Big River Industries Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Big River Industries Limited
ABN:	72 609 901 377
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	45.4%	to	409,263
Profit from ordinary activities after tax attributable to the owners of Big River Industries Limited	up	1070.4%	to	21,267
Profit for the year attributable to the owners of Big River Industries Limited	up	1070.4%	to	21,267

	2022 Cents	2021 Cents
Basic earnings per share	26.03	2.58
Diluted earnings per share	25.51	2.58

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend paid on 6 October 2021	3.00	3.00
Interim dividend paid on 6 April 2022	5.50	5.50

On 26 August 2022, the directors determined a fully franked dividend of 10.0 cents per fully paid ordinary share to be paid on 6 October 2022.

Comments
The profit for the Group after providing for income tax amounted to $21,267,000 (30 June 2021: $1,817,000).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	65.66	63.11

Calculated as follows:

	Group 2022 $'000	2021 $'000
Net assets	112,420	94,691
Intangibles	(58,427)	(43,809)
Net tangible assets	53,993	50,882
Number of ordinary shares	82,227,610	80,625,116

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

The last date(s) for receipt of election notices for the dividend or distribution plans: 7 September 2022

5. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued.

6. Attachments

Details of attachments (if any):

The Annual Report of Big River Industries Limited for the year ended 30 June 2022 is attached.

7. Signed

Signed ____________________________ Date: 26 August 2022

James Bindon
Managing Director and Chief Executive Officer
Sydney

Big River Industries Limited

ABN 72 609 901 377

Annual Report - 30 June 2022

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 year ended 30 June 2022.

Directors
The following persons were directors of Big River Industries Limited during the whole of the financial 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 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
Dividends paid during the financial year were as follows:

	2022 $'000	Group 2021 $'000
Final dividend of 3.0 cents per fully paid ordinary share paid on 6 October 2021 (2021: 2.4 cents paid on 6 October 2020)	2,419	1,499
Interim dividend of 5.5 cents per fully paid ordinary share paid on 6 April 2022 (2021: 2.6 cents paid on 21 April 2021)	4,520	2,018
	6,939	3,517

Dividend declared
On 26 August 2022, the directors determined a fully franked dividend of 10.0 cents per fully paid ordinary share to be paid on 6 October 2022.

Review of operations
The profit for the Group after providing for income tax amounted to $21.3 million (30 June 2021: $1.8 million).

The Group achieved revenue for the year ending 30 June 2022 of $409.3m, an increase of 45% on the previous financial year. This reflected same store organic revenue growth of 20% as well as a 25% growth contribution from acquisitions completed in the current year. This strong growth achievement was reflective of a solid construction sector, particularly the detached housing market, that was still benefiting from the Homebuilder package introduced during FY2021.

EBITDA pre-significant items grew by 113% to $48m. As the same case with the revenue improvements, this growth was achieved from a combination of strong organic growth, better operating cost leverage and excellent contribution from recent acquisitions Revolution Wood Products and United Building Products. EBITDA pre-significant items margin grew from 8% to 11.7%.

Net Profit after tax pre significant items was $22.7 million, an increase of 191% compared to the prior reporting period.

A summary of the Group's results is below

	2022 $'m	2021 $'m
Revenue	**409.3**	**281.4**
Gross profit*	**110.3**	**70.1**
Gross profit margin %	*26.9%*	*25.0%*
EBITDA pre significant items	**48.0**	**22.5**
Depreciation of PPE	(3.3)	(3.0)
Depreciation of Right of Use Assets	(7.5)	(5.8)
Amortisation	(1.4)	(0.6)
EBIT	**35.8**	**13.1**
Finance costs	(3.2)	(1.9)
Profit before Income tax	**32.6**	**11.2**
Income Tax (Expense)/Benefit	(9.9)	(3.4)
Profit after Income Tax before Significant Items	**22.7**	**7.8**
Significant Items (net of tax impact)	(1.4)	(6.0)
Profit after Income Tax and Significant Items	**21.3**	**1.8**

* The Company made a change in the classification of expenses in FY2022. In FY2022, direct labour from manufacturing operations is included in "Raw materials and consumables used" resulting in a gross margin of 26.9%, an increase of 190bps from 25.0% gross margin achieved in FY2021 on a like for like basis. FY2021 has been restated in this table to include $9.4m of direct labour from manufacturing operations recorded in the profit or loss as an "Employee benefits expense". Excluding this adjustment the gross margin reported in FY2021 was 28.2%.

Significant items

The Group had the following significant items (net of taxation) during the year:

	2022 $'m	2021 $'m
Contingent consideration fair value adjustment	-	0.1
Acquisition transaction costs	(1.0)	(1.0)
Non-cash share based payments charge	(0.9)	(0.6)
Impairment/(gain) of assets and restructuring costs relating to Wagga Wagga site closure	0.5	(4.5)
Total significant items	**(1.4)**	**(6.0)**

The Group separates these significant items as they are either non-cash items or one-off items that don't impact operational performance.

Segment performance

During the year the business re-organised into two operating segments being:

- Panels Division – comprising of three manufacturing and five distribution sites of timber panel products in Australia and New Zealand.
- Construction division – comprising of fifteen sites which sell building, commercial and formwork products in Australia.

	Segment Revenue		Segment EBITDA	
	2022 $'m	2021 $'m	2022 $'m	2021 $'m
Panels	117.1	54.9	21.4	10.6
Construction	292.2	226.5	31.9	16.1
Corporate	-	-	(5.3)	(4.2)
Total	**409.3**	**281.4**	**48.0**	**22.5**

Both Divisions achieved strong improvements on the back of both organic revenue growth and contributions from new acquisitions (and a full 12-month contribution from the prior year acquisition of Timberwood Panels).

Organic growth varied by division, with 14.0% achieved in the Panels division, and 23.0% organic growth from the Construction division, which has a higher exposure to the strong detached housing market.

Cash and Debt

	2022 $'m	2021 $'m
Cash and cash equivalents	19.8	7.8
Bank Bills	(36.0)	(26.0)
Bank overdraft and trade finance	(5.1)	(3.6)
Net Debt	**(21.3)**	**(21.8)**
Contingent consideration*	(7.9)	(7.2)
Net Debt adjusted for contingent consideration	**(29.2)**	**(29.0)**

* Contingent consideration represents estimated future payments to vendors of previously completed acquisitions. These payments are contingent on the achievement of certain financial targets of that acquired business. Refer note 23 'Contingent consideration' for further details.

The Group has a Net Debt position of $21.3m as at 30 June 2022, a reduction of $0.5m compared to the prior reporting period. The Group remains in a strong balance sheet position with a reduction in gearing (measured as Net Debt/Net Debt plus Equity) occurring during FY2022, closing the year at 15.8%, versus the 18.7% in the previous corresponding period.

From an operating cash flow perspective, the Group achieved a 88% EBITDA to cash conversion, which was a very strong outcome notwithstanding the material increase in inventory to counter the supply chain disruptions occurring throughout the year.

Material business risks

The Group has a number of business risks including work health and safety risk, operational and compliance risk, competition risks, macroeconomic risks, financial risks, cyber security risks and environmental risks. The Group's trading activity is influenced by the construction cycle and underlying demand. The Board doesn't consider any individual risk to be material to the Group in isolation of other risks.

FY2022 included material uncertainty around global supply chains, and specifically for the Group, the importation of a range of building products. The Group believes that FY2023 does not bring an elevated level of risk in relation to supply chain and has observed supply chains beginning to improve as Covid-19 related constraints subside.

Covid-19 continues to potentially impact the Group's operations and those of customers through any imposed restrictions or lockdowns.

The Board has established a risk management policy for the management and oversight of risk and has delegated responsibility of compliance and internal control to the Audit and Risk Committee.

Significant changes in the state of affairs

The Group completed two acquisitions during the year, Revolution Wood Products in Brisbane, and United Building Products in Albion Park, in The Illawarra region of NSW.

On 1 October 2021, the completion of the Revolution Wood Products acquisition occurred, with a maximum consideration price of $7.8m including $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 $12.1 million to revenue and $0.7 million to net profit after tax of the Group for the year ended 30 June 2022.

The values identified in relation to the acquisition are final as at 30 June 2022.

On 1 November 2021, the completion of the United Building Products acquisition occurred, with a maximum consideration price of $10.7m including inventory, and plant and equipment, and 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 $15.5 million to revenue and $1.1 million to net profit after tax of the Group for the year ended 30 June 2022.

The values identified in relation to the acquisition are final as at 30 June 2022.

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

Matters subsequent to the end of the financial year

On 7 July 2022, Big River Group Pty Ltd, a subsidiary of Big River Industries Limited, agreed to buy the business and the assets of F.A. Mitchell & Co Pty Ltd for the consideration of $600,000. The contract for purchase was completed on 1 August 2022.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2022 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.

Likely developments and expected results of operations

The building products market is closely linked to activity levels in the residential, commercial, civil and infrastructure construction industry (comprising both new builds and additions and alterations) in Australia. The industry is cyclical and is sensitive to a broad range of economic and other factors, including any potential impact from COVID-19.

As the COVID-19 situation remains fluid due to continuing changes in government policy and evolving business and customer reactions thereto, as at the date these financial statements are authorised for issue, the directors of the Group consider that the future financial effects of COVID-19 on the Group's operations and operating results cannot be reasonably estimated.

The Group has a strong balance sheet and a healthy undrawn banking facility which will continue to support the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	**James Bernard Bindon**
Title:	Managing Director and Chief Executive Officer
Qualifications:	James ('Jim') holds a Bachelor of Agricultural Economics (Honours) from the University of New England and a Masters of Business Administration from the University of Queensland. Jim is a member of the Australian Institute of Company Directors.
Experience and expertise:	Jim joined Big River in January 2001 and has been Chief Executive Officer and Managing Director since 2005. He has been a director of Big River Group Pty Limited since July 2005 and a director of the Company since February 2016. Prior to his current role as Chief Executive Officer and Managing Director, Jim was the Chief Financial Officer and Company Secretary from 2001 to 2005. Prior to working at Big River, Jim held the position of Business Manager of Sugar and Horticulture at Incitec, where he was responsible for segment profitability, strategy and marketing.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	533,333 ordinary shares (indirectly)
Interests in rights:	688,315 performance rights (directly)

Name:	**Malcolm Geoffrey Jackman**
Title:	Independent Non-Executive Chairman
Qualifications:	Malcolm has a Bachelor of Science in Pure Mathematics and a Bachelor of Commerce in Accounting from Auckland University. He is a fellow of the Australian Institute of Directors and a recipient of the Centenary of Federation Medal.
Experience and expertise:	Malcolm has been an independent Non-Executive Director of the Company since February 2016 and became Chairman on 31 July 2019. Malcolm has also been a director of Big River Group Pty Limited since February 2016. Malcolm is a member of the Anacacia Capital Business Advisory Council.
Other current directorships:	Non-Executive Director of Force Fire Pty Limited (non-listed)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Board
Interests in shares:	124,830 ordinary shares (indirectly)
Interests in rights:	None

Name:	**Martin Kaplan**
Title:	Non-Executive Director
Qualifications:	Martin holds a Bachelor of Commerce degree from the University of Cape Town and previously qualified as a Chartered Accountant (South Africa & Canada).
Experience and expertise:	Martin has been a Non-Executive Director of the Company since November 2015 and a director of Big River Group Pty Limited since February 2016. Martin is currently an Investment Director of Anacacia Capital Pty Ltd, the management company of the major shareholder Anacacia Partnership II, L.P.
Other current directorships:	Non-Executive Director of Direct Couriers Group Pty Ltd (non-listed)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee
Interests in shares:	Martin is an Investment Director of Anacacia Capital Pty Ltd which manages the interests of Anacacia Partnership II, L.P., a substantial shareholder of the Company. Martin does not have a relevant interest in those shares for the purposes of the Corporations Act 2001.
Interests in rights:	None

Name:	**Vicky Papachristos**
Title:	Independent Non-Executive Director
Qualifications:	Vicky holds an Engineering degree from Monash University, an MBA from the Australian Graduate School of Management and is a member of the Australian Institute of Company Directors.
Experience and expertise:	Vicky is an experienced Non-Executive Director and has been involved across various operational, strategic and creative roles with organisations including Shell, Westpac, Coventry and Myer.
Other current directorships:	Non-Executive Director of Aussie Broadband Limited (ASX: ABB), Non-Executive Director of GMHBA Limited and Non-Executive Director of Scale Investors Limited
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Nomination and Remuneration Committee
Interests in shares:	32,252 ordinary shares (indirectly)
Interests in rights:	None

Name:	**Brendan York**
Title:	Non-Executive Director
Qualifications:	Brendan is a Chartered Accountant and has a Bachelor of Business Administration and a Bachelor of Commerce from Macquarie University.
Experience and expertise:	Brendan has been a Non-Executive Director of the Company since October 2019. He is currently a portfolio manager of Naos Asset Management Limited. Brendan was previously the Chief Financial Officer of ASX Listed Enero Group Ltd.
Other current directorships:	Non-Executive Director of BSA Limited (ASX: BSA) and Non-Executive Director of Wingara AG Limited (ASX: WNR)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	None
Interests in rights:	None

Name:	**Brad Soller**
Title:	Non-Executive Director (appointed 10 September 2021)
Qualifications:	Brad is a Chartered Accountant and has a Master of Commerce, a Bachelor of Accounting and a Bachelor of Commerce from the University of Witwatersrand.
Experience and expertise:	Brad is a very experienced senior financial executive and previously held the roles of Chief Financial Officer at Metcash, David Jones and Lendlease Group.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee
Interests in shares:	12,500 ordinary shares (directly)
Interests in rights:	None

Name:	**Martin Monro**
Title:	Non-Executive Director (appointed 10 September 2021)
Qualifications:	Martin has a BA with a double major in Psychology from Flinders University and post-graduate qualifications in Human Resources Management from Charles Sturt Univeristy. He is a graduate of the London Business School Accelerated Development Programme, a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Building.
Experience and expertise:	Martin was formerly the Chief Executive Officer and Managing Director of Watpac Limited from August 2012 until his retirement in an executive capacity in June 2019. Martin has more than 30 years' experience in the Australian and international construction sectors, with a proven track record in prudent financial management, safety leadership and successful expansion into new markets. Martin remains a Non-Executive Director of Watpac Limited. Since June 2020 Martin has been a Non-Executive Director of Fleetwood Limited and Chair of its Risk Committee. He is also a Specialist Workplace Relations Advisor to the Board of the Australian Constructors Association where he was a Director from 2012 until 2019. Martin is currently Chair of the Moits Advisory Board and the Advisory Board of Pannell Enoteca. He is the immediate past National Vice President of the Australian Industry Group and an Independent Government-appointed member of the Royal Melbourne Showgrounds Unincorporated Joint Venture Board from 2019 to 2022. Martin was also a Director of the construction industry suicide prevention charity, Mates in Construction, a voluntary position he held from 2017 to 2021.
Other current directorships:	Fleetwood Limited (ASX: FWD)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and member of the Nomination and Remuneration Committee
Interests in shares:	25,000 ordinary shares (directly)
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Interests in shares' and 'interests in rights' are as at the date of this report.

Company Secretary

John O'Connor (BComm, ACMA, GAICD)
John O'Connor was appointed to the position of Company Secretary on 22 August 2022. John has a BComm, is a Chartered Management Accountant and a Graduate of the Australian Institute of Company Directors. He has over 30 years' experience in senior finance roles.

Stephen Thomas Parks (BCom, FIPA)
Steve was Company Secretary during the year and resigned effective 30 June 2022.

Steve joined Big River in July 2008 as Chief Financial Officer. Prior to working for Big River, Steve was the Chief Financial Officer and General Manager at WDS International, where he was responsible for controlling operating performance and leading finance and administration functions including forecasting, cash management, treasury, payroll, information technology, general administration and warehouse operations. Prior to this role, Steve worked as Financial Controller for a number of Australasian companies including Brazin, Strathfield Group, Sunshades Eyewear and Noel Leeming. Steve holds a Bachelor of Commerce from the University of Canterbury and is a member of the Australian Institute of Company Directors. Steve is a qualified accountant and is a Fellow of the Institute of Public Accountants.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
J Bindon	16	16	4	4	4	4
M Kaplan	15	16	4	4	4	4
M Jackman	16	16	4	4	4	4
V Papachristos	16	16	4	4	4	4
B York	16	16	4	4	4	4
B Soller	12	12	3	3	3	3
M Monro	12	12	3	3	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations, and explains how the Group's performance has driven remuneration outcomes.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The key management personnel of the Group are the directors of Big River Industries Limited and the following persons:
- John O'Connor - Chief Financial Officer and Company Secretary (appointed effective 22 August 2022)*
- Stephen Parks - Chief Financial Officer and Company Secretary (resigned effective 30 June 2022)

* Appointment was post year end. As a result, information below relating to remuneration for the year will exclude details relating to John O'Connor with the exception of the service agreements section which details his service agreement.

During the FY2022 year, the business re-organised into two operating segments. On that basis it was determined that John Lorente (Executive General Manager - Construction Division) is no longer a KMP for the Group effective from 1 July 2021. Accordingly, John Lorente's remuneration disclosures only appear for the prior year.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for:
- determining and reviewing remuneration arrangements for its directors and executives;
- the operation of incentive plans, including equity-based remuneration plans for senior executives;
- reviewing Board and senior executive succession plans; and
- recommending the appointment of any new directors.

The quality of the directors and executives is a major factor in the overall performance of the Group. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to achievement of the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component;
- focusing on sustained growth in shareholder value and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder value; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. Unless otherwise determined by a resolution of shareholders, the maximum aggregate remuneration payable by the Company to all non-executive directors of the Company for their services as directors, including their services on a Board Committee or Sub-Committee and including superannuation is limited to $500,000 per annum (in total).

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework currently has three components:
- fixed base salary, including superannuation and non-monetary benefits;
- short-term performance incentives; and
- long-term performance incentives.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group.

The short-term incentive ('STI') program is designed to align the targets of the business with the performance hurdles of executives. STI payments granted to executives are at the discretion of the Board and are based on the achievement of financial hurdles, principally relating to earnings before interest, tax, depreciation and amortisation ('EBITDA') performance, and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, cash management, customer satisfaction, safety performance, leadership contribution and product management.

The STI's are paid in cash following the end of the financial year and approval from the Nomination and Remuneration Committee. The Nomination and Remuneration Committee retains the discretion to withdraw or amend the STI at any time.

The long-term incentive program ('LTI') is designed to create an alignment between shareholder benefit and the remuneration of selected executives through the issue of Performance Rights. The number of Performance Rights vesting will be determined by reference to the compound annual growth rate ('CAGR') in Earnings Per Share ('EPS') over the vesting period and ranges from nil for less than 3% CAGR in EPS to 100% for greater than 10% CAGR in EPS, subject to an overriding discretion held by the Board. The Board considers CAGR in EPS to be an appropriate performance measure as it aligns with the Group's remuneration policy of creating value and is within the scope of influence of the selected executives.

Group performance and link to remuneration
Remuneration for the senior executives is directly linked to the performance of the Group. A portion of their STI is dependent on meeting the Board approved Annual Budget for operating EBITDA, and in the event of a senior executive leaving during a financial year, any STI payable is at the discretion of the Nomination and Remuneration Committee. The remaining portion of the STI is at the discretion of the Nomination and Remuneration Committee based on performance against personal objectives. Refer to the section 'Additional information' below for details of the earnings for the last five years.

Use of remuneration consultants
During the financial year ended 30 June 2022, the Group did not engage remuneration consultants.

Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')
At the 27 October 2021 AGM, 99.87% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Perform-ance rights** $	Total $
Non-Executive Directors:							
M Kaplan*	-	-	-	-	-	-	-
M Jackman	109,110	-	-	10,911	-	-	120,021
V Papachristos	77,286	-	-	7,729	-	-	85,015
B York	63,659	-	-	6,366	-	-	70,025
B Soller	60,629	-	-	6,063	-	-	66,692
M Monro	49,930	-	-	4,993	-	-	54,923
Executive Directors:							
J Bindon	474,616	175,000	-	25,962	18,152	360,209	1,053,939
Other Key Management Personnel:							
S Parks	350,919	41,500	-	25,962	119,906	155,615	693,902
	1,186,149	216,500	-	87,986	138,058	515,824	2,144,517

* M Kaplan waived his director's fees (including any committee fee to which he is entitled) during the financial year ended 30 June 2022.

** The value of the performance rights was determined as the fair value of the performance rights at the grant date. The value disclosed is the portion of the fair value of the rights recognised as an expense in the reporting period. At 30 June 2022 no performance rights have vested and the actual value is nil.

'Long-term benefits' represent payment of accrued leave entitlements on termination, and movements in accrued long service and annual leave entitlements.

Total remuneration paid to non-executive directors for the year ending 30 June 2022 amounted to $396,676 (30 June 2021: $240,000) which is 79.3% (30 June 2021: 48.0%) of the non-executive directors aggregate.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2021	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Perform-ance rights** $	Total $
Non-Executive Directors:							
M Kaplan*	-	-	-	-	-	-	-
M Jackman	91,324	-	-	8,676	-	-	100,000
V Papachristos	63,927	-	-	6,073	-	-	70,000
B York	63,927	-	-	6,073	-	-	70,000
Executive Directors:							
J Bindon	443,369	199,750	-	25,000	16,855	269,107	954,081
Other Key Management Personnel:							
S Parks	333,792	111,600	-	25,000	10,067	117,785	598,244
J Lorente***	333,816	111,600	-	25,000	8,292	117,785	596,493
	1,330,155	422,950	-	95,822	35,214	504,677	2,388,818

* M Kaplan waived his director's fees (including any committee fee to which he is entitled) during the financial year ended 30 June 2021.

** The value of the performance rights was determined as the face value of the performance rights at the grant date. The value disclosed is the portion of the fair value of the rights recognised as an expense in the reporting period. At the date of this report no performance rights have vested and the actual value is nil.

*** Ceased as a key management person on 1 July 2021.

'Long-term benefits' represent movements in accrued long service leave and annual leave entitlements.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2022	2021	2022	2021	2022	2021
Executive Directors:						
J Bindon	49%	51%	17%	21%	34%	28%
Other Key Management Personnel:						
S Parks	72%	62%	6%	18%	22%	20%
J Lorente	-	62%	-	18%	-	20%

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Maximum STI $	Actual STI $	Cash bonus paid/payable 2022	Cash bonus paid/payable 2021	Cash bonus forfeited 2022	Cash bonus forfeited 2021
Executive Directors:						
J Bindon	227,250	175,000	77%	94%	23%	6%
Other Key Management Personnel:						
S Parks	125,603	41,500	33%	91%	67%	9%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	J Bindon
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	January 2001
Term of agreement:	No fixed term
Details:	Total fixed employment cost ('TFEC') of $505,000 per annum including statutory superannuation contributions. Either Jim or the Company may terminate the employment contract by giving six months' written notice to the other party. A Short Term Incentive ('STI') is payable up to 45% of TFEC subject to the achievement of financial hurdles, principally relating to EBITDA performance, and for the achievement of personal business objectives.

Name:	John O'Connor
Title:	Chief Financial Officer and Company Secretary (appointed effective 22 August 2022)
Agreement commenced:	22 August 2022
Term of agreement:	No fixed term
Details:	Total fixed employment cost ('TFEC') of $390,000 per annum including statutory superannuation contributions. John may terminate his employment contract by giving three months' written notice to the Company and the Company may terminate the employment contract by giving three months' written notice to John. A Short Term Incentive ('STI') is payable up to 36% of TFEC subject to the achievement of financial hurdles, principally relating to EBITDA performance, and for the achievement of personal business objectives.

Name:	S Parks
Title:	Chief Financial Officer and Company Secretary (resigned effective 30 June 2022)
Agreement commenced:	July 2008
Term of agreement:	No fixed term
Details:	Total fixed employment cost ('TFEC') of $370,000 per annum including statutory superannuation contributions. Steve may terminate his employment contract by giving 1 months' written notice to the Company and the Company may terminate the employment contract by giving 4 months' written notice to Steve. A Short Term Incentive ('STI') is payable up to 36% of TFEC subject to the achievement of financial hurdles, principally relating to EBITDA performance, and for the achievement of personal business objectives.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Measurement period*	Expiry date**	Fair value per right at grant date
J Bindon	154,024	23 November 2018	30 June 2021	23 November 2023	$1.611
	307,147	28 November 2019	30 June 2022	28 November 2024	$1.076
	222,787	1 December 2020	30 June 2023	1 December 2025	$1.312
	158,381	17 December 2021	30 June 2024	17 December 2026	$1.968
S Parks	65,745	23 November 2018	30 June 2021	23 November 2023	$1.611
	134,435	28 November 2019	30 June 2022	28 November 2024	$1.076
	97,511	1 December 2020	30 June 2023	1 December 2025	$1.312
	66,205	17 December 2021	30 June 2024	17 December 2026	$1.968

* Measurement period represents the financial year ended date for the measurement of vesting conditions for performance rights. Performance rights vest following confirmation of the achievement of vesting conditions in August following the end of the measurement period.

** The expiry date represents the last possible date that vested performance rights can be converted to shares in the Company if not exercised prior.

Vesting hurdle:
The number of Performance Rights vesting will be determined by reference to the CAGR in EPS over the vesting period of years and ranges from nil for less than 3% CAGR in EPS to 100% for greater than 10% CAGR in EPS, subject to an overriding discretion held by the Board. The Board considers CAGR in EPS to be an appropriate performance measure as it aligns with the Group's remuneration policy of creating value and is within the scope of influence of the selected executives.

Performance rights granted carry no dividend or voting rights. On exercise of rights, the Board will determine at its discretion whether to settle the exercised rights in shares, cash, or a combination thereof. Performance rights that are not forfeited on cessation of employment will be retained for testing for vesting at the end of the relevant measurement period.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Number of rights granted during the year 2022	Number of rights granted during the year 2021	Number of rights vested during the year 2022	Number of rights vested during the year 2021
J Bindon	158,381	222,787	-	-
S Parks	66,205	97,511	-	-

Additional information
The earnings of the Group for the five years to 30 June 2022 are summarised below:

	2022 $'000	2021 $'000	2020 $'000	2019* $'000	2018* $'000
Sales revenue	409,263	281,382	248,828	217,689	210,756
EBITDA (pre-significant items)	48,040	22,548	17,289	9,820	10,981
Profit/(loss) after income tax (pre-significant items)	21,267	1,817	4,660	4,358	5,389

* Years 2019 and 2018 are pre-AASB 16.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021	2020	2019	2018
Earnings per share pre-significant items (cents per share)	26.03	11.15	7.49	8.18	10.19

The Board considers the achievement of EPS growth as aligned and a key factor to the creation of shareholder value and this reinforces the remuneration principles set out in this Remuneration report.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
M Kaplan	-	-	-	-	-
M Jackman	120,166	-	4,664	-	124,830
V Papachristos	31,047	-	1,205	-	32,252
B York	-	-	-	-	-
B Soller	-	-	12,500	-	12,500
M Monro	-	-	25,000	-	25,000
J Bindon	533,333	-	-	-	533,333
S Parks	320,000	-	-	-	320,000
	1,004,546	-	43,369	-	1,047,915

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
J Bindon	683,958	158,381	-	(154,024)	688,315
S Parks	297,691	66,205	-	(65,745)	298,151
	981,649	224,586	-	(219,769)	986,466

This concludes the remuneration report, which has been audited.

Shares under performance rights
Unissued ordinary shares of Big River Industries Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number of rights
28 November 2019	28 November 2024	677,590
1 December 2020	1 December 2025	541,662
17 December 2021*	17 December 2026	473,429
		1,692,681

* During the year ended 30 June 2022, the Company issued 473,429 Performance rights to senior employees of the Group under the Group's performance rights plan.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

There were no ordinary shares of Big River Industries Limited issued on the exercise of performance rights during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

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.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Malcolm Jackman	James Bindon
Chairman	Managing Director and Chief Executive Officer

26 August 2022
Sydney

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Australia

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The Board of Directors
Big River Industries Limited
Trenayr Road
Junction Hill NSW 2460

25 August 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 audit of the financial statements of Big River Industries Limited for the financial year ended 30 June 2022, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Haynes

David Haynes
Partner
Chartered Accountants

	Note	2022 $'000	Group 2021 $'000
Revenue	5	409,263	281,382
Other income	6	62	234
Expenses			
Raw materials and consumables used	7	(299,247)	(201,919)
Selling and distribution expense		(6,993)	(6,459)
Employee benefits expense		(38,785)	(38,100)
Occupancy expense		(3,944)	(4,635)
General and administration expense		(10,600)	(7,340)
Acquisition costs		(1,020)	(1,348)
Depreciation and amortisation expense	7	(12,240)	(9,415)
Impairment of receivables	11	(2,625)	(1,119)
Recovery/(Impairment) of assets and restructuring costs	8	709	(8,902)
Finance costs	7	(3,224)	(1,933)
Profit before income tax (expense)/benefit		31,356	446
Income tax (expense)/benefit	9	(10,089)	1,371
Profit after income tax (expense)/benefit for the year attributable to the owners of Big River Industries Limited	27	**21,267**	**1,817**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(764)	(69)
Other comprehensive income for the year, net of tax		(764)	(69)
Total comprehensive income for the year attributable to the owners of Big River Industries Limited		20,503	1,748
		Cents	**Cents**
Basic earnings per share	39	26.03	2.58
Diluted earnings per share	39	25.51	2.58

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

	Note	2022 $'000	Group 2021 $'000
Assets			
Current assets			
Cash and cash equivalents	10	19,796	7,851
Trade and other receivables	11	63,414	53,965
Inventories	12	72,815	54,144
Financial assets	13	113	-
Other assets	14	499	1,585
		156,637	117,545
Non-current assets classified as held for sale	15	2,701	-
Total current assets		159,338	117,545
Non-current assets			
Property, plant and equipment	16	21,944	20,830
Right-of-use assets	17	21,511	22,510
Intangibles	18	58,427	43,809
Deferred tax	9	21	5,076
Total non-current assets		101,903	92,225
Total assets		261,241	209,770
Liabilities			
Current liabilities			
Trade and other payables	19	61,881	41,227
Borrowings	20	2,538	1,404
Lease liabilities	21	7,794	7,150
Income tax	9	5,290	998
Provisions	22	6,938	9,220
Contingent consideration	23	3,513	1,970
Other liabilities	24	2,324	2,324
Total current liabilities		90,278	64,293
Non-current liabilities			
Borrowings	20	36,000	26,000
Lease liabilities	21	17,432	18,636
Provisions	22	756	960
Contingent consideration	23	4,355	5,190
Total non-current liabilities		58,543	50,786
Total liabilities		148,821	115,079
Net assets		112,420	94,691
Equity			
Issued capital	25	96,665	93,409
Reserves	26	331	186
Retained profits	27	15,424	1,096
Total equity		112,420	94,691

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

Group	Issued capital $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2020	69,286	(350)	-	2,796	71,732
Profit after income tax benefit for the year	-	-	-	1,817	1,817
Other comprehensive income for the year, net of tax	-	(69)	-	-	(69)
Total comprehensive income for the year	-	(69)	-	1,817	1,748
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 25)	24,123	-	-	-	24,123
Share-based payments (note 40)	-	-	605	-	605
Dividends paid (note 28)	-	-	-	(3,517)	(3,517)
Balance at 30 June 2021	93,409	(419)	605	1,096	94,691

Group	Issued capital $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2021	93,409	(419)	605	1,096	94,691
Profit after income tax expense for the year	-	-	-	21,267	21,267
Other comprehensive income for the year, net of tax	-	(764)	-	-	(764)
Total comprehensive income for the year	-	(764)	-	21,267	20,503
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 25)	3,256	-	-	-	3,256
Share-based payments (note 40)	-	-	909	-	909
Dividends paid (note 28)	-	-	-	(6,939)	(6,939)
Balance at 30 June 2022	96,665	(1,183)	1,514	15,424	112,420

	Note	2022 $'000	Group 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		434,762	305,582
Payments to suppliers and employees (inclusive of GST)		(397,294)	(290,974)
		37,468	14,608
Government grant		5,000	4,000
Interest and other finance costs paid		(2,446)	(1,719)
Income taxes paid		(2,862)	(2,742)
Net cash from operating activities	38	37,160	14,147
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	35	(13,455)	(21,023)
Payments for deferred consideration	23	(2,022)	(1,254)
Payments for investments	13	(113)	-
Payments for property, plant and equipment	16	(6,065)	(1,807)
Payments for intangibles	18	(164)	(385)
Proceeds from disposal of property, plant and equipment		154	143
Net cash used in investing activities		(21,665)	(24,326)
Cash flows from financing activities			
Proceeds from issue of shares	25	-	20,410
Share issue transaction costs		(10)	(1,152)
Proceeds from borrowings		10,000	150
Net lease repayments		(7,850)	(5,275)
Dividends paid	28	(6,700)	(3,409)
Net cash from/(used in) financing activities		(4,560)	10,724
Net increase in cash and cash equivalents		10,935	545
Cash and cash equivalents at the beginning of the financial year		6,447	5,897
Effects of exchange rate changes on cash and cash equivalents		(124)	5
Cash and cash equivalents at the end of the financial year	10	17,258	6,447

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

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 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 26 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Big River Industries Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. 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 fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Big River Industries Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into the functional currency using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Note 2. Significant accounting policies (continued)

Sale of goods
Sale of goods revenue is recognised at the point in time when the performance obligation has been satisfied, which is when the customer obtains control of the goods, which is generally at the time of delivery.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Government grant
Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the periods necessary to match them with the costs that they are intended to compensate.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 2. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'weighted average' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Note 2. Significant accounting policies (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overhead.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	25 to 40 years
Plant and equipment	5 to 25 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer relationships
Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of up to 5 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of up to 7 years.

Product development
Product development has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the useful life of up to 10 years.

Impairment of non-financial assets
Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 2. Significant accounting policies (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Big River Industries Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
Certain comparatives have been reclassified to align with current year disclosure. There has been no change to net assets, equity or profit for the year of any reclassification.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill
The Group assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating segments

Identification of reportable operating segments
The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources. Discrete financial information about these operating segments is reported on at least a monthly basis.

Note 4. Operating segments (continued)

The information reported to the Board of Directors is aggregated based on product types and nature of the underlying activities which the Group operates. The Group's reportable segments are as follows:

Panels Division	Comprised of three manufacturing and five distribution sites of timber panel products in Australia and New Zealand
Distribution	Comprised of fifteen sites which sell building, commercial and formwork products in Australia

Sales between segments are based on similar terms and conditions to those in place with third party customers and are eliminated from the results below.

The Group considers Revenue and EBITDA as its key segment measures.

EBITDA is measured pre significant items which are presented separately due to their nature, size and expected infrequent occurrence and therefore do not reflect the underlying trading of the Group.

Operating segment information

Group - 2022	Panels $'000	Construction $'000	Corporate (unallocated) $'000	Total $'000
Revenue				
Sales to external customers	117,100	292,163	-	409,263
Total revenue	117,100	292,163	-	409,263
EBITDA (pre significant items)	21,400	31,900	(5,260)	48,040
Depreciation and amortisation				(12,240)
Finance costs				(3,224)
Significant items				(1,220)
Profit before income tax expense				31,356
Income tax expense				(10,089)
Profit after income tax expense				**21,267**

Group - 2021	Panels $'000	Construction $'000	Corporate (unallocated) $'000	Total $'000
Revenue				
Sales to external customers	54,900	226,482	-	281,382
Total revenue	54,900	226,482	-	281,382
EBITDA (pre significant items)	10,600	16,100	(4,152)	22,548
Depreciation and amortisation				(9,415)
Finance costs				(1,933)
Significant items				(10,754)
Profit before income tax benefit				446
Income tax benefit				1,371
Profit after income tax benefit				**1,817**

Note 4. Operating segments (continued)

Geographical information

	Revenue from external customers		Geographical non-current assets	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Australia	376,329	254,349	86,361	66,415
New Zealand	32,934	27,033	18,222	20,290
	409,263	281,382	104,583	86,705

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

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

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

Note 5. Revenue

	Group	
	2022 $'000	2021 $'000
Sale of goods	409,263	281,382

Disaggregation of revenue
Disaggregation of revenue is disclosed in note 4. All of the Group's revenue is recognised at a point in time.

Note 6. Other income

	Group	
	2022 $'000	2021 $'000
Net gain on disposal of property, plant and equipment	62	134
Fair value adjustment of contingent consideration*	-	100
Other income	62	234

* Fair value adjustment of contingent consideration represents a portion of acquisition earn out targets not met and therefore reducing the amounts payable to vendors. There were no adjustments in the current year.

Note 7. Expenses

	2022 $'000	Group 2021 $'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	299,247	201,919
Depreciation		
Buildings	163	167
Plant and equipment	3,149	2,880
Buildings right-of-use assets	7,490	5,788
Total depreciation	10,802	8,835
Amortisation		
Customer relationships	1,116	312
Software	286	246
Product development	36	22
Total amortisation	1,438	580
Total depreciation and amortisation	12,240	9,415
Finance costs		
Interest and finance charges paid/payable on borrowings	1,661	1,047
Interest and finance charges paid/payable on lease liabilities	784	672
Unwind of interest on contingent consideration	779	214
Finance costs expensed	3,224	1,933
Unrealised foreign exchange loss		
Unrealised foreign exchange loss	-	5
Superannuation expense		
Defined contribution superannuation expense	3,157	2,454
Share-based payments expense		
Share-based payments expense	909	605
Expenses associated with business combinations		
Transaction costs	838	831

The Company made a change in the classification of expenses in FY2022. In FY2022, direct labour from manufacturing operations is included in “Raw materials and consumables used” resulting in a gross margin of 26.9%, an increase of 190bps from 25.0% gross margin achieved in FY2021 on a like for like basis. FY2021 has not been restated in this table to include $9.4m of direct labour from manufacturing operations recorded in the profit or loss as an “Employee benefits expense”.

Note 8. (Recovery)/Impairment of assets and restructuring costs

		Group
	2022	2021
	$'000	$'000
Buildings (note 16)	(316)	1,842
Plant and equipment (note 16)	-	10,432
Site restoration cost provision	(338)	1,738
Redundancy costs	(55)	2,096
Stock writedowns	-	470
	(709)	16,578
Government grant	-	(7,676)
Impairment of assets and restructuring costs (per statement of profit or loss)	(709)	8,902
Tax benefit	213	(4,421)
Net impact after tax	(496)	4,481

2022
Following completion of the closure of the Wagga Wagga NSW site, subject to the sale of the land and buildings, which is expected to be completed in FY2023, the Company re-assessed its provisions recognised for the consolidation project. The Company reversed a small portion of the impairment charges and restructuring costs in the amount of $0.7 million.

2021
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 will support a consolidation of the Company's current manufacturing operations onto one site at Grafton NSW which will result in the closure of the Wagga Wagga NSW site.

Amount of $7.7 million of the government grant has been offset against associated expenses and presented on a net basis. As part of the site consolidation involves capital expenditure of circa $6.0 million on expansion of the Grafton NSW site, the remaining $2.3 million of the government grant will be recognised over the life of those assets as they are acquired.

As a result, the Company has booked a net impairment of the operations at Wagga Wagga NSW of $4.5 million net of tax and the associated government grant.

Note 9. Income tax

	2022 $'000	Group 2021 $'000
Income tax expense/(benefit)		
Current tax	7,128	2,320
Deferred tax - origination and reversal of temporary differences	2,987	(4,248)
Adjustment recognised for prior periods	(26)	557
Aggregate income tax expense/(benefit)	10,089	(1,371)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit before income tax (expense)/benefit	31,356	446
Tax at the statutory tax rate of 30%	9,407	134
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based remuneration	273	181
Unwind of contingent consideration	-	(30)
Non-assessable government grant	-	(2,303)
Sundry items	541	141
	10,221	(1,877)
Adjustment recognised for prior periods	(26)	557
Difference in overseas tax rates	(106)	(51)
Income tax expense/(benefit)	10,089	(1,371)

	2022 $'000	Group 2021 $'000
Net deferred tax balance		
Deferred tax asset (refer breakdown below)	11,656	13,987
Deferred tax liability (refer breakdown below)	(11,635)	(8,911)
Net deferred tax asset (as per statement of financial position)	21	5,076

	2022 $'000	Group 2021 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Allowance for expected credit losses	1,038	646
Property, plant and equipment	-	2,660
Employee benefits	2,339	1,790
Leases	6,705	6,914
Capital raise expenses	318	267
Rehabilitation provision	20	496
Redundancy provision	-	802
Other provisions and accruals	1,236	412
Deferred tax asset	11,656	13,987

Note 9. Income tax (continued)

	2022 $'000	Group 2021 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Property, plant and equipment	1,290	-
Right-of-use assets	6,342	6,542
Customer relationships	2,847	1,223
Brand	849	780
Present value on contingent consideration	307	366
Deferred tax liability	11,635	8,911

	2022 $'000	Group 2021 $'000
Provision for income tax		
Provision for income tax	5,290	998

Note 10. Cash and cash equivalents

	2022 $'000	Group 2021 $'000
Current assets		
Cash on hand	3,087	3,342
Cash at bank	16,709	4,509
	19,796	7,851

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2022 $'000	Group 2021 $'000
Balances as above	19,796	7,851
Bank overdraft and trade finance (note 20)	(2,538)	(1,404)
Balance as per statement of cash flows	17,258	6,447

Note 11. Trade and other receivables

	Group 2022 $'000	2021 $'000
Current assets		
Trade receivables	63,671	47,243
Less: Allowance for expected credit losses	(3,542)	(2,154)
	60,129	45,089
Other receivables	2,285	2,876
Government grant	1,000	6,000
	63,414	53,965

Allowance for expected credit losses
The Group has recognised a loss of $2,625,000 in profit or loss in respect of the expected credit losses for the year ended 30 June 2022 (30 June 2021: loss of $1,119,000).

The impact of expected credit losses on other receivables is immaterial.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Group	2022 %	2021 %	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Not overdue	0.18%	0.60%	41,522	29,832	75	179
0 to 3 months overdue	5.76%	1.00%	20,794	16,553	1,197	166
3 to 6 months overdue	84.80%	20.00%	1,329	993	1,126	199
Over 6 months overdue	49.50%	58.76%	2,311	2,741	1,144	1,610
			65,956	50,119	3,542	2,154

Debtors are written off when the cash is no longer considered collectable. The Group has insurance policies over a portion of long standing debt which limits its credit risk, and is taking into consideration when determining expected credit loss rate.

Note 12. Inventories

	Group 2022 $'000	2021 $'000
Current assets		
Raw materials and work in progress - at cost	2,533	3,177
Finished goods - at cost	73,088	51,476
Less: Provision for stock obsolescence	(2,806)	(509)
	72,815	54,144

Note 13. Financial assets

	2022 $'000	Group 2021 $'000
Current assets		
TradeNET Solutions Ltd	113	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2022 $'000	Group 2021 $'000
Opening fair value	-	-
Additions	113	-
Closing fair value	113	-

Note 14. Other assets

	2022 $'000	Group 2021 $'000
Current assets		
Prepayments	363	1,449
Other deposits	136	136
	499	1,585

Note 15. Non-current assets classified as held for sale

	2022 $'000	Group 2021 $'000
Current assets		
Buildings	2,701	-

The Company has entered into a sale agreement for the land and buildings at its Wagga site in connection with the consolidation project described in note 8. The Company expects the sale to be completed in FY2023.

Note 16. Property, plant and equipment

	Group 2022 $'000	Group 2021 $'000
Non-current assets		
Freehold land - at cost	856	856
Buildings - at cost	800	4,227
Less: Accumulated depreciation	(66)	(934)
	734	3,293
Plant and equipment - at cost	40,853	24,198
Less: Accumulated depreciation	(20,499)	(7,517)
	20,354	16,681
	21,944	20,830

Reconciliations

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

Group	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Plant and equipment under lease $'000	Total $'000
Balance at 1 July 2020	856	5,286	19,280	2,417	27,839
Additions	-	16	1,075	716	1,807
Additions through business combinations (note 35)	-	-	6,517	-	6,517
Disposals	-	-	(9)	-	(9)
Exchange differences	-	-	(3)	-	(3)
Impairment of assets	-	(1,842)	(10,432)	-	(12,274)
Transfers in/(out)	-	-	200	(200)	-
Depreciation expense	-	(167)	(2,396)	(484)	(3,047)
Balance at 30 June 2021	856	3,293	14,232	2,449	20,830
Additions	-	-	5,104	961	6,065
Additions through business combinations (note 35)	-	-	934	-	934
Classified as held for sale (note 15)	-	(2,701)	-	-	(2,701)
Disposals	-	(11)	(141)	(10)	(162)
Exchange differences	-	-	(26)	-	(26)
Recovery of assets	-	316	-	-	316
Transfers in/(out)	-	-	239	(239)	-
Depreciation expense	-	(163)	(2,565)	(584)	(3,312)
Balance at 30 June 2022	856	734	17,777	2,577	21,944

Note 17. Right-of-use assets

		Group
	2022 $'000	2021 $'000
Non-current assets		
Buildings - right-of-use	37,021	31,752
Less: Accumulated depreciation	(15,510)	(9,242)
	21,511	22,510

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between 2 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

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

Group	Buildings - right-of-use $'000
Balance at 1 July 2020	18,460
Additions	4,216
Additions through business combinations (note 35)	6,207
Lease adjustments	(554)
Exchange differences	(31)
Depreciation expense	(5,788)
Balance at 30 June 2021	22,510
Additions	154
Additions through business combinations (note 35)	6,507
Exchange differences	(170)
Depreciation expense	(7,490)
Balance at 30 June 2022	21,511

For other AASB 16 and lease related disclosures, refer to the following:
- note 7 for details of interest on lease liabilities and other lease payments;
- note 16 for plant and equipment under lease;
- note 21 for lease liabilities and maturity analysis at 30 June 2022; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 18. Intangibles

	Group 2022 $'000	Group 2021 $'000
Non-current assets		
Goodwill	44,497	35,351
Customer relationships	13,237	6,241
Less: Accumulated amortisation	(3,797)	(2,120)
	9,440	4,121
Software - at cost	2,082	1,918
Less: Accumulated amortisation	(600)	(314)
	1,482	1,604
Product development - at cost	191	191
Less: Accumulated amortisation	(94)	(58)
	97	133
Brand name - at cost	2,911	2,600
	58,427	43,809

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

Group	Goodwill $'000	Customer relationships $'000	Software $'000	Product development $'000	Brand name $'000	Total $'000
Balance at 1 July 2020	27,058	898	1,471	149	-	29,576
Additions	-	-	379	6	-	385
Additions through business combinations (note 35)	8,339	3,538	-	-	2,600	14,477
Exchange differences	(46)	(3)	-	-	-	(49)
Amortisation expense	-	(312)	(246)	(22)	-	(580)
Balance at 30 June 2021	35,351	4,121	1,604	133	2,600	43,809
Additions	-	-	164	-	-	164
Additions through business combinations (note 35)	9,510	6,447	-	-	311	16,268
Exchange differences	(364)	(12)	-	-	-	(376)
Amortisation expense	-	(1,116)	(286)	(36)	-	(1,438)
Balance at 30 June 2022	44,497	9,440	1,482	97	2,911	58,427

Impairment testing
For the purpose of impairment testing, goodwill and brands are allocated to a group of cash generating units ('CGUs'), which are expected to benefit from the synergies of the business combinations.

Goodwill acquired through business combinations is allocated to the lowest level within the entity at which the goodwill is monitored, being the two cash-generating units (or 'CGU's) – Panels and Construction Divisions.

Note 18. Intangibles (continued)

Allocation to CGU's
The carrying amount of goodwill and intangible assets are allocated to the Group's CGUs as follows:

Cash generating units	Goodwill 2022 $'000	Goodwill 2021 $'000	Brand name 2022 $'000	Brand name 2021 $'000
Panels	17,355	13,787	1,135	1,014
Construction	27,142	21,564	1,776	1,586
Total	44,497	35,351	2,911	2,600

The recoverable amount of the group of CGUs has been determined based on value-in-use calculations which use cash flow projections from the financial budgets for the FY2023 financial year as reviewed and approved by the Board.

In preparing the FY2023 budget, due consideration was given to the economic uncertainty associated with COVID-19. The cash flows beyond the budget period have been extrapolated over a further four years. The value-in-use calculations have been prepared using a compound revenue growth rate of 2% (30 June 2021: 2%) and terminal growth rate of 2% (30 June 2021: 2%). The post-tax discount rate applied to cash flow projections was 10% (30 June 2021: 10%) which is derived from the Group's weighted average cost of capital, adjusted for varying risk profiles, where appropriate. The two CGU's have been assessed with the same weighted average cost of capital as they have similar economic and risk profiles.

The key assumptions used in the value-in-use calculation are based on past experience and the Group's forecast operating and financial performance for the CGUs taking into account the current market and economic conditions, risks, uncertainties and opportunities for improvements.

Management has considered possible changes in the key assumptions used in the value-in-use calculations, including reducing the growth rate for the projected cash flow period to 0% and increasing the post-tax discount rate to 12% to determine their impact on headroom. Management has not identified any reasonable change in assumptions that would lead to an impairment charge for either CGU.

The Group believes that the assumptions adopted in the value-in-use calculation reflect an appropriate balance between the Group's experience to date and the uncertainty associated with the COVID-19 pandemic. Accordingly, the Group has concluded that no impairment is required as at 30 June 2022.

Note 19. Trade and other payables

	Group 2022 $'000	Group 2021 $'000
Current liabilities		
Trade payables	46,053	33,753
Goods and services tax payable	1,565	616
Other payables and accrued expenses	14,263	6,858
	61,881	41,227

Refer to note 29 for further information on financial instruments.

Note 20. Borrowings

	2022 $'000	Group 2021 $'000
Current liabilities		
Bank overdraft and trade finance	2,538	1,404
Non-current liabilities		
Bank bills	36,000	26,000

Refer to note 29 for further information on financial instruments.

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

	2022 $'000	Group 2021 $'000
Total facilities		
Bank overdraft and trade finance	18,131	18,225
Bank bills	46,000	36,000
Lease facility	3,900	3,900
	68,031	58,125
Used at the reporting date		
Bank overdraft and trade finance	2,538	1,404
Bank bills	36,000	26,000
Lease facility	2,465	2,247
	41,003	29,651
Unused at the reporting date		
Bank overdraft and trade finance	15,593	16,821
Bank bills	10,000	10,000
Lease facility	1,435	1,653
	27,028	28,474

Note 21. Lease liabilities

	2022 $'000	Group 2021 $'000
Current liabilities		
Lease liability - finance lease	843	676
Lease liability - right-of-use lease	6,951	6,474
	7,794	7,150
Non-current liabilities		
Lease liability - finance lease	1,622	1,571
Lease liability - right-of-use lease	15,810	17,065
	17,432	18,636

Note 21. Lease liabilities (continued)

The following table details the Group's remaining contractual maturity, both current and non-current, for its lease liabilities:

	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 3 years $'000	Between 3 and 4 years $'000	Between 4 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
2022							
Lease liability - finance lease	931	794	542	312	63	-	2,642
Lease liability - right-of-use lease	7,573	5,483	4,019	3,562	2,060	1,701	24,398
	8,504	6,277	4,561	3,874	2,123	1,701	27,040
2021							
Lease liability - finance lease	758	739	586	334	-	-	2,417
Lease liability - right-of-use lease	7,139	6,449	4,308	3,134	2,709	1,609	25,348
	7,897	7,188	4,894	3,468	2,709	1,609	27,765

The cash flows in the maturity analysis above include interest and are not expected to occur significantly earlier than contractually disclosed.

Note 22. Provisions

	Group 2022 $'000	2021 $'000
Current liabilities		
Annual leave	3,548	2,598
Long service leave	3,325	2,295
Redundancy	-	2,674
Rehabilitation	65	1,653
	6,938	9,220
Non-current liabilities		
Long service leave	306	660
Lease make good	450	300
	756	960

Redundancy
The provision represents the estimated redundancy payments and the associated accrued annual leave and long service leave entitlements payable upon the closure of Wagga Wagga NSW.

Rehabilitation
The provision represents the estimated costs to remove equipment and remediate the site at Wagga Wagga NSW upon closure.

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Note 22. Provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Group - 2022	Redundancy $'000	Rehabilitation $'000	Lease make good $'000
Carrying amount at the start of the year	2,674	1,653	300
Additions through business combinations (note 35)	-	-	150
Amounts used	(2,615)	(1,203)	-
Unused amounts reversed	(59)	(385)	-
Carrying amount at the end of the year	-	65	450

Note 23. Contingent consideration

	Group 2022 $'000	Group 2021 $'000
Current liabilities		
Contingent consideration	3,513	1,970
Non-current liabilities		
Contingent consideration	4,355	5,190

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2022 $'000	2021 $'000
Opening balance	7,160	3,654
Additions through business combinations (note 35)	1,920	4,681
Reassessment of contingent consideration	-	(100)
Unwind of present value interest	778	214
Payments made during the year	(2,022)	(1,254)
Exchange differences	32	(35)
Closing balance	7,868	7,160

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

Fair value measurement

The below table gives information about how the level 3 fair values measurement of the contingent considerations that are disclosed above and in note 35 are determined (in particular, the valuation technique and inputs used).

Type	Valuation technique	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to value
Contingent consideration through business combinations	The valuation model considers the present value of the expected payments which are determined considering the possible scenarios of forecast EBITDA.	Forecast EBITDA Risk adjusted discount rate	The higher the discount rate, the lower the fair value The higher the amount of EBITDA, the higher the fair value

Note 24. Other liabilities

	Group 2022 $'000	2021 $'000
Current liabilities		
Deferred revenue	2,324	2,324

Deferred revenue related to the portion of government grant that will be recognised over the life of the associated assets to be acquired. As at 30 June 2022, no new assets at Grafton have been commissioned.

Note 25. Issued capital

	2022 Shares	2021 Shares	Group 2022 $'000	2021 $'000
Ordinary shares - fully paid	82,227,610	80,625,116	96,665	93,409

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2020	62,468,912		69,287
Issue of shares	6 October 2020	8,313	$1.44	12
Issue of shares	15 December 2020	10,600,000	$1.35	14,310
Issue of shares	12 March 2021	4,518,519	$1.35	6,100
Issue of shares as part consideration to the vendors of Timberwood group	29 March 2021	2,962,963	$1.50	4,444
Issue of shares	21 April 2021	66,409	$1.45	96
Transaction costs arising on share issue, net of tax				(840)
Balance	30 June 2021	80,625,116		93,409
Issue of shares on completion of Revolution Wood Panels	1 October 2021	496,066	$2.09	1,037
Issue of shares from dividend reinvestment plan	6 October 2021	76,029	$2.03	154
Issue of shares on completion of United Building Products	2 November 2021	993,984	$2.13	2,117
Issue of shares from dividend reinvestment plan	6 April 2022	36,415	$2.32	85
Transaction costs arising on share issue, net of tax				(137)
Balance	30 June 2022	82,227,610		96,665

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 25. Issued capital (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

Note 26. Reserves

	Group 2022 $'000	 2021 $'000
Foreign currency translation reserve	(1,183)	(419)
Share-based payments reserve	1,514	605
	331	186

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 27. Retained profits

	Group 2022 $'000	 2021 $'000
Retained profits at the beginning of the financial year	1,096	2,796
Profit after income tax (expense)/benefit for the year	21,267	1,817
Dividends paid (note 27)	(6,939)	(3,517)
Retained profits at the end of the financial year	15,424	1,096

Note 28. Dividends

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

	Group 2022 $'000	 2021 $'000
Final dividend of 3.0 cents per fully paid ordinary share paid on 6 October 2021 (2021: 2.4 cents paid on 6 October 2020)	2,419	1,499
Interim dividend of 5.5 cents per fully paid ordinary share paid on 6 April 2022 (2021: 2.6 cents paid on 21 April 2021)	4,520	2,018
	6,939	3,517

Note 28. Dividends (continued)

Dividend declared
On 26 August 2022, the directors determined a fully franked dividend of 10.0 cents per fully paid ordinary share to be paid on 6 October 2022.

Franking credits

	Group 2022 $'000	Group 2021 $'000
Franking credits available at the reporting date based on a tax rate of 30%	19,838	21,363
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	4,171	196
Franking credits available for subsequent financial years based on a tax rate of 30%	24,009	21,559

Note 29. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures which are not significant. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group's operations in NZ give rise to exposure to changes in foreign currency rates, primarily the NZD. The Group's currency risk exposure is limited predominantly to consolidated Australian dollar translation risk as the majority of transactions by the New Zealand operations are transacted by the same functional currency of the relevant transaction.

Where the Group purchases raw materials and consumables in foreign currencies such as USD or Euro, the Group will use forward rate foreign exchange contracts to hedge exposure.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The policy is to regularly monitor interest rates and utilise fixed rates for a portion of long-term borrowings when deemed appropriate by the Board. The Group uses interest rate swaps to minimise rate risk.

Note 29. Financial instruments (continued)

As at the reporting date, the Group had the following variable rate borrowings outstanding:

Group	2022 Weighted average interest rate %	2022 Balance $'000	2021 Weighted average interest rate %	2021 Balance $'000
Bank overdraft and trade finance	3.71%	2,538	3.54%	1,404
Bank bills	3.25%	36,000	3.08%	26,000
Net exposure to cash flow interest rate risk		38,538		27,404

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 100bps (30 June 2021: 100bps) would have an adverse/favourable effect on profit before tax of the following:

	Basis points increase			Basis points decrease		
Group - 2022	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Variable rate borrowings	(100)	(385,379)	(269,765)	100	385,379	269,765

	Basis points increase			Basis points decrease		
Group - 2021	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Variable rate borrowings	(100)	(274,043)	(191,830)	100	274,043	191,830

The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts. No principal repayments are due during the year ending 30 June 2022 or 30 June 2021.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 11, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

The Group has no significant credit risk to any individual customer.

Note 29. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Group - 2022	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	46,053	-	-	-	46,053
Other payables	-	14,263	-	-	-	14,263
Contingent consideration	-	3,534	2,758	1,576	-	7,868
Interest-bearing - variable						
Bank overdraft and trade finance	3.71%	2,538	-	-	-	2,538
Bank bills	3.25%	1,170	36,879	-	-	38,049
Total non-derivatives		67,558	39,637	1,576	-	108,771

Group - 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	33,753	-	-	-	33,753
Other payables	-	6,859	-	-	-	6,859
Contingent consideration	-	2,022	2,104	3,035	-	7,161
Interest-bearing - variable						
Bank overdraft and trade finance	3.54%	1,404	-	-	-	1,404
Bank bills	3.08%	801	801	26,602	-	28,204
Total non-derivatives		44,839	2,905	29,637	-	77,381

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Remaining contractual maturities for leases in the current year are now disclosed in non-current liabilities - lease liabilities (refer to note 21).

Note 30. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Group 2022 $	2021 $
Short-term employee benefits	1,402,649	1,753,105
Post-employment benefits	87,986	95,822
Long-term benefits	138,058	35,214
Share-based payments	515,824	504,677
	2,144,517	2,388,818

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Group 2022 $	2021 $
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	263,000	199,000
Other services - Deloitte Touche Tohmatsu		
Taxation	85,500	31,125
Other services	41,645	270,320
	127,145	301,445
	390,145	500,445

Note 32. Contingent liabilities

The Group has given bank guarantees as at 30 June 2022 of $2,497,158 (30 June 2021: $2,509,386) to various landlords.

Note 33. Related party transactions

Parent entity
Big River Industries Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 36.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

Transactions with related parties
During the financial year, the Company paid $77,000 (30 June 2021: $47,885) to Anacacia Capital Pty Ltd, a director related entity and substantial shareholder, as an advisory fee.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 33. Related party transactions (continued)

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022 $'000	2021 $'000
Profit after income tax	7,284	6,513
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	7,284	6,513

Statement of financial position

	Parent	
	2022 $'000	2021 $'000
Total current assets	86,992	71,775
Total non-current assets	48,325	48,916
Total assets	135,317	120,691
Total current liabilities	116	-
Total non-current liabilities	36,000	26,000
Total liabilities	36,116	26,000
Net assets	99,201	94,691
Equity		
Issued capital	96,665	93,409
Share-based payments reserve	1,514	605
Retained profits	1,022	677
Total equity	99,201	94,691

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity is a party to a deed of cross guarantee (refer note 37) under which it guarantees the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Note 34. Parent entity information (continued)

Capital commitments - Property, plant and equipment
Under the Government Grant entitlement in 2020, the Group agreed to invest approximately $6.0m of capital expenditure expanding the Grafton NSW Site. As at 30 June 2022, there is approximately $2.0m of capital commitments remaining from this investment. The Group expects these to be completed during FY2023.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 35. Business combinations

2022

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 $12.1 million to revenue and $0.7 million to net profit after tax of the Group for the year ended 30 June 2022. The values identified in relation to the acquisition are final as at 30 June 2022.

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 $15.5 million to revenue and $1.1 million to net profit after tax of the Group for the year ended 30 June 2022. The values identified in relation to the acquisition are final as at 30 June 2022.

Note 35. Business combinations (continued)

Details of the acquisitions are as follows:

	Revolution Wood Panels Fair value $'000	United Building Products Fair value $'000	Total $'000
Inventories	1,598	2,350	3,948
Plant and equipment	613	321	934
Right-of-use assets	1,157	5,350	6,507
Customer relationships	3,168	3,279	6,447
Brand	129	182	311
Deferred tax asset	76	104	180
Deferred tax liability	(1,059)	(1,142)	(2,201)
Employee benefits	(255)	(345)	(600)
Lease make good provision	(90)	(60)	(150)
Lease liability	(1,066)	(5,291)	(6,357)
Net assets acquired	4,271	4,748	9,019
Goodwill	3,532	5,978	9,510
Acquisition-date fair value of the total consideration transferred	7,803	10,726	18,529
Representing:			
Cash paid or payable to vendor	5,998	7,457	13,455
Big River Industries Limited shares issued to vendor	1,037	2,117	3,154
Contingent consideration	768	1,152	1,920
	7,803	10,726	18,529
Acquisition costs expensed to profit or loss	624	214	838
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	7,803	10,726	18,529
Less: contingent consideration	(768)	(1,152)	(1,920)
Less: shares issued by Company as part of consideration	(1,037)	(2,117)	(3,154)
Net cash used	5,998	7,457	13,455

Note 35. Business combinations (continued)

2021

Timberwood Panels Pty Ltd, VIC and ACT
On 7 December 2020, the Group executed a business purchase deed to acquire the business and assets of Timberwood Panels Pty Ltd ('Timberwood'), a business located in Victoria and the Australian Capital Territory. Completion was effective from 29 March 2021 and the maximum purchase price of $30.1 million, which includes inventory and plant and equipment, was settled through the payment of $21.0 million in cash, the issue of $4.4 million of ordinary shares of Big River Industries Limited, with the balance payable upon achieving agreed EBITDA targets over a three year period.

Details of the acquisition are as follows:

	Fair value $'000
Inventories	11,380
Prepayments	543
Plant and equipment	6,517
Right-of-use assets	6,207
Customer relationships	3,538
Brand name	2,600
Deferred tax asset	228
Deferred tax liability	(2,237)
Employee benefits	(760)
Lease make good provision	(100)
Lease liability	(6,107)
Net assets acquired	21,809
Goodwill	8,339
Acquisition-date fair value of the total consideration transferred	30,148
Representing:	
Cash paid or payable to vendor	21,023
Big River Industries Limited shares issued to vendor	4,444
Contingent consideration	4,681
	30,148
Acquisition costs expensed to profit or loss	831
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	30,148
Less: contingent consideration	(4,681)
Less: shares issued by Company as part of consideration	(4,444)
Net cash used	21,023

Note 36. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Big River Group Pty Ltd	Australia	100.00%	100.00%
Big River Group (NZ) Limited	New Zealand	100.00%	100.00%
Plytech International Limited	New Zealand	100.00%	100.00%
Decortech Limited	New Zealand	100.00%	100.00%

Note 37. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Big River Industries Limited
Big River Group Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Big River Industries Limited, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and statement of financial position are substantially the same as the Group and therefore have not been separately disclosed.

Note 38. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

		Group
	2022 $'000	2021 $'000
Profit after income tax (expense)/benefit for the year	21,267	1,817
Adjustments for:		
Depreciation and amortisation	12,240	9,415
(Reversal)/Impairment of property, plant and equipment	(316)	12,274
Net gain on disposal of property, plant and equipment	(62)	(134)
Share-based payments	909	605
Foreign exchange differences	-	(286)
Interest on contingent consideration	779	214
Reassessment of contingent consideration	-	(100)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(9,449)	(10,170)
Increase in inventories	(14,722)	(4,554)
Decrease in prepayments	1,086	88
Increase in deferred tax	2,907	(4,248)
Increase in trade and other payables	20,659	2,788
Increase in provision for income tax	4,292	134
Increase/(decrease) in other provisions	(1,467)	3,980
Increase/(decrease) in other operating liabilities	(963)	2,324
Net cash from operating activities	37,160	14,147

Non-cash investing and financing activities

		Group
	2022 $'000	2021 $'000
Additions to the right-of-use assets	154	4,216
Shares issued under dividend reinvestment plan	239	108
Shares issued in relation to business combinations	3,154	4,444
	3,547	8,768

Note 38. Cash flow information (continued)

Changes in liabilities arising from financing activities

Group	Bank bills $'000	Lease liability $'000	Total $'000
Balance at 1 July 2020	25,850	21,524	47,374
Net cash from/(used in) financing activities	150	(5,507)	(5,357)
Acquisition of leases	-	4,216	4,216
Changes through business combinations (note 35)	-	6,107	6,107
Lease adjustments	-	(554)	(554)
Balance at 30 June 2021	26,000	25,786	51,786
Net cash from/(used in) financing activities	10,000	(7,071)	2,929
Acquisition of leases	-	154	154
Changes through business combinations (note 35)	-	6,357	6,357
Balance at 30 June 2022	36,000	25,226	61,226

Note 39. Earnings per share

	Group 2022 $'000	2021 $'000
Profit after income tax attributable to the owners of Big River Industries Limited	21,267	1,817
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	81,716,852	70,359,025
Adjustments for calculation of diluted earnings per share:		
Performance rights	1,644,577	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	83,361,429	70,359,025
	Cents	**Cents**
Basic earnings per share	26.03	2.58
Diluted earnings per share	25.51	2.58

Note 40. Share-based payments

Performance rights

At the 2018 Annual General Meeting, shareholders approved the Big River Industries Limited Rights Plan ('BRIRP') to be able to grant performance rights to certain key executive management personnel.

The number of performance rights vesting is determined by reference to the compound annual growth rate ('CAGR') in earnings per share ('EPS') over the vesting period and ranges from nil for less than 3% CAGR in EPS to 100% for greater than 10% CAGR in EPS, subject to overriding discretion held by the Board.

Note 40. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

2022

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the 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	-	473,429	-	-	473,429
		1,560,607	473,429	-	(341,355)	1,692,681

2021

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the 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

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.25 years (30 June 2021: 3.41 years).

Valuation model inputs
For the performance rights granted during the current financial 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	$2.13	2.63%	1.58%	$1.968

Note 41. Events after the reporting period

On 7 July 2022, Big River Group Pty Ltd, a subsidiary of Big River Industries Limited, agreed to buy the business and the assets of F.A. Mitchell & Co Pty Ltd for the consideration of $600,000. The contract for purchase was completed on 1 August 2022.

Apart from the dividend declared as disclosed in note 28, no other matter or circumstance has arisen since 30 June 2022 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, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 37 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Malcolm Jackman	James Bindon
Chairman	Managing Director and Chief Executive Officer

26 August 2022
Sydney

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Big River Industries Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Existence and completeness of inventory	How the scope of our audit responded to the Key Audit Matter
As at 30 June 2022, the Group has recognised $72.8m of finished goods (net of provision) in the consolidated statement of financial position as disclosed in Note 12. The Group holds inventories of finished goods at each of its retail branches and manufacturing sites across Australia and New Zealand. Existence and completeness of inventory is assessed by the Group through the completion of annual stock takes at each of the Group's retail branches and manufacturing sites. Existence and completeness of inventory is a key audit matter due to the nature of inventory where the value per unit is relatively insignificant but high volumes are involved which are dispersed across different locations.	Our procedures included, but were not limited to: - Evaluating the appropriateness of the Group's accounting policies for the existence of inventory against the requirements of the accounting standard - Obtaining an understanding of management's processes applied in determining the existence of inventory - On a sample basis, attending the annual inventory stock takes at locations with significant inventory holdings - On a sample basis, testing the existence and completeness of inventory, by tracing items from the inventory system to the physical location and from the physical location to the inventory system respectively - Testing the summation of the stock sheets to the general ledger to test that variances identified at count date have been appropriately updated in the general ledger - Agreeing the stock sheets and variance reports from the annual inventory counts to the general ledger We have also assessed the adequacy of the relevant disclosures in Note 12 to the financial statements.
Occurrence and accuracy of revenue – sale of goods	
The Group has generated $409.3m of revenue from the sale of goods as disclosed in the consolidated statement of profit and loss and other comprehensive income and in Note 5. Occurrence and accuracy of revenue relating to the sale of goods is a key audit matter due to the significant audit effort to test the high volume of sale transactions recorded as revenue and the significant value of the revenue recognised.	Our procedures included, but were not limited to: - Evaluating the appropriateness of the Group's revenue recognition policies against the requirements of the accounting standard - Obtaining an understanding of management's processes applied in determining the recognition of revenue for the sale of goods - On a sample basis, verifying the revenues with the corresponding invoices, cash received from the respective customers, delivery documentation and third party confirmation of the receipt of goods - Analysing the relevant terms for a sample of contracts to the criteria in the accounting standards, those in the Group's accounting policy and against what the Group identified as the performance obligations. We have also assessed the adequacy of the disclosures in Note 5 to the financial statements.

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Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Directory and Shareholder Information, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman and Managing Director's Report and Corporate Details, which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman and Managing Director's Report and Corporate Details, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

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- financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 14 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Big River Industries Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Haynes

David Haynes
Partner
Chartered Accountants

Sydney, 25 August 2022

The shareholder information set out below was applicable as at 5 August 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders	Ordinary shares % of total shares issued
1 to 1,000	175	41.27
1,001 to 5,000	126	29.72
5,001 to 10,000	39	9.20
10,001 to 100,000	55	12.97
100,001 and over	29	6.84
	424	100.00
Holding less than a marketable parcel	54	12.74

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares % of total shares issued
Naos Asset Mgt	28,225,225	34.33
Anacacia Capital	27,166,427	33.04
SG Hiscock & Co	4,927,960	5.99
Kinetic Investment Partners	4,045,158	4.92
Mrs Anne E Parsonson	2,222,222	2.70
Lennox Capital Partners	1,721,062	2.09
Regal Funds Mgt	1,237,796	1.51
Mr Victor Said	988,894	1.20
Mr & Mrs Denis W Jaggar	901,632	1.10
Mr & Mrs Paul H Webber	901,632	1.10
1851 Capital	851,174	1.04
Mr Iain O A Agyeman	740,741	0.90
DMP Asset Mgt	718,911	0.87
Wilson Asset Mgt	627,545	0.76
Mr James B Bindon	533,333	0.65
Mr Steve Grozdanov	496,992	0.60
Mr Nick Grozdanov	496,992	0.60
Cyan Investment Mgt	285,714	0.35
Mr & Mrs Stephen T Parks	253,333	0.31
Mr Graham R Anderson	248,033	0.30
	77,590,776	94.36

Unquoted equity securities

	Number on issue	Number of holders
Performance rights	1,692,681	10

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares Number held	% of total shares issued
Naos Asset Mgt	28,225,225	34.33
Anacacia Capital	27,166,427	33.04
SG Hiscock & Co	4,927,960	5.99

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On-market buy-backs
There is no current on-market buy-back in relation to the Company's securities.

Directors	James Bernard Bindon Malcolm Geoffrey Jackman Martin Kaplan Vicky Papachristos Brendan York Brad Soller Martin Monro
Company secretary	John O'Connor
Registered office	Trenayr Road Junction Hill NSW 2460 Tel: 02 6644 0900
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel: 1300 554 474
Auditor	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000
Solicitors	Thomson Geer Level 14 60 Martin Place Sydney NSW 2000
Stock exchange listing	Big River Industries Limited shares are listed on the Australian Securities Exchange (ASX code: BRI)
Website	bigrivergroup.com.au
Corporate Governance Statement	The directors and management are committed to conducting the business of Big River Industries Limited in an ethical manner and in accordance with the highest standards of corporate governance. Big River Industries Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report can be found at: bigriverindustries.com.au/Investors/?page=Corporate-Governance