankruptcy.

The group has analysed its trade receivables balances using three different characteristics and calculated the ECL allowance by considering the impact of each:

	Consideration/Judgements
Baseline/Aging	The group's "baseline" expectation for credit loss is informed by past experience and the aging profile of the balances, applying an increasing expected credit loss estimate as the balance ages incorporating forward looking information, such as forecasted economic conditions. This expectation incorporates any available objective evidence that the customers will not be able to pay their debts when due, including significant financial difficulties of customers and the probability of entering receivership, administration or liquidation.
Sector	The group has considered the credit risk related to the market sector that the customers operate in and has made an adjustment to the ECL allowance based on assessment of the respective financial strength of each industry sector.
Region	The group has considered the credit risk of its trade receivables portfolio based on the respective financial strength of each geographic region, and has made an adjustment to the baseline ECL allowance to reflect this.

Trade receivables at 30 June 2024 are $54.8m (2023: $68.9m) and are recognised initially at fair value and subsequently at amortised cost less any provision for impairment. The carrying value of trade and other receivables are equivalent to their fair value.

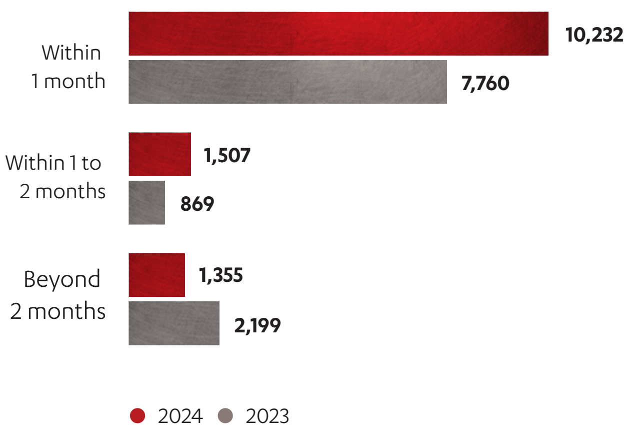
Trade and Other Receivables ($000s)



No one customer accounts for more than 7% of trade receivables at 30 June 2024 (30 June 2023: 6%).

The aging profile of the group's customer balances is shown below.

Trade receivables excluding current at 30 June 2024 ($000s)



At 30 June 2024, trade receivables of $1.4m (2023: $2.2m) were greater than 60 days overdue. These relate to a number of independent customers for whom there is no recent history of default. The group's credit terms are in line with industry peers. The group does not have any customers with payment terms exceeding one year. As a result, the group does not adjust transaction prices for the time value of money.

Provision for impairment

At 30 June 2024, an impairment provision of $1.1m (2023: $1.8m) was held.

The expected credit loss allowance provision has been determined as follows:

As at 30 June 2024	Current $000	Within 1 Month $000	1 - 2 Months $000	2-3 Months $000	Beyond 3 Months $000	Total $000
Gross carrying amount	**41,678**	**10,232**	**1,507**	**251**	**1,104**	**54,772**
Baseline/Aging	87	182	121	54	678	1,122
Region	2	3	2	-	1	8
Sector	1	2	1	-	1	5
Expected credit loss allowance	**90**	**187**	**124**	**54**	**680**	**1,135**

As at 30 June 2023	Current $000	Within 1 Month $000	1 - 2 Months $000	2-3 Months $000	Beyond 3 Months $000	Total $000
Gross carrying amount	**58,115**	**7,760**	**869**	**511**	**1,688**	**68,943**
Baseline/Aging	387	134	61	169	1,021	1,772
Region	4	2	1	1	4	12
Sector	5	4	2	1	5	17
Expected credit loss allowance	**396**	**140**	**64**	**171**	**1,030**	**1,801**

Movements in the provision for impairment for the year ended 30 June 2024, are as follows:

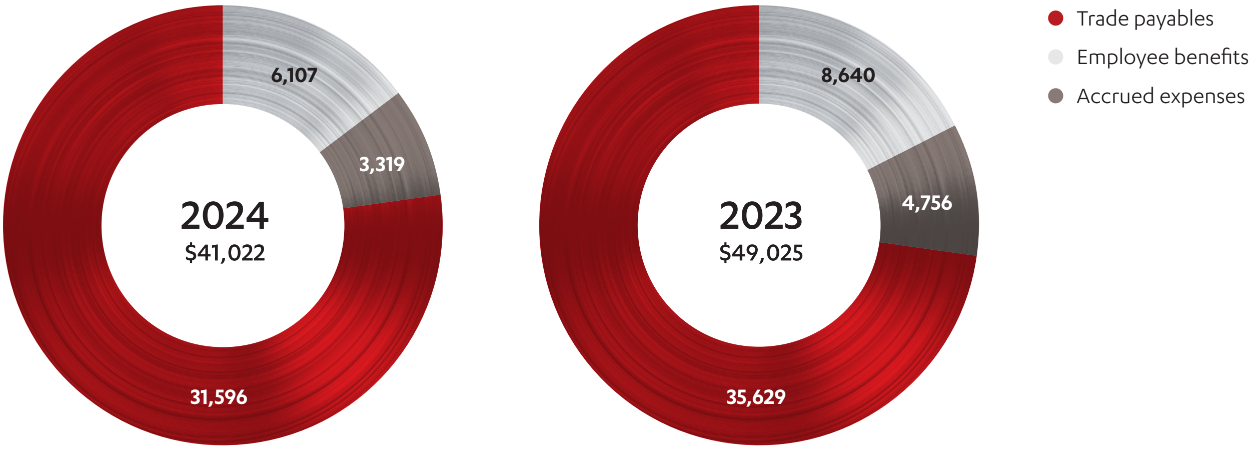
Provision for impairment	2024 $000	2023 $000
Provision as at 1 July	**1,801**	**1,553**
Impairment (reversal)/loss on trade receivables	**(231)**	**289**
Amounts written off	**(435)**	**(41)**
Provision as at 30 June	**1,135**	**1,801**

The group is exposed to the risk of customers being unable to pay their debts as they fall due. The maximum exposure is the total value of these balances. Customers who trade on credit terms are subject to credit verification procedures and credit limits are set for each customer. The group's credit policy is monitored regularly. In some circumstances, security over assets may be obtained from trade receivables to mitigate the risk of default. There are no significant concentrations of credit risk in the current or prior years.

The group also has credit risk in respect of financial institutions that hold the group's cash. These institutions have credit ratings of AA-.

B3: Trade and Other Payables

Trade and other payables ($000s)



The carrying amounts of the above items are equivalent to their fair values and subsequently measured at amortised cost using the effective interest method.

Fixed Capital

Notes to the Financial Statements

For the year ended 30 June 2024

This section includes details of the group's long term assets including tangible and intangible assets and related capital commitments.

C1: Property, Plant and Equipment

Key Policy

Plant and equipment are stated at cost less accumulated depreciation. Assets are tested annually for indicators of impairment and adjusted if required.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. This allocates the cost of an asset, less any residual value, over its estimated remaining useful life. The residual values and useful lives are reviewed annually.

The estimated useful lives are as follows:

Plant, machinery and motor vehicles	3 – 20 years
Furniture, fittings and equipment	2 – 10 years

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss.

2024	Plant, machinery & vehicles at cost $000	Furniture, fittings & equipment at cost $000	Total $000
Opening cost	**88,624**	**20,539**	**109,163**
Opening accumulated depreciation	**(56,740)**	**(16,776)**	**(73,516)**
Opening net book value	**31,884**	**3,763**	**35,647**
Additions	**8,482**	**763**	**9,245**
Disposals	**(241)**	**-**	**(241)**
Depreciation	**(3,478)**	**(1,163)**	**(4,641)**
Closing net book value	**36,647**	**3,363**	**40,010**
Comprised of:			
Cost or fair value	**93,496**	**21,163**	**114,659**
Accumulated depreciation	**(56,849)**	**(17,800)**	**(74,649)**
Property, plant and equipment	**36,647**	**3,363**	**40,010**
2023			
Opening cost	85,606	19,309	104,915
Opening accumulated depreciation	(53,550)	(15,440)	(68,990)
Opening net book value	32,056	3,869	35,925
Additions	3,360	1,247	4,607
Disposals	(96)	-	(96)
Depreciation	(3,436)	(1,353)	(4,789)
Closing net book value	31,884	3,763	35,647
Comprised of:			
Cost or fair value	88,624	20,539	109,163
Accumulated depreciation	(56,740)	(16,776)	(73,516)
Property, plant and equipment	31,884	3,763	35,647

During the financial year, the group acquired 20 owned and leased trucks and eight owned trailers from Roadex Logistics Limited (Roadex), as part of an immaterial business combination. The additions of these leases is disclosed in Note C4.

Included within the plant, property and equipment categories is capital work in progress totalling $4.4m (2023: $1.8m).

C2: Intangibles

2024	Goodwill $000	Software & Licences $000	Other $000	Total $000
Opening cost	51,932	30,624	3,384	85,940
Opening accumulated amortisation and impairment	(47,171)	(22,848)	(2,398)	(72,417)
Opening net book value	4,761	7,776	986	13,523
Additions	-	1,084	-	1,084
Amortisation charge	-	(1,770)	(172)	(1,942)
Closing net book value	4,761	7,090	814	12,665
Comprised of:				
Cost	51,932	31,708	3,384	87,024
Accumulated amortisation and impairment	(47,171)	(24,618)	(2,570)	(74,359)
Closing net book value	4,761	7,090	814	12,665
2023				
Opening cost	47,171	28,680	2,522	78,373
Opening accumulated amortisation and impairment	(47,171)	(21,094)	(2,233)	(70,498)
Opening net book value	-	7,586	289	7,875
Additions	4,761	1,944	862	7,567
Amortisation charge	-	(1,754)	(165)	(1,919)
Closing net book value	4,761	7,776	986	13,523
Comprised of:				
Cost	51,932	30,624	3,384	85,940
Accumulated amortisation and impairment	(47,171)	(22,848)	(2,398)	(72,417)
Closing net book value	4,761	7,776	986	13,523

Goodwill recognised in the prior financial year relates to the goodwill arising from the acquisition of Kiwi Pipe. Included within the intangibles categories is capital work in progress totalling $1.5m (2023: $0.7m). Other intangibles comprises customer relationships and customer contracts arising from business combinations. No goodwill was recognised from the immaterial business combination in the current year.

Key Policy

Goodwill is recognised on a business combination and represents the excess of the acquisition cost over the fair value of the acquired net assets. Goodwill is allocated to cash-generating units, tested annually for impairment, or more frequently if events or circumstances indicate it may be impaired, and is carried at cost less accumulated impairment losses.

Computer software and licences are capitalised on the basis of costs incurred to acquire and use the specific licences and are amortised on a straight-line basis over their estimated useful lives of 3 to 10 years. Computer software and licence amortisation charges are included in other operating expenses.

Customer relationships and customer contracts are capitalised at fair value on acquisition date and are amortised on a straight-line basis over their estimated useful lives of 10 and 2 years respectively. Amortisation charges are included in operating expenses.

Software as a Service arrangements are service contracts providing the group with the right to access the cloud provider's application software over the contract period. As such, the group does not receive a software intangible asset at the contract commencement date. For SaaS arrangements, the group assesses if the contract will provide a resource that it can 'control' to determine whether an intangible asset is present. If the group cannot demonstrate control of the software, the arrangement is deemed a service contract and any implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when incurred.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. If distinct, such costs are expensed as incurred when the services is provided. If not distinct, such costs are expensed over the SaaS contract term.

In implementing SaaS arrangements, the group has incurred customisation costs which creates additional functionality to a cloud based software. Management has determined that it has rights to the intellectual property and has owned the developed software which meets the definition and recognition criteria for an intangible asset.

Cost incurred for the development of software that enhances or modifies, or creates additional functionality to an on-premise software that meets the definition and recognition criteria of intangible assets are recognised as intangible assets. When these costs are recognised as intangible software assets they are amortised over the useful life of the software on a straight line basis.

Key Judgement - Impairment Testing on Non-Financial Assets

NZ IAS 36 Impairment of Assets (NZ IAS 36) requires the group to assess at the end of each reporting period for any indicators of impairment 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 30 June 2024 were identified as being Distribution, Reinforcing/CFDL and Rollforming.

As at 30 June 2024, the group has not identified any indicators of impairment over the assets held at the CGUs. The group's market capitalisation is below net assets at year 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 30 June 2024. 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 remain consistent in the current financial year.

Key Judgement – Goodwill Impairment Testing

The group's goodwill balance of $4.8m (2023: $4.8m) has been allocated to the Distribution CGU, for the purposes of impairment testing.

The group has undertaken a VIU calculation for the Distribution CGU. A VIU calculation is a valuation based on forecast cash flows. These forecast cash flows are discounted back to present value to estimate a value for the CGU. If the VIU exceeds the carrying value of the assets, no impairment is recognised.

A number of judgements have been made in respect to the assumptions used in the valuation. The key assumptions are summarised below:

Distribution CGU Assumption	**2024**	**2023**	
Discount rate (post-tax)	11.2%	11.1%	The group engaged an independent expert to assess the CGU's post-tax weighted average cost of capital.
Discount rate (pre-tax)	14.7%	14.9%	The pre-tax discount rate was calculated based on back solving from the post-tax discount rate.
Terminal growth rate	2.25%	2.0%	A long-term growth rate into perpetuity has been determined based on forecasted consumer price inflation (CPI) growth.
Forecast period	5 years	5 years	Board approved budget was used for FY25.
Forecast period cash flow growth rate	3.5% – 9.0%	(4.5%) – 7.9%	Based on expectations of future outcomes taking into account past experience, sector analysis and adjusted for anticipated revenue growth/decline.

The forecast cash flows in the valuation is sensitive to a reasonable possible change in the key assumptions used. Assuming all other assumptions remain constant, incorporating a 5.7% reduction in the expected level of terminal EBIT in the forecast cash flows would result in the elimination of the excess of the recoverable amount over the carrying amount.

Based on the calculations and assumptions outlined above, the group has not identified any impairment as at 30 June 2024.

C3: Commitments

Capital commitments

The group has contractual commitments of $1.9m (2023: $1.8m) for purchase of plant and equipment.

C4: Leases

Key Judgement – Impairment Testing on Right-Of-Use Assets

The group has assessed for any indicators of impairment on its right-of-use assets for the financial year ended 30 June 2024. The group has re-assessed the assumptions used for the previously impaired sites with longer term leases (> 3 years) based on current market outlook and consideration over the sites' space utilisation in line with the group's network strategy. Based on the assessment performed, no reversal of impairment was recognised for the current year (2023: $0.2m).

The below outlines the recognised right-of-use assets and corresponding lease liabilities by the group as at 30 June 2024:

	Properties $000	Motor Vehicles $000	Equipment $000	Total $000
Right-of-use assets at 1 July 2023	**78,347**	**3,849**	**709**	**82,905**
Additions to right-of-use assets	26,848	2,106	1,621	30,575
Depreciation	(13,417)	(1,516)	(330)	(15,263)
Disposals	(2,563)	(181)	(136)	(2,880)
Total right-of-use assets at 30 June 2024	**89,215**	**4,258**	**1,864**	**95,337**

	Properties $000	Motor Vehicles $000	Equipment $000	Total $000
Right-of-use assets at 1 July 2022	**74,533**	**3,314**	**841**	**78,688**
Additions to right-of-use assets	16,107	1,983	606	18,696
Depreciation	(12,365)	(1,448)	(346)	(14,159)
Impairment loss reversed	177	-	-	177
Disposals	(105)	-	(392)	(497)
Total right-of-use assets at 30 June 2023	**78,347**	**3,849**	**709**	**82,905**

A portion of the group's right-of-use assets is being used for sub-lease which would meet the definition of an investment property under NZ IAS 40 Investment Property. The portion recognised as investment property for the current financial year is $1.5m (2023: $1.6m). Income from sub-leasing right-of-use assets for the year ended 30 June 2024 was $0.1m (2023: $0.3m).

Amounts recognised as lease liabilities are presented below.

Lease liability maturity analysis	Principal $000	Interest $000	Gross $000
2024			
Between 0 to 1 year	14,367	6,023	20,390
Between 1 to 5 years	53,466	16,233	69,699
More than 5 years	44,160	7,535	51,695
Lease liabilities as lessee	**111,993**	**29,791**	**141,784**
2023			
Between 0 to 1 year	14,235	4,653	18,888
Between 1 to 5 years	49,333	12,277	61,610
More than 5 years	35,858	5,651	41,509
Lease liabilities as lessee	**99,426**	**22,581**	**122,007**

Funding

Notes to the Financial Statements

For the year ended 30 June 2024

This section includes details of the group's cash, borrowings and capital reserves which provide funds for current and future activities.

D1 : Borrowings

	2024 $000	2023 $000
Bank loans	-	-

Key Policy

Borrowings are recognised initially at fair value and net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the net proceeds and redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. The movement in borrowings shown in the Statement of Cash Flows is the net of repayments and drawdowns of borrowings. Borrowings are classified as current liabilities if there is no unconditional right to defer settlement for greater than 12 months. The group is required to comply with certain financial covenants that relate to interest cover, group coverage and leverage.

The group has in place committed bank borrowing facilities of $100m, comprising a three year $30m Revolving Cash Advance facility with an expiry date in 4 August 2026, a two year $30m Revolving Cash Advance facility with an expiry date of 4 August 2025 and a $40m Trade Loan facility. Borrowing facilities arranged with the group's banking partner can be drawn at any time, subject to meeting the terms of the group's Facility Agreement. As at 30 June 2024, the group has not relied on financial covenant waivers and is compliant with all financial covenants.

The group manages its liquidity risk by maintaining availability of sufficient cash and funding via an adequate amount of committed bank borrowing facilities. Owing to the nature of the underlying business, the group aims to maintain funding flexibility through committed credit lines. The group monitors actual and forecast cash flows on a regular basis and rearranges credit facilities where appropriate.

The table below analyses the group's financial liabilities and derivative financial instruments into maturity groupings based on the remaining period from balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	6 months or less $000	6 to 12 months $000	1 to 3 years $000	Total $000	Carrying Value $000
2024					
Trade payables & accruals	**41,022**	**-**	**-**	**41,022**	**41,022**
Cash flow hedging of derivatives:					
Outflow	**20,445**	**-**	**-**	**20,445**	**20,445**
Inflow	**(20,330)**	**-**	**-**	**(20,330)**	**(20,330)**
	41,137	**-**	**-**	**41,137**	**41,137**
2023					
Trade payables & accruals	49,025	-	-	49,025	49,025
Cash flow hedging of derivatives:					
Outflow	29,201	-	-	29,201	29,201
Inflow	(29,410)	-	-	(29,410)	(29,410)
	48,816	-	-	48,816	48,816

D2: Net Debt Reconciliation

	Cash and cash equivalents $000	Borrowings $000	Lease liabilities $000	Total $000
Net debt as at 1 July 2023	**6,481**	**-**	**(99,426)**	**(92,945)**
Cash flows	**2,218**	**-**	**15,148**	**17,366**
Non-cash movements	**-**	**-**	**(27,715)**	**(27,715)**
Net debt as at 30 June 2024	**8,699**	**-**	**(111,993)**	**(103,294)**
Net debt as at 1 July 2022	8,046	(51,000)	(96,072)	(139,026)
Cash flows	(1,565)	51,000	14,773	64,208
Non-cash movements	-	-	(18,127)	(18,127)
Net debt as at 30 June 2023	6,481	-	(99,426)	(92,945)

D3: Share Capital

The group's capital includes share capital, treasury shares, reserves and retained earnings. The objectives for managing capital are to safeguard the group's ability to continue as a going concern, to provide returns and benefits for shareholders and other stakeholders and to maintain a strong capital base for investor, creditor and market confidence. The group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to maintain or adjust its capital structure.

Capital Structure Policy Targets

The group's formal capital structure targets are as follows:

1. Net Debt: EBITDA less than 2.0x
2. Gearing ratio less than 30 – 35%
3. Dividend pay-out of between 60% – 80% of Net Earnings (NPAT) adjusted for any significant non-trading items

There has been no material change in the management of capital during the year.

	Note	2024 $000	2023 $000	2024 Shares	2023 Shares
Fully paid:					
Balance at the beginning of the year		**157,167**	156,668	**166,827,665**	165,972,540
Movement in treasury shares		**(2,896)**	-	**(972,849)**	-
Shares issued to employees	E5	**834**	499	**1,507,307**	855,125
Shares gifted to employees		**21**	-	**23,800**	-
Balance at the end of the year		**155,126**	157,167	**167,385,923**	166,827,665
Partly paid:					
Balance at the beginning of the year		**1**	1	**25,000**	25,000
Balance at the end of the year		**1**	1	**25,000**	25,000
Total balance at the end of the year		**155,127**	157,168	**167,410,923**	166,852,665

The holders of ordinary shares are entitled to receive dividends declared from time to time and to one vote per share at meetings of the company. Ordinary shares issued and partly paid as part of the Senior Executives' Share Scheme 1993 do not have dividend or voting entitlements until the shares are paid in full but qualify for bonus and cash issues.

Ordinary shares are classified as equity. Where any controlled entities purchase company shares that have not been allocated, the consideration paid and directly attributable costs are deducted from equity and classified as treasury shares.

On 25 June 2024, the company issued 23,800 ordinary shares to employees in recognition of the 70th anniversary of the company's establishment. The directors and officers (CEO and CFO) were not included in this share issuance.

Treasury shares	2024 $000	2023 $000	2024 Shares	2023 Shares
Balance at the beginning of the year	**2,896**	2,896	**972,849**	972,849
Shares issued to employees	**(2,896)**	-	**(972,849)**	-
Balance at the end of the year	**-**	2,896	**-**	972,849

Treasury shares are unallocated company shares held by the Trustee of the Executive Share Plan 2003 and are recognised as a reduction in shareholders' funds of the group. The movement in treasury shares during the year related to the issuance of shares to employees under the Performance Rights Plan 2017 (refer Note E5).

Other

Notes to the Financial Statements

For the year ended 30 June 2024

This section contains additional notes and disclosures which do not form part of the primary sections but which are required to comply with financial reporting standards:

- Financial risk management
- Provisions
- Contingent liabilities
- Auditor remuneration
- Related party and share based plans
- Financial instruments
- Financial assets
- Subsequent events
- Other accounting policies

E1: Financial Risk Management

The group is exposed to financial risk: market risk, credit risk and liquidity risk.

The group's Treasury Policy is approved by the board and is reviewed every three years. The Treasury Policy establishes principles and risk tolerance levels to guide management in carrying out risk management activities to minimise potential adverse effects on the financial performance of the group. Compliance with policy is monitored and reviewed on a monthly basis.

Detail relevant to the following risks are covered in relevant sections:

Foreign exchange risk (a market risk)	Inventories	B1
Interest rate risk (a market risk)	Borrowings	D1
Credit risk	Trade & other receivables	B2
Liquidity risk	Borrowings	D1

E2: Provisions

	Restructure Provision $000	Make Good Provision $000	Other Provisions $000	Total $000
Opening balance as at 1 July 2023	85	1,614	113	1,812
Additions	452	587	479	1,518
Used	(85)	(30)	(68)	(183)
Unutilised	-	(633)	(80)	(713)
Closing balance as at 30 June 2024	**452**	**1,538**	**444**	**2,434**
Current	452	203	444	1,099
Non Current	-	1,335	-	1,335
Closing balance as at 30 June 2024	**452**	**1,538**	**444**	**2,434**

Key Policy

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event. This occurs when it is probable that a cost will be incurred to settle the obligation and a reliable estimate can be made of that obligation. Where material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised as an expense.

- Restructuring Provision - costs included within this provision relate to committed restructuring activities, and is expected to be utilised in the next financial year
- Make Good Provision on existing tenanted properties - $30k of make good activities were undertaken during the current financial year. Actual payment dates and costs will be known once each lease reaches its expiry date
- Other Provisions - mainly relates to a provision for committed health & safety costs expected to be incurred within the next 18 months

E3: Contingent Liabilities

Indemnities given to the group's banking partner in respect of performance bonds were $0.9m (2023: $2.5m) at balance date and were transacted in the ordinary course of business. These relate to performance guarantees held primarily for the construction contracts entered into by the group.

E4: Auditor Remuneration

Fees paid to auditors (KPMG)	2024 $000	2023 $000
Annual audit & half year review	491	491
Pre-assurance for Greenhouse Gas Emission disclosure	39	-
Total	**530** [1]	491 [2]

[1] Including $30k relating to the FY23 audit

[2] Including $60k relating to the FY22 audit

E5: Related Party and Share Based Plans

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

The subsidiaries in the group are:

Subsidiaries	Principal Activity	Balance Date	2024 Holding	2023 Holding
Steel & Tube New Zealand Limited	Non-trading	30 June	**100%**	100%
Composite Floor Decks Holdings Limited	Non-trading	30 June	**100%**	100%
Studwelders Limited	Non-trading	30 June	**100%**	100%
S & T Plastics Limited	Non-trading	30 June	**100%**	100%
S & T Stainless Limited	Non-trading	30 June	**100%**	100%
Manufacturing Suppliers Limited	Non-trading	30 June	**100%**	100%
Composite Floor Decks Limited	Floor Decking Installer	30 June	**100%**	100%

Transactions with Key Management Personnel	2024 $000	2023 $000
Short-term benefits	**4,466**	5,454
Share-based benefits (accounting expense)	**425**	386
	4,891	5,840

The key management personnel are the non-executive directors and executive management. Included in short term benefits are directors' fees of $0.6m (2023: $0.6m). The aggregate value of sales transacted with key management personnel in the current financial year amounts to $5k (2023: $17k).

Other Transactions with Related Parties

Certain directors, shareholders and management have relevant interests in a number of companies with which the group has transactions in the normal course of the business. A number of the group's directors are also non-executive directors of other companies, and a register of directors' interests is maintained. Any transactions undertaken with these entities have been entered into in the normal course of business.

Certain directors and management hold shares in the group and receive dividends in the normal course of business.

Performance Rights Plan 2017

In February 2018, a new Executive share plan was approved by the board, known as the Performance Rights Plan 2017 (PRP). The performance period for this scheme runs for 3 years and comprises two performance conditions (50% each) as follows:

a) The Benchmark Comparator (BC) ranks the company's Total Shareholder Return (TSR) relative to the TSR of the NZX 50 Index securities.

- Where the company TSR equals the 50th percentile TSR of the Index Companies over the Performance Period, 50% of (BC) Performance Rights will vest.
- Where the company TSR equals or exceeds the 75th percentile TSR of the Index Companies over the Performance Period, 100% of (BC) Performance Rights will vest.
- Where the company's TSR over the Performance Period exceeds the 50th percentile TSR of the Index Companies but does not reach the 75th percentile, then between 50% and 100% of the (BC) Performance Rights, will vest as determined on a linear pro-rata basis.

b) The Absolute Comparator (AC) ranks the company's TSR relative to the company's Cost of Equity (CoE) plus a premium of 2% annualised and compounding.

- Where the company TSR is less than or equal to CoE, no (AC) Performance Rights will be vested
- Where the company TSR is equal to or greater than CoE + 2%, 100% of (AC) Performance Rights will vest
- Where the company TSR is greater than CoE but less than (CoE) + 2%, then between 50% and 100% of the (AC) Performance Rights will vest as determined on a linear pro-rata basis.

Performance Rights are only able to be exercised after completion of the three year performance period, providing and only to the extent that the performance conditions, and other relevant service and non-market performance conditions, have been satisfied. Any Benchmark and Absolute Comparator Performance Rights that do not vest at the Measurement Date will lapse.

During the year the following movements of rights to shares occurred in accordance with the rules of the share plans:

	No. of Rights Available 2024	No. of Rights Available 2023
Opening balance	**3,458,505**	3,947,541
New shares granted	**1,336,818**	975,896
Rights forfeited	**(241,733)**	(609,807)
Rights vested	**(1,507,307)**	(855,125)
Total	**3,046,283**	3,458,505

Rights Performance Conditions Start Date	Expiry date	Issue date fair value	Total Rights Issued	Rights Available 30 June 2024	Rights Available 30 June 2023
11 September 2020 – Tranche 4	11/09/2023	$0.75	**2,002,871**	**-**	1,507,307
7 September 2021 – Tranche 5	7/09/2024	$1.15	**1,353,114**	**1,046,015**	1,124,046
5 September 2022 – Tranche 6	5/09/2025	$1.43	**975,896**	**757,588**	827,152
4 September 2023 – Tranche 7	4/09/2026	$1.10	**1,336,818**	**1,242,680**	-
		Total	**5,668,699**	**3,046,283**	3,458,505

Weighted average remaining contractual life of options outstanding at end of period	**1.23**	**0.99**

	2024 $000	2023 $000
Share-based benefits (accounting expense)	**524**	409

The fair value of rights is determined using a Monte Carlo share price simulation model. The significant inputs into the model for shares granted during the period were the market share price at grant date, an exercise price of zero (as shares are issued to the employees at nil consideration on vesting), volatility of 27.4%, expected option life of between 1 and 3 years and an annual risk free interest rate of 4.81%. Volatility has been calculated based on the annualised volatility for the three years prior to the rights issue.

Key Policy

The Performance Rights Plan 2017 is considered to be an equity settled scheme under NZ IFRS 2 Share-based Payment and the vesting conditions for the scheme include both service and performance conditions.

Performance Rights Plan 2017

The cost associated with this plan is measured at fair value at grant date and is recognised as an expense in profit or loss over the vesting period, with a corresponding entry to the reserve in equity. The estimate of the number of rights for which the service conditions are expected to be satisfied is revised at each reporting date, with any cumulative catch-up adjustment recognised in profit or loss in the period that the change in estimate occurred. Any rights not vested after the expiry of three years are cancelled.

E6: Financial Instruments

2024	Financial assets at amortised cost $000	Derivatives for hedging at fair value $000	Financial liabilities at amortised cost $000	Financial assets at fair value through profit or loss $000
Cash and cash equivalents [1]	8,699	-	-	-
Trade and other receivables excluding prepayments	56,464	-	-	-
Derivative financial instruments [2]	-	55	-	-
Loan receivable [3]	-	-	-	1,532
Total financial assets	**65,163**	**55**	**-**	**1,532**
Trade and other payables	-	-	41,022	-
Derivative financial instruments [2]	-	170	-	-
Lease liabilities	-	-	111,993	-
Total financial liabilities	**-**	**170**	**153,015**	**-**
2023				
Cash and cash equivalents	6,481	-	-	-
Trade and other receivables excluding prepayments	67,528	-	-	-
Derivative financial instruments [2]	-	278	-	-
Total financial assets	**74,009**	**278**	**-**	**-**
Trade and other payables	-	-	49,025	-
Derivative financial instruments [2]	-	69	-	-
Lease liabilities	-	-	90,903	-
Total financial liabilities	**-**	**69**	**139,928**	**-**

1 Cash and cash equivalents comprise cash in bank balances and cash on hand.

2 Derivative financial instruments are measured at fair value calculated using forward exchange rates that are quoted in an active market (Level 2 of the fair value hierarchy).

3 Loan receivable includes an equity option and is measured at fair value, based on unobservable inputs (Level 3 of the fair value hierarchy).

E7: Financial Assets

Classification and subsequent measurement

On initial recognition, a financial asset is classified as subsequently measured at amortised cost, FVOCI (fair value through other comprehensive income) or FVTPL (fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Purchases and sales of financial assets are recognised on the date the group has committed to the transaction. Derecognition of financial assets occurs when the rights to receive cash flows have expired or the group has transferred substantially all the risks and rewards of ownership.

The group classifies its trade and other receivables and cash and cash equivalents as being measured at amortised cost, including any expected credit loss allowance provisions. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, these are classified as non-current assets.

The group classifies its loan receivable as being measured at FVTPL, as it does not meet the criteria for amortised cost or FVOCI. The asset is subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss.

Derivatives are measured at fair value. The portion of any fair value movement that is an effective hedge is measured in other comprehensive income, but any ineffective portion is included in profit or loss.

E8: Subsequent events

On 23 August 2024, the board declared a final dividend (fully imputed) of 2.00 cents per share (2023: 4.00) totalling $3.3m (2023: $6.7m). The dividends will be paid to shareholders on 27 September 2024.

E9: Other accounting policies

Basis of consolidation

The group applies the acquisition method to account for business combinations. The group financial statements comprise the financial statements of Steel & Tube Holdings Limited and its controlled entities (subsidiaries) (see Note E5).

The group controls an entity when the group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the group and deconsolidated from the date control ceases.

Consideration transferred is the fair value of assets transferred, liabilities incurred to the former owners of the acquiree and equity interests issued by the group. Consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at acquisition date.

All inter-company transactions and balances between group companies are eliminated.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities at balance date are recognised in profit or loss except when deferred in equity as qualifying cash flow hedges. The group's hedging largely comprises cash flow hedges for future purchases of inventory. The group's current practice is to recognise the accumulated gains or losses on the hedging instrument/derivative against the carrying value of the inventory when inventory is recognised.

Derivatives - Cash flow hedge

The group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financing and investing activities. In accordance with its Treasury Policy, the group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivatives are re-measured at fair value.

The group designates certain derivatives as hedges of a highly probable forecast transaction (cash flow hedge). The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised in equity. The gain or loss on the ineffective portion is recognised in profit or loss in other gains/(losses). When the hedged item is a non-financial asset (for example, inventory or property, plant and equipment), the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to profit or loss in the same period the hedged item is recognised in the Statement of Profit or Loss and Other Comprehensive Income. If the hedging instrument no longer meets the criteria for hedge accounting, expires, is sold, terminated or is exercised, any cumulative gain or loss previously recognised in equity remains in equity until the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to profit or loss within other gains/(losses).

Derivative financial instruments are classified as current if expected to be settled within 12 months; otherwise, they are classified as non-current.

Impairment of non-financial assets

Assets that have indefinite useful lives that are not subject to amortisation and intangible assets not yet available for use are tested annually for impairment. Assets (including intangibles and property, plant and equipment) subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The group derives its revenue from the distribution and processing of steel and associated products. Revenue is recognised when the group transfers control over products and services to its customers.

The table below shows the contract portfolios identified by the group and further information on the revenue recognition. The grouping of the contract portfolios is based on assessment of certain contract characteristics for similarities. The effects on the financial statements of these groupings is not expected to differ materially from applying NZ IFRS 15 to the individual contracts (or performance obligations) within the portfolio. The group regularly undertakes a process to review the contracts' characteristics and assess the appropriate grouping of the contract portfolios. Characteristics considered may include identified risks, contract size and duration, and contractual terms of the contracts.

Contract Portfolio	Description	Key Judgements	Outcome	Timing of Recognition
Cash or Credit Supply Sales	Any sales from individual orders without a formal written contract.	No major judgement required.	There is one performance obligation, being the supply of the product.	*Point in time* Revenue is recognised at point of sale when the product is delivered.
Key Supply and Supply and Installation Sales	Any contracts that contain supply and may contain installation performance obligations which the group has assessed to have similar risk characteristics.	Where the contract contains installation services, determining whether or not the supply and installation components are distinct within the context of the contract.	There are two performance obligations, being supply of the product and installation of the product. Installation of the product is considered a distinct performance obligation as supply only contracts are also available on a stand-alone basis.	*Over time* Revenue relating to the supply and where applicable, installation performance obligations are recognised on a stage of completion basis based on the input of labour and material costs, as this corresponds directly with the value to the customer of the group's performance completed to date.
Other Supply and Installation Sales	Any contracts that contain supply and installation performance obligations and have not been included in the 'Key Supply and Supply and Installation Sales' contract portfolio.	Determining whether or not the supply and installation components are distinct within the context of the contract.	There are two performance obligations, being supply of the product and installation of the product.	*Over time* Revenue relating to the supply and where applicable, installation performance obligations are each recognised in the amount to which the group has a right to invoice under the terms of the contract.
Other Supply Only Sales	Any contracts/sales agreements that only have supply of steel product clauses.	Determining whether each act of supply should be treated as a separate performance obligation within the contract.	There is one performance obligation, being the act of the supply. Irrespective of how many supply events occur, the products supplied are all highly interrelated in that they all are required for the same construction project, and therefore represent a series of distinct supply events which are substantially the same and use the same method to measure progress towards completion. They are therefore accounted for as a single performance obligation.	*Over time* The products supplied are required to be modified to a significant extent and do not create an asset with an alternative use to the group. The group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the group's performance completed to date. Revenue relating to 'Other Supply Only Sales' is recognised in the amount to which the group has a right to invoice under the terms of the contract.

The group has also utilised the practical expedients specified in NZ IFRS 15 Revenue from Contracts with Customers in respect of the requirement to disclose the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations, where the contract has an original expected duration of one year or less, or where the group has applied the practical expedient to recognise revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the group's performance completed to date. Any volume-based rebates extended to customers by the group are recognised as a deduction from revenue, in line with the pattern of transfer of control of the relevant good or service to the customer, where payment is deemed to be highly probable.

Leases

Under NZ IFRS 16, the group recognises right-of-use assets and lease liabilities for a number of categories of operating leases, including:

- Property leases - the group has a variety of property leases across its national network of branches and processing facilities. Where the group has entered into sub-leases in respect of its property leases, each sub-lease will be assessed under the standard to determine if it qualifies as a finance lease or an operating lease under NZ IFRS 16
- Motor vehicle leases - the group leases motor vehicles for product deliveries and staff use in sales and day-to-day operations
- Equipment leases - the group leases certain equipment for use in its distribution, manufacturing and warehousing activities. This includes material handling equipment such as forklifts and pallet trucks
- Other leases - other leases includes the lease of assets such as IT equipment, photocopiers and other plant or office equipment

On inception of a new lease, the lease liability is measured at the present value of the remaining lease payments, discounted using the group's incremental borrowing rate at that date. The right-of-use assets are measured at an amount equal to the lease liability, and are depreciated over the estimated remaining lease term on a straight-line basis. The group presents the right-of-use assets and lease liabilities separately on the face of the Balance Sheet.

The group has utilised the recognition practical expedients specified in NZ IFRS 16 in respect of short-term and low value leases where appropriate, as well as the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

New standards and interpretations issued and effective in the current period

The group adopted all mandatory new and amended NZ IFRS Standards and Interpretations in the current year. Refer to Note A5 for disclosure on the impact of adopting Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to NZ IAS 12). No other new standards and interpretations issued and effective in the current period had a material impact on the group's financial statements.

New standards and interpretations issued and not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2024. During the financial year, the International Accounting Standards Board issued IFRS 18 Presentation and Disclosure in Financial Statements, which is effective for accounting periods beginning on or after 1 January 2027. The impact of this standard is being assessed by the group, however it is expected that the standard will affect the presentation of the financial statements.

The group is currently assessing the impact of other new standards to the group to determine if they will have a significant impact on future financial statements. On this basis, the group has not adopted and currently does not anticipate adopting, any standards prior to their effective dates.

Climate-related Disclosures

On 14 December 2022, the External Reporting Board (XRB) published its climate-related disclosures standards. The group is a climate reporting entity for the purpose of the Financial Markets Conduct Act 2013. The group's climate-related disclosures for the year ended 30 June 2024 will be accessible on Steel & Tube's website by 31 October 2024.

KPMG

Independent Auditor's Report

To the Shareholders of Steel & Tube Holdings Limited (**Group**)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated balance sheet as at 30 June 2024;
- the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Steel & Tube Holdings Limited (the **Company**) and its subsidiaries (the **Group**) on pages 48 to 81 present fairly in all material respects:

- the Group's financial position as at 30 June 2024 and its financial performance and cash flows for the year ended on that date; and
- in accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other services to the Group in relation to pre-assurance services for Greenhouse Gas Emission disclosure and half year review. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $2.4 million determined with reference to a benchmark of the Group's total revenue. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the Shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Revenue recognition $479 million	
Key revenue streams include the recognition of revenue from construction contracts within the Infrastructure Division ($79 million), and revenue from sales of goods and services within the Infrastructure and Distribution Divisions ($400 million). Refer to the segment information in Note A3 to the financial statements. Revenue recognition is a Key Audit Matter due to the large volume of individual transactions recorded in the year, and the complexity of the processes adopted to ensure that revenue is recorded accurately in the correct period. Specifically, we note; — for construction contracts, revenue is recognised over time based on either the estimated stage of completion of each project or according to the value to the customer of the Group's performance completed to date. When estimating stage of completion, revenue is calculated based on the proportion of total costs incurred at the reporting date compared to the Group's estimation of total costs of the project, multiplied by the total expected revenue from the project. — for sale of products and services, revenue is recognised when the Group transfers control to its customers, typically when products have been delivered to customers.	We evaluated revenue recognition performing procedures including the following; — obtaining an understanding of the Group's processes and controls relating to recognition of revenue. — for revenue from construction contracts, we selected in-progress contracts according to a risk-based criteria. For the selected contracts, we made inquiries with management to understand the status and risks of the project. We obtained the customer contract to evaluate whether the contractual terms were reflected in the Group's estimation of total costs and total expected revenues. We challenged the completeness by comparison to supporting evidence such as cost to date and material pricing. — for revenue from the sale of products and services in the period close to the year-end, we assessed, on a sample basis, the accuracy of the inputs used by management when assessing revenue cut-off. We also obtained evidence of delivery dates for a sample of transactions occurring before and after 30 June 2024. — for revenue from the sale of products and services throughout the year, we used data-driven audit procedures to assess whether the sales transactions were appropriately supported by underlying evidence. We did not identify any material misstatements in relation to the recognition of revenue.

KPMG

Other information

The directors, on behalf of the Group, are responsible for the other information. The other information comprises information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the Shareholders. Our audit work has been undertaken so that we might state to the Shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the Shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of directors for the consolidated financial statements

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

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error;
- assessing the ability of the Group 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.

KPMG

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

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

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

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Laura Youdan.

For and on behalf of:

KPMG

KPMG
Auckland
23 August 2024

Remuneration

Director Remuneration

As at 30 June 2024, the standard directors' fees per annum were $165,000 for the chair and $87,500 for each non-executive director. Board committee chairs also receive additional fees of between $10,000 – $15,000 for their committee responsibilities.

Directors' fees exclude GST, where applicable. Directors are entitled to be reimbursed for costs directly associated with carrying out their duties, including travel costs. Board policy is that no sum is paid to a director upon retirement or cessation of office.

Directors do not participate in the company's short or long term incentives.

The total amount of remuneration and other benefits received by the directors during the year ended 30 June 2024 was $642,500 as shown in the table below:

Director	Director Fees	Committee Chair Fees	FY24 Total	Responsibility
Susan Paterson	165,000	-	165,000	Board Chair
Steve Reindler	87,500	10,000	97,500	People & Culture Committee Chair
Chris Ellis	87,500	15,000	102,500	QHSET Committee Chair
John Beveridge	87,500	-	87,500	
Karen Jordan	87,500	15,000	102,500	Audit & Risk Committee Chair
Andrew Flavell	87,500	-	87,500	

Executive Remuneration

Steel & Tube's Remuneration Policy and practices are designed to attract, retain and motivate high calibre people at all levels of Steel & Tube.

Board policy is that no additional amounts are paid to the Chief Executive Officer or any other executive upon retirement or cessation of office. There were no special joining payments, retention payments or takeover bonuses paid to any executive in FY24.

The CEO and executives have the potential to earn a Short Term Incentive (STI) each year. Steel & Tube's STI is based on performance targets and is designed to differentiate performance and reward delivery. STI values for the CEO and executives are set as a percentage of Fixed Annual Remuneration (FAR) based on the scale, complexity and performance expectations of each individual STI participant's role.

STI performance targets reflect a mixture of financial, quality & safety, customer services and strategy delivery objectives appropriate for the position held by the individual STI participant.

The STI plan also includes a company based performance hurdle, where no STI is payable to any participant if the year-end results are 80% or less of the company's financial target.

If there is a fatality or serious harm where the board deems either the company as a whole or participating individuals are culpable, the board may decide that no STI payment (all components) will be paid to one, some or all of the participants.

The CEO and executives, together with a limited number of non-executive senior managers, also have the potential to earn a Long Term Incentive (LTI). Steel & Tube's LTI is designed to incentivise and retain key personnel, align the interests of executives and shareholders and encourage long-term decision-making. LTI values for the CEO and executives are set as a percentage of FAR.

The current LTI (referred to as the Performance Rights Plan (PRP)) was developed and approved by the board in February 2018. The PRP performance period runs for three years and comprises of two performance conditions (50% each) as outlined in Note E5 of the Financial Report.

The STI and LTI are both variable elements of remuneration, with selected employees invited to participate each year as approved by the board. Payments are only made if individual, company and shareholder TSR performance conditions and targets are met.

CEO Remuneration

The CEO's overall remuneration as at 30 June 2024 consists of a fixed annual remuneration (FAR), an STI at 60% of FAR and an LTI of 40% of FAR. This is reviewed annually by the People & Culture Committee and approved by the board each year.

The performance targets for the CEO for the year ending 30 June 2024 were as follows:

Target KPIs	Weighting
Financial – Return on Funds Employed (ROFE)	50%
Completion of Nominated Strategic Initiatives	25%
Health & Safety – Leading and lagging indicators	10%
Customer Engagement	8%
Employee Engagement	7%

The board ensures that the CEO's remuneration, including base salary, is aligned with appropriate market rates and reflects performance and delivery of sustainable shareholder value.

The table below sets out CEO FAR and the pay for performance components of the CEO's remuneration package on an annualised basis. This table sets out the pay for performance outcomes for STI and LTI assuming 100% is paid out.

Target Remuneration (as at 30 June):

	Fixed Remuneration			Pay for Performance			
	FAR[1]	Non-taxable benefits[2]	Sub total	Target STI[3]	Target LTI[4]	Subtotal	Total Target Remuneration
2024	$1,083,316	nil	$1,083,316	$649,990	$433,326	$1,083,316	**$2,166,632**
2023	$875,500	nil	$875,500	$525,300	$350,200	$875,500	**$1,751,000**
2022	$875,500	nil	$875,500	$458,556	$409,138	$867,694	**$1,743,194**
2021	$728,280	nil	$728,280	$218,484	$291,312	$509,796	**$1,238,076**
2020	$714,000	nil	$714,000	$428,400	$285,600	$714,000	**$1,428,000**

Details of what has been paid to the CEO in the past five years are outlined below:

Actual Remuneration Received (for the financial year ended):

	FAR[1]	Non-taxable benefits[2]	STI earned in FY[3]	Value of LTI vested during FY[4]	Total remuneration earned during FY
FY24	$1,048,680	nil	nil	$516,490	**$1,565,170**
FY23	$875,500	nil	$708,871	$422,321	**$2,006,692**
FY22	$794,786	nil	$687,834	nil	**$1,482,620**
FY21	$721,140	nil	$273,105	nil	**$994,245**
FY20	$702,880	nil	nil	nil	**$702,880**

1 FAR includes any KiwiSaver employer contributions

2 There were no costs associated with any other benefits during the year ended 30 June 2024

3 STI target for the full year is subject to achievement of performance targets as agreed with the board in each year. No STI was payable in FY24 as financial threshold was not achieved

4 LTI value of actual Rights granted in each year (which may be exercised after the completion of the three year performance period, providing and only to the extent that the performance conditions have been satisfied)

Pay Gap

The Pay Gap represents the number of times greater the CEO's remuneration is to the remuneration of an employee paid at the median of all Steel & Tube employees. For the purposes of determining the median paid to all Steel & Tube employees, all permanent full-time, permanent part-time and fixed-term employees are included, with part-time employee remuneration adjusted to a full-time equivalent amount.

At 30 June 2024, the CEO's fixed remuneration of $1,083,316 was 15.5 times (30 June 2023: 12.99 times) that of the median employee at $69,888 per annum.

Employee Remuneration

The number of employees or former employees who received remuneration and other benefits valued at or exceeding $100,000 during the year to 30 June 2024 are specified in the table below.

The remuneration noted includes all monetary payments actually paid during the course of the year ended 30 June 2024, any restructuring and redundancy related compensation, value of shares vested under the terms of the long term incentive scheme and all short term performance incentive payments.

The remuneration paid to, and other benefits received by, the CEO for the year ended 30 June 2024 are detailed on page 87 and are excluded from the table.

Remuneration Range $000	2024
100 - 110	32
110 - 120	39
120 - 130	16
130 - 140	20
140 - 150	13
150 - 160	7
160 - 170	7
170 - 180	4
180 - 190	3
190 - 200	4
200 - 210	5
210 - 220	2
220 - 230	3
230 - 240	1
240 - 250	2
250 - 260	1
260 - 270	1
270 - 280	1
280 - 290	1
290 - 300	1
300 - 310	1
310 - 320	1
340 - 350	1
350 - 360	1
390 - 400	1
490 - 500	1
610 - 620	1
620 - 630	1
730 - 740	1
750 - 760	1
Total	**173**

Disclosures

Directors' Interests

Directors have made general disclosures of interests in accordance with section 140(2) of the Companies Act 1993. Current interests as at 30 June 2024, including those which ceased during the year, are detailed below:

Susan Paterson	
Theta Systems Ltd	Chair
Evolution Healthcare Ltd & associated companies[1]	Chair
EROAD Ltd (previously a Director)[2]	Chair
Reserve Bank of New Zealand Governance Board	Board Member
Les Mills Holdings Ltd	Director
Arvida Group Ltd	Director
Lodestone Energy Limited	Director

Steve Reindler	
D&H Steel Construction Ltd	Chair
Clearwater Construction Ltd	Chair
Waste Disposal Services Unincorp JV	Chair
Lincoln University Works Programme[1]	Chair
Broome International Airport Group & affiliates	Director
Te Kaha Project Delivery Limited	Director
Port of Auckland Limited	Director
Whitford Community Charitable Trust	Trustee
Museum of NZ Te Papa Tongarewa Governance Group	Independent Advisor

Andrew Flavell	
ASB Technical Advisory Group	Chair
Port of Auckland Limited	Director
Les Mills International[2]	Contractor

Chris Ellis	
Ingot Holdco Limited & affiliates (formerly Hiway Group)[2]	Chair
Disputes Review Board – Central Interceptor Project	Chair
Oxcon CLL Limited	Advisory Chair
John Fillmore Contracting Limited	Advisory Chair
Titan Contracting Group Limited[2]	Advisory Chair
Horizon Energy Distribution Limited & affiliates	Director

John Beveridge	
NZ Scaffolding Group Ltd & affiliates	Chair
Door & Window Systems Auckland Limited & affiliates	Director
Horizon Energy Distribution Limited & affiliates[1]	Director

Karen Jordan	
Lyttelton Port Company Limited	Director
New Zealand Defence Force (NZDF) Risk and Assurance Committee	Member
IRD Risk Assurance Committee[1]	Member

[1] Interest no longer held as at 30 June 2024

[2] Appointed during the financial year ended 30 June 2024

Information Used by Directors

There were no notices from directors requesting to disclose or use company information received in their capacity as directors that would not otherwise have been available to them.

Directors' Shareholdings

Steel & Tube securities in which each director has a relevant interest as at 30 June 2024 are:

Director	Shares held
Susan Paterson	262,425 beneficially owned
Steve Reindler	115,177 beneficially owned
Chris Ellis	10,000
John Beveridge	20,000 beneficially owned
Karen Jordan	10,000
Andrew Flavell	1,000

Directors' Security Dealings

During the year ended 30 June 2024 directors' disclosed the following securities transactions in respect of section 148(2) of the Companies Act 1993 and sections 297(2) and 298(2) of the Financial Markets Conduct Act 2013.

These transactions took place in accordance with Steel & Tube's Insider Trading Policy.

Director	Date of Transaction	Number of shares acquired / (disposed)	Nature of transaction	Consideration
Karen Jordan	14 November 2023	8,931	On-market acquisition	$9,467
Steve Reindler	16 November 2023	20,000	On-market acquisition	$21,624

Indemnities and Insurance

In accordance with section 162 of the Companies Act 1993 and Steel & Tube's Constitution, the company has arranged Directors and Officers Liability insurance covering directors and employees of Steel & Tube, including directors of subsidiary companies, for liability arising from their acts or omissions in their capacity as directors or employees. The insurance policy does not cover dishonest, fraudulent, malicious or willful acts or omissions.

Subsidiary Companies Directors

The remuneration of employees appointed as directors of subsidiary companies is disclosed in the relevant banding of remuneration set out under the heading Employee Remuneration. Employees did not receive additional remuneration or benefits for being directors during the year.

Directors of the subsidiary companies as at 30 June 2024 were:

Company	Directors
Steel & Tube New Zealand Limited	Mark Malpass, Richard Smyth
Composite Floor Decks Holdings Limited	Mark Malpass, Richard Smyth
Studwelders Limited	Mark Malpass, Richard Smyth
S & T Stainless Limited	Mark Malpass, Richard Smyth
Manufacturing Suppliers Limited	Mark Malpass, Richard Smyth
S & T Plastics Limited	Mark Malpass, Richard Smyth
Composite Floor Decks Limited	Mark Malpass, Richard Smyth

Steel & Tube Holdings Limited (STU) Analysis Of Shareholding

As at 30 June 2024

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
1 to 999	1,449	20.56%	593,433	0.35%
1,000 to 4,999	2,372	33.64%	5,732,026	3.42%
5,000 to 9,999	1,110	15.74%	7,591,855	4.54%
10,000 to 49,999	1,689	23.95%	34,915,692	20.86%
50,000+	431	6.11%	118,552,917	70.83%
Total	**7,051**	**100.00%**	**167,385,923**	**100.00%**

Substantial Security Holder

The company received no Substantial Security Holder notices during the year ended 30 June 2024.

Issued shares in the company at 30 June 2024 comprise:	
Ordinary shares fully paid	167,385,923
Ordinary shares partly paid (no voting rights)^	25,000
	167,410,923

^ Shares issued in the Senior Executives Share Scheme 1993

Top 20 Shareholders

As at 30 June 2024

Twenty largest security holders as at 30 June 2024	Ordinary Shares	Percentage
New Zealand Steel Limited	26,274,753	15.70%
Lennon Holdings Limited	9,581,593	5.72%
New Zealand Depository Nominee Limited	3,895,322	2.33%
Citibank Nominees (New Zealand) Limited*	3,228,879	1.93%
Custodial Services Limited	3,127,890	1.87%
Leveraged Equities Finance Limited	2,992,357	1.79%
HPI Avondale Limited	2,103,786	1.26%
FNZ Custodians Limited	1,957,444	1.17%
Neil Douglas Waites & Anthony Gene Waites & Richard Boyd Waites	1,770,000	1.06%
Maxima Investments Limited	1,450,000	0.87%
Accident Compensation Corporation*	1,421,326	0.85%
John Francis Managh	1,404,738	0.84%
Forsyth Barr Custodians Limited	1,280,566	0.77%
Andrew Paul Lissaman Everist	1,272,000	0.76%
HSBC Nominees (New Zealand) Limited*	1,257,002	0.75%
Trevor Jeffrey Corfield	1,050,400	0.63%
John Francis Managh & David Robert Percy	999,454	0.60%
Grandview Grazing Limited	917,550	0.55%
Public Trust Class 10 Nominees Limited*	717,034	0.43%
Brian Robert Hardgrave	620,000	0.37%
	67,322,094	**40.22%**

* Shares held in New Zealand Central Securities Depository (NZCSD)

Glossary

EBIT: Earnings / (Loss) before the deduction of interest and tax

EBITDA: Earnings / (Loss) before the deduction of interest, tax, depreciation and amortisation

TRIFR: Employee Total Recordable Injury Frequency Rate per 1 million work hours

ISO: International Organization for Standardization

kgCO_2e: Kilograms of Carbon Dioxide Equivalent (a standard unit for counting greenhouse gas emissions)

Normalised EBIT/EBITDA: EBIT and EBITDA excluding non-trading adjustments and unusual transactions

NPAT: Net profit after tax

XRB: External Reporting Board

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

Website: 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

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

Website: 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

steel&tube STRONGER TOGETHER | FORTRESS FASTENERS | ComFlor | Hurricane | KIWI PIPE & FITTINGS

steelandtube.co.nz