

1. Company details

Name of entity:	Big River Industries Limited
ABN:	72 609 901 377
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	45.2% to	193,838,507
Profit from ordinary activities after tax attributable to the owners of Big River Industries Limited	up	242.3% to	8,840,054
Profit for the half-year attributable to the owners of Big River Industries Limited	up	242.3% to	8,840,054
		31 Dec 2021 Cents	31 Dec 2020 Cents
Basic earnings per share		10.88	(9.79)
Diluted earnings per share		10.88	(9.79)

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend paid on 6 October 2021	3.00	3.00

On 25 February 2022, the directors determined a fully franked interim dividend of 5.5 cents per fully paid ordinary share to be paid on 6 April 2022.

Comments

The profit for the Group after providing for income tax amounted to \$8,840,054 (31 December 2020: loss of \$6,212,335).

Refer to the Interim Report attached to this Appendix 4D for detailed explanation and commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	55.05	66.27
	Group	
	31 Dec 2021	31 Dec 2020
	\$	\$
Net assets	104,956,057	78,064,168
Intangibles	(59,707,722)	(29,634,942)
Net tangible assets	45,248,335	48,429,226
Ordinary shares (No.)	82,191,195	73,077,225

4. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The dividend reinvestment plan dated 10 December 2019 is in operation, which can be downloaded at <http://bigriverindustries.com.au/Investors/?page=Corporate-Governance>

The last date(s) for receipt of election notices for the dividend or distribution plans: 9 March 2022

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

Details of attachments (if any):

The Interim Report of Big River Industries Limited for the half-year ended 31 December 2021 is attached.

7. Signed



Signed _____

Date: 25 February 2022

Stephen Parks
Chief Financial Officer and Company Secretary
Sydney

Big River Industries Limited

ABN 72 609 901 377

Interim Report - 31 December 2021

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Big River Industries Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of Big River Industries Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

James Bernard Bindon	
Malcolm Geoffrey Jackman	
Martin Kaplan	
Vicky Papachristos	
Brendan York	
Brad Soller	Appointed 10 September 2021
Martin Monro	Appointed 10 September 2021

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the manufacture of veneer, plywood and formply, and the distribution of building supplies.

Dividends

Dividends paid during the financial half-year were as follows:

	Group	
	31 Dec 2021	31 Dec 2020
	\$	\$
Final dividend of 3.0 cents per fully paid ordinary share paid on 6 October 2021 (31 December 2020: 2.4 cents paid on 6 October 2020)	<u>2,418,753</u>	<u>1,499,254</u>

On 25 February 2022, the directors determined a fully franked interim dividend of 5.5 cents per fully paid ordinary share to be paid on 6 April 2022.

Review of operations

Revenue for the financial half-year ended 31 December 2021 was \$193.8 million, up 45% from \$133.5 million in the previous corresponding period. This included revenue from recent acquisitions, being three months from Revolution Wood Panels, two months from United Building Products, and a full six months from Timberwood Panels.

Like-for-like revenue growth (branches trading for a full six months in both periods) was up 14% on the previous corresponding period.

The strong revenue growth along with strong growth in gross margin percentages saw every region grow their Operating earnings before interest, tax, depreciation and amortisation ('EBITDA') contribution. This resulted in an Operating EBITDA of \$21.5 million (prior to significant items), up 115% on the previous financial half-year of \$10.0 million.

During the half-year the Company completed the acquisition of Revolution Wood Panels and United Building Products with associated acquisition costs of \$0.7 million net of tax which included stamp duty of \$0.4 million.

There were no costs associated with the closure of the Wagga Wagga facility expensed in the financial half-year as these were already provided for at 30 June 2021. Cash payments associated with redundancies and other closure costs during the period amounted to \$3.0 million and were offset by the receipt of \$3.0 million from the associated Government grant.

Net profit after tax ('NPAT') (before significant items) was \$9.9 million, up 204% on the previous corresponding period of \$3.3 million.

After significant items net of tax of \$1.1 million are deducted, the statutory net profit after tax for the financial half-year was \$8.8 million.

	31 Dec 2021 \$'000	31 Dec 2020 \$'000	Change %
Revenue	193,838	133,529	45.2%
Operating EBITDA*	21,491	9,997	115.0%
Depreciation	(5,267)	(4,150)	(26.9%)
Amortisation	(609)	(225)	(170.7%)
Earnings before interest and tax ('EBIT')	15,615	5,622	177.7%
Interest	(1,482)	(965)	(53.6%)
Net profit before tax ('NPBT')	14,133	4,657	203.5%
Taxation	(4,178)	(1,381)	(202.6%)
NPAT (before significant items)	9,955	3,276	203.9%
Significant Items net of tax NPAT	(1,115)	(9,488)	88.2%
	8,840	(6,212)	242.3%
<i>Significant items net of tax:</i>			
Wagga Wagga impairment	-	(9,354)	
Acquisition costs	(745)	(156)	
Contingent consideration	-	200	
Share-based remuneration	(370)	(178)	
Significant Items net of tax	(1,115)	(9,488)	

* Operating EBITDA is net profit before interest, taxes, depreciation, amortisation, Wagga Wagga impairment, contingent consideration gain/loss, share-based remuneration and acquisition costs.

Novel Coronavirus (COVID-19)

The Group was not entitled to any government support in Australia, but did receive a small payment from the New Zealand Government of AUD\$0.1 million in relation to the Company's New Zealand operations.

Significant changes in the state of affairs

On 24 August 2021, the Group executed a business purchase deed to acquire the business and assets of Revolution Wood Panels Pty Ltd t/as Revolution Wood Panels, a business located in the Brisbane suburb of Brendale, QLD. Completion was effective from 1 October 2021 and the maximum purchase price of \$7.8 million, which includes inventory, and plant and equipment, was settled through the payment of \$6.0 million in cash, the issue of \$1.0 million in ordinary shares of Big River Industries Ltd, with the balance payable upon achieving agreed EBITDA targets over a two year period.

On 1 October 2021, the Company issued 0.5 million ordinary shares to the vendors of Revolution Wood Panels Pty Ltd at a value of \$2.09 per share on completion of the acquisition of Revolution Wood Panels.

On 4 October 2021, the Group executed a business purchase deed to acquire the business and assets of United Home & Trade Pty Ltd t/as United Building Products, a business located in Albion Park, NSW. Completion was effective from 1 November 2021 and the maximum purchase price of \$10.7 million, which includes inventory, and plant and equipment, was settled through the payment of \$7.5 million in cash, the issue of \$2.1 million in ordinary shares of Big River Industries Ltd, with the balance payable upon achieving agreed EBITDA targets over a two year period.

On 2 November 2021, the Company issued 1.0 million ordinary shares to the vendors of United Home & Trade Pty Ltd at a value of \$2.13 per share on completion of the acquisition of United Building Products.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

The impact of COVID-19 is ongoing. The situation is constantly changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend determined as discussed above, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Malcolm Jackman
Chairman

25 February 2022
Sydney



James Bindon
Managing Director

The Board of Directors
Big River Industries Limited
Trenayr Road
Junction Hill, NSW 2480

25 February 2022

Dear Board Members

Auditor's Independence Declaration to Big River Industries Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Big River Industries Limited.

As lead audit partner for the review of the half-year financial report of Big River Industries Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



David Haynes
Partner
Chartered Accountants

Big River Industries Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



		Group	
	Note	31 Dec 2021	31 Dec 2020
		\$	\$
Revenue			
	4	193,838,507	133,529,424
Other income	5	44,673	318,569
Expenses			
Raw materials and consumables used		(142,473,045)	(95,715,172)
Selling and distribution expense		(3,639,773)	(3,083,110)
Employee benefits expense		(18,535,476)	(18,678,609)
Occupancy expense		(2,193,654)	(2,146,040)
General and administration expense		(5,017,428)	(3,627,623)
Acquisition costs		(843,890)	(222,519)
Depreciation and amortisation expense		(5,876,691)	(4,375,408)
Impairment of receivables		(903,203)	(579,076)
Impairment of assets and restructuring costs	6	-	(12,844,522)
Finance costs		(1,481,752)	(964,911)
Profit/(loss) before income tax (expense)/benefit		12,918,268	(8,388,997)
Income tax (expense)/benefit		(4,078,214)	2,176,662
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Big River Industries Limited		8,840,054	(6,212,335)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		175,747	39,781
Other comprehensive income for the half-year, net of tax		175,747	39,781
Total comprehensive income for the half-year attributable to the owners of Big River Industries Limited		<u>9,015,801</u>	<u>(6,172,554)</u>
		Cents	Cents
Basic earnings per share	13	10.88	(9.79)
Diluted earnings per share	13	10.88	(9.79)

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

	Group	
Note	31 Dec 2021	30 Jun 2021
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	6,528,555	7,850,824
Trade and other receivables	51,784,819	53,965,125
Inventories	65,369,677	54,143,241
Other	2,232,916	1,585,349
Total current assets	<u>125,915,967</u>	<u>117,544,539</u>
Non-current assets		
Property, plant and equipment	23,069,845	20,829,032
Right-of-use assets	26,086,666	22,510,409
Intangibles	7 59,707,722	43,809,425
Deferred tax	684,035	5,075,945
Total non-current assets	<u>109,548,268</u>	<u>92,224,811</u>
Total assets	<u>235,464,235</u>	<u>209,769,350</u>
Liabilities		
Current liabilities		
Trade and other payables	43,084,055	41,227,756
Borrowings	8 2,804,855	1,404,374
Lease liabilities	8,063,910	7,150,470
Income tax	920,685	997,660
Provisions	7,881,128	9,218,951
Contingent consideration	3,533,863	1,970,114
Deferred revenue	2,324,000	2,324,000
Total current liabilities	<u>68,612,496</u>	<u>64,293,325</u>
Non-current liabilities		
Borrowings	8 36,000,000	26,000,000
Lease liabilities	21,029,518	18,635,575
Provisions	756,448	959,896
Contingent consideration	4,109,716	5,190,150
Total non-current liabilities	<u>61,895,682</u>	<u>50,785,621</u>
Total liabilities	<u>130,508,178</u>	<u>115,078,946</u>
Net assets	<u>104,956,057</u>	<u>94,690,404</u>
Equity		
Issued capital	9 96,706,986	93,408,747
Reserves	731,892	185,779
Retained profits	7,517,179	1,095,878
Total equity	<u>104,956,057</u>	<u>94,690,404</u>

Group	Issued capital \$	Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	69,286,174	(350,252)	-	2,796,318	71,732,240
Loss after income tax benefit for the half-year	-	-	-	(6,212,335)	(6,212,335)
Other comprehensive income for the half-year, net of tax	-	39,781	-	-	39,781
Total comprehensive income for the half-year	-	39,781	-	(6,212,335)	(6,172,554)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	13,825,436	-	-	-	13,825,436
Share-based payments	-	-	178,300	-	178,300
Dividends paid (note 10)	-	-	-	(1,499,254)	(1,499,254)
Balance at 31 December 2020	<u>83,111,610</u>	<u>(310,471)</u>	<u>178,300</u>	<u>(4,915,271)</u>	<u>78,064,168</u>

Group	Issued capital \$	Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	93,408,747	(418,865)	604,644	1,095,878	94,690,404
Profit after income tax expense for the half-year	-	-	-	8,840,054	8,840,054
Other comprehensive income for the half-year, net of tax	-	175,747	-	-	175,747
Total comprehensive income for the half-year	-	175,747	-	8,840,054	9,015,801
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 9)	3,298,239	-	-	-	3,298,239
Share-based payments	-	-	370,366	-	370,366
Dividends paid (note 10)	-	-	-	(2,418,753)	(2,418,753)
Balance at 31 December 2021	<u>96,706,986</u>	<u>(243,118)</u>	<u>975,010</u>	<u>7,517,179</u>	<u>104,956,057</u>

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

	Group	
Note	31 Dec 2021	31 Dec 2020
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	213,209,854	154,832,413
Payments to suppliers and employees (inclusive of GST)	<u>(201,683,246)</u>	<u>(147,225,687)</u>
	11,526,608	7,606,726
Government grant (inclusive of GST)	3,300,000	-
Other revenue	1,495	379
Interest and other finance costs paid	(1,481,752)	(924,911)
Income taxes paid	<u>(1,784,439)</u>	<u>(1,830,531)</u>
Net cash from operating activities	<u>11,561,912</u>	<u>4,851,663</u>
Cash flows from investing activities		
Payment for purchase of businesses, net of cash acquired	12 (13,455,348)	-
Payments for property, plant and equipment	(3,098,565)	(437,625)
Payments for intangibles	(101,607)	(237,411)
Payments of deferred consideration	(1,823,040)	(1,224,042)
Proceeds from disposal of property, plant and equipment	<u>202,381</u>	<u>121,515</u>
Net cash used in investing activities	<u>(18,276,179)</u>	<u>(1,777,563)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	13,825,436
Share issue transaction costs	(9,875)	-
Proceeds from borrowings	10,000,000	-
Repayment of borrowings	-	(13,622,585)
Net lease repayments	(3,657,042)	(2,621,736)
Dividends paid	10 (2,264,603)	(1,499,254)
Net cash from/(used in) financing activities	<u>4,068,480</u>	<u>(3,918,139)</u>
Net decrease in cash and cash equivalents	(2,645,787)	(844,039)
Cash and cash equivalents at the beginning of the financial half-year	6,446,450	5,895,917
Effects of exchange rate changes on cash and cash equivalents	<u>(76,963)</u>	<u>(39,546)</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>3,723,700</u></u>	<u><u>5,012,332</u></u>

Note 1. General information

The financial statements cover Big River Industries Limited as a Group consisting of Big River Industries Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ('Group'). The financial statements are presented in Australian dollars, which is Big River Industries Limited's functional and presentation currency.

Big River Industries Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Trenayr Road
 Junction Hill NSW 2460

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment as the Group operated mainly in Australia and in one industry being the supply of building products. This assessment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly the information provided in these financial statements reflect the one operating segment.

	Revenue from external customers		Geographical non-current assets	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	30 Jun 2021
	\$	\$	\$	\$
Australia	177,660,317	120,212,098	88,795,969	66,414,729
New Zealand	16,176,695	13,316,947	19,773,951	20,289,693
	<u>193,837,012</u>	<u>133,529,045</u>	<u>108,569,920</u>	<u>86,704,422</u>

The Group's revenue is generated from sales of building products in Australia and New Zealand. The geographic split of this revenue across all companies is: a) Australia (92%) and b) New Zealand (8%).

Note 3. Operating segments (continued)

There is no single customer with 10% or more of revenue.

The geographical non-current assets above are exclusive of deferred tax assets.

Note 4. Revenue

	Group	
	31 Dec 2021	31 Dec 2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Sale of goods	193,837,012	133,529,045
<i>Other revenue</i>		
Other revenue	1,495	379
Revenue	<u>193,838,507</u>	<u>133,529,424</u>

Disaggregation of revenue

Disaggregation of revenue is disclosed in note 3. All of the Group's revenue is recognised at a point in time.

Note 5. Other income

	Group	
	31 Dec 2021	31 Dec 2020
	\$	\$
Net gain on disposal of property, plant and equipment	44,673	118,569
Remeasurement of contingent consideration	-	200,000
Other income	<u>44,673</u>	<u>318,569</u>

Note 6. Impairment of assets and restructuring costs

On 3 November 2020, the Company announced that it had been approved for a Government Grant totalling \$10.0 million under the NSW Governments Bushfire Industry Recovery Package – Sector Development Grants. The Company since executed the appropriate Funding Deed from The Department of Regional NSW.

The Government Grant supports the consolidation of the Company's current manufacturing operations onto one site at Grafton NSW after the closure of the Wagga Wagga NSW site.

There were no costs associated with the closure of the Wagga Wagga facility expensed in the current financial half-year (31 December 2020: \$12.8 million) as these were already provided for at 30 June 2021. Cash payments associated with redundancies and other closure costs during the period amounted to \$3.0 million and were offset by the receipt of \$3.0 million from the associated Government grant.

In the financial year ended 30 June 2021, the Company recognised a impairment charge of \$8.9 million (net of government grant and before tax) on property, plant and equipment, inventory, and for restructuring provisions to reflect expected redundancy and site restoration costs.

Note 7. Intangibles

	Group	
	31 Dec 2021	30 Jun 2021
	\$	\$
<i>Non-current assets</i>		
Goodwill	44,991,047	35,351,455
Customer relationships	12,695,737	6,240,794
Less: Accumulated amortisation	(2,544,385)	(2,119,971)
	<u>10,151,352</u>	<u>4,120,823</u>
Software - at cost	2,019,448	1,917,841
Less: Accumulated amortisation	(456,860)	(314,000)
	<u>1,562,588</u>	<u>1,603,841</u>
Product development - at cost	191,437	191,437
Less: Accumulated amortisation	(76,131)	(58,131)
	<u>115,306</u>	<u>133,306</u>
Brand - at cost	2,910,500	2,600,000
Less: Accumulated amortisation	(23,071)	-
	<u>2,887,429</u>	<u>2,600,000</u>
	<u><u>59,707,722</u></u>	<u><u>43,809,425</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Group	Goodwill \$	Customer relationships \$	Software \$	Product development \$	Brand \$	Total \$
Balance at 1 July 2021	35,351,455	4,120,823	1,603,841	133,306	2,600,000	43,809,425
Additions	-	-	101,607	-	-	101,607
Additions through business combinations (note 12)	9,509,958	6,447,000	-	-	310,500	16,267,458
Exchange differences	129,634	8,918	-	-	-	138,552
Amortisation expense	-	(425,389)	(142,860)	(18,000)	(23,071)	(609,320)
Balance at 31 December 2021	<u>44,991,047</u>	<u>10,151,352</u>	<u>1,562,588</u>	<u>115,306</u>	<u>2,887,429</u>	<u>59,707,722</u>

Note 8. Borrowings

	Group	
	31 Dec 2021	30 Jun 2021
	\$	\$
<i>Current liabilities</i>		
Bank overdraft and trade finance	2,804,855	1,404,374
	<u>2,804,855</u>	<u>1,404,374</u>
<i>Non-current liabilities</i>		
Bank bills	36,000,000	26,000,000
	<u>36,000,000</u>	<u>26,000,000</u>

Note 8. Borrowings (continued)

Total secured liabilities

The total secured liabilities are as follows:

	Group	
	31 Dec 2021	30 Jun 2021
	\$	\$
Bank overdraft and trade finance	2,804,855	1,404,374
Bank bills	36,000,000	26,000,000
	<u>38,804,855</u>	<u>27,404,374</u>

Assets pledged as security

The above borrowings are secured by first mortgages over the Group's assets.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Group	
	31 Dec 2021	30 Jun 2021
	\$	\$
Total facilities		
Bank overdraft and trade finance	19,198,871	18,224,663
Bank bills	36,000,000	36,000,000
Lease facility	3,900,000	3,900,000
	<u>59,098,871</u>	<u>58,124,663</u>
Used at the reporting date		
Bank overdraft and trade finance	2,804,855	1,404,374
Bank bills	36,000,000	26,000,000
Lease facility	2,464,380	2,247,474
	<u>41,269,235</u>	<u>29,651,848</u>
Unused at the reporting date		
Bank overdraft and trade finance	16,394,016	16,820,289
Bank bills	-	10,000,000
Lease facility	1,435,620	1,652,526
	<u>17,829,636</u>	<u>28,472,815</u>

Note 9. Issued capital

	Group			
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	82,191,195	80,625,116	96,706,986	93,408,747

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	80,625,116		93,408,747
Issue of shares on completion of Revolution Wood Panels	1 October 2021	496,066	\$2.09000	1,036,778
Issue of shares from dividend reinvestment plan	6 October 2021	76,029	\$2.02751	154,150
Issue of shares on completion of United Building Products	2 November 2021	993,984	\$2.13000	2,117,186
Transaction costs arising on share issue, net of tax				(9,875)
Balance	31 December 2021	<u>82,191,195</u>		<u>96,706,986</u>

Note 10. Dividends

Dividends paid during the financial half-year were as follows:

	Group	
	31 Dec 2021	31 Dec 2020
	\$	\$
Final dividend of 3.0 cents per fully paid ordinary share paid on 6 October 2021 (31 December 2020: 2.4 cents paid on 6 October 2020)	<u>2,418,753</u>	<u>1,499,254</u>

On 25 February 2022, the directors determined a fully franked interim dividend of 5.5 cents per fully paid ordinary share to be paid on 6 April 2022.

Note 11. Contingent liabilities

The Group has given bank guarantees as at 31 December 2021 of \$2,524,426 (30 June 2021: \$2,509,386) to various landlords.

Note 12. Business combinations

Revolution Wood Panels

On 24 August 2021, the Group executed a business purchase deed to acquire the business and assets of Revolution Wood Panels Pty Ltd ('Revolution Wood Panels'), a business located in the Brisbane suburb of Brendale, QLD. Completion was effective from 1 October 2021 and the maximum purchase price of \$7.8 million, which includes inventory, and plant and equipment, was settled through the payment of \$6.0 million in cash, the issue of \$1.0 million in ordinary shares of Big River Industries Ltd, with the balance payable upon achieving agreed EBITDA targets over a two year period. The acquisition contributed \$3.9 million to revenue and \$0.2 million to net profit after tax of the Group for the half-year ended 31 December 2021. The values identified in relation to the acquisition are provisional as at 31 December 2021.

Note 12. Business combinations (continued)

United Building Products

On 4 October 2021, the Group executed a business purchase deed to acquire the business and assets of United Home & Trade Pty Ltd ('United Building Products'), a business located in Albion Park, NSW. Completion was effective from 1 November 2021 and the maximum purchase price of \$10.7 million, which includes inventory, and plant and equipment, was settled through the payment of \$7.5 million in cash, the issue of \$2.1 million in ordinary shares of Big River Industries Ltd, with the balance payable upon achieving agreed EBITDA targets over a two year period. The acquisition contributed \$4.0 million to revenue and \$0.2 million to net profit after tax of the Group for the half-year ended 31 December 2021. The values identified in relation to the acquisition are provisional as at 31 December 2021.

Details of the acquisitions are as follows:

	Revolution Wood Panels Fair value \$	United Building Products Fair value \$	Total \$
Inventories	1,597,767	2,351,206	3,948,973
Plant and equipment	612,531	321,809	934,340
Right-of-use assets	1,156,672	5,349,833	6,506,505
Customer relationships	3,168,000	3,279,000	6,447,000
Brand	129,000	181,500	310,500
Deferred tax asset	76,388	103,596	179,984
Deferred tax liability	(1,058,658)	(1,142,486)	(2,201,144)
Employee benefits	(254,628)	(345,318)	(599,946)
Lease make good provision	(90,000)	(60,000)	(150,000)
Lease liability	(1,066,672)	(5,289,833)	(6,356,505)
Net assets acquired	4,270,400	4,749,307	9,019,707
Goodwill	3,532,286	5,977,672	9,509,958
Acquisition-date fair value of the total consideration transferred	<u>7,802,686</u>	<u>10,726,979</u>	<u>18,529,665</u>
Representing:			
Cash paid or payable to vendor	5,997,767	7,457,581	13,455,348
Big River Industries Limited shares issued to vendor	1,036,778	2,117,186	3,153,964
Contingent consideration	768,141	1,152,212	1,920,353
	<u>7,802,686</u>	<u>10,726,979</u>	<u>18,529,665</u>
Acquisition costs expensed to profit or loss	<u>624,379</u>	<u>214,414</u>	<u>838,793</u>
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	7,802,686	10,726,979	18,529,665
Less: contingent consideration	(768,141)	(1,152,212)	(1,920,353)
Less: shares issued by Company as part of consideration	(1,036,778)	(2,117,186)	(3,153,964)
Net cash used	<u>5,997,767</u>	<u>7,457,581</u>	<u>13,455,348</u>

Note 13. Earnings per share

	Group	
	31 Dec 2021 \$	31 Dec 2020 \$
Profit/(loss) after income tax attributable to the owners of Big River Industries Limited	8,840,054	(6,212,335)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	81,233,223	63,452,191
Weighted average number of ordinary shares used in calculating diluted earnings per share	81,233,223	63,452,191
	Cents	Cents
Basic earnings per share	10.88	(9.79)
Diluted earnings per share	10.88	(9.79)

As at 31 December 2021, the performance conditions in relation to the performance rights issued were not met and, accordingly, the performance rights under employee share plans have not been included as dilutive.

Note 14. Share-based payments

Performance rights

The terms and conditions of performance rights are detailed in the 30 June 2021 Annual Report.

Set out below are summaries of performance rights granted:

31 Dec 2021

Grant date	Expiry date	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
23/11/2018	23/11/2023	341,355	-	-	(341,355)	-
28/11/2019	28/11/2024	677,590	-	-	-	677,590
01/12/2020	01/12/2025	541,662	-	-	-	541,662
17/12/2021	17/12/2026	-	433,817	-	-	433,817
		1,560,607	433,817	-	(341,355)	1,653,069

31 Dec 2020

Grant date	Expiry date	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
23/11/2018	23/11/2023	341,355	-	-	-	341,355
28/11/2019	28/11/2024	677,590	-	-	-	677,590
01/12/2020	01/12/2025	-	541,662	-	-	541,662
		1,018,945	541,662	-	-	1,560,607

Valuation model inputs

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Dividend yield	Risk-free interest rate	Fair value at grant date
17/12/2021	17/12/2026	\$2.13000	2.63%	1.58%	\$1.968

Note 15. Events after the reporting period

The impact of COVID-19 is ongoing. The situation is constantly changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend determined as disclosed in note 10, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Malcolm Jackman
Chairman

25 February 2022
Sydney



James Bindon
Managing Director

Independent Auditor's Review Report to the Members of Big River Industries Limited

Conclusion

We have reviewed the half-year financial report of Big River Industries Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Deloitte Touche Tohmatsu



David Haynes
Partner
Chartered Accountants
Sydney, 25 February 2022