

MONADELPHOUS GROUP LIMITED

ABN 28 008 988 547

CONDENSED CONSOLIDATED FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2022

MONADELPHOUS GROUP LIMITED
ABN 28 008 988 547
CORPORATE DIRECTORY

Directors

Robert Velletri
Chair

Zoran Bebic
Managing Director

Susan Lee Murphy AO
Lead Independent Non-Executive Director

Dietmar Robert Voss
Independent Non-Executive Director

Helen Jane Gillies
Independent Non-Executive Director

Enrico Buratto
Independent Non-Executive Director

Company Secretaries

Philip Trueman
Kristy Glasgow

Principal Registered Office in Australia

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

Postal Address

PO Box 600
Victoria Park
Western Australia 6979

Share Registry

Computershare Investor Services Pty Ltd

Level 11, 172 St George's Terrace
Perth
Western Australia 6000
Telephone: 1300 364 961
Facsimile: +61 8 9473 2500

ASX Code

MND – Fully Paid Ordinary Shares

Bankers

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

Westpac Banking Corporation

109 St George's Terrace
Perth
Western Australia 6000

Bankers

HSBC

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

Auditors

Ernst & Young

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

Solicitors

Johnson, Winter and Slattery

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

Controlled Entities

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

MONADELPHOUS GROUP LIMITED

DIRECTORS' REPORT

Vale John Rubino

26 June 1945 – 16 January 2023

Chair, Monadelphous Group Limited, 1991 to 2022

Managing Director, Monadelphous Group Limited, 1991 to 2003

Calogero Giovanni (John) Battista Rubino was born in Delia, a small agricultural town in Sicily, Italy, on 26 June 1945. An only son, with three younger sisters, John made the tough decision to leave his tight-knit family in Italy at the age of 21 in search of adventure, arriving in Australia on 6 September 1966.

From 1966 to 1970 John worked throughout the country, gaining experience in a range of roles across the structural and civil sectors, from rigging and surveying to project management, and eventually based himself in Western Australia (WA). In partnership with three great friends, John formed Rubino and Company, which later became the successful United Construction Group (today, United Group Limited). So reflective of the way John did business, the United partnership was built on a trusting handshake with no signed agreement between them. All four were equal partners from the outset and remained friends for life.

In 1987, John and his partners bought into Monadelphous, only to discover the Company was insolvent. He went on to describe this as the 'best mistake he ever made'. With an initial six-month commitment to stand in as Monadelphous' Chair and Managing Director, John ended up leading the Company for more than 30 years.

Under John's exceptional leadership, Monadelphous' fortunes turned around. The Company became a place where people were proud to come and work, that suppliers had confidence in, and that customers knew and respected. During John's time at the helm, Monadelphous was trusted with the construction and maintenance of some of the largest and most complex projects and facilities across Australia, as well as internationally. This included projects with BHP, Rio Tinto, Woodside, Chevron, Shell, Origin, INPEX, Newcrest, South32 and Codelco, amongst others. The Company John helped build has grown to employ more than 7,000 people across its operations in Australia, Chile, China, Mongolia, Papua New Guinea, and the Philippines.

John's business acumen was breathtaking, and his ability to form long-term trusting and mutually rewarding relationships is the stuff of legend. With his thick Sicilian accent and his cracking sense of humour, John was a born leader, with enormous charisma, and an ability to inspire people like no other. A mentor to many, he was incredibly generous and a winner fair and square. He was the best kind of winner, because when John won, everyone around him won.

It goes without saying that John's proudest achievement of all is much closer to home, his family – his beloved wife, three daughters and eight grandchildren.

John's memory will always be present in our corridors at Monadelphous, and in the stories of our people.

We will continue to do you proud, John.

MONADELPHOUS GROUP LIMITED DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2022.

DIRECTORS

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

| | |
|-----------------------------------|---|
| Calogero Giovanni Battista Rubino | <i>Chair</i> Appointed 18 January 1991, retired 22 November 2022 Resigned as Managing Director on 30 May 2003 and continued as Chair until retirement on 22 November 2022 55 years experience in the construction and engineering services industry |
| Robert Velletri | <i>Chair</i> Appointed as Chair 22 November 2022 Mechanical Engineer, Member of Engineers Australia Appointed as Managing Director on 30 May 2003 and ceased as Managing Director following his appointment as Chair on 22 November 2022 43 years experience in the construction and engineering services industry |
| Zoran Bebic | <i>Managing Director</i> Appointed as Managing Director 22 November 2022 Certified Practising Accountant, Member of CPA Australia 30 years experience in the construction and engineering services industry |
| Susan Lee Murphy AO | <i>Lead Independent Non-Executive Director</i> Appointed 11 June 2019 Civil Engineer, Honorary Fellow of Engineers Australia 43 years experience in the resources and infrastructure industries Also a non-executive director of the following other publicly listed entity: MMA Offshore Limited (ASX: MRM) – appointed 30 April 2021 |
| Dietmar Robert Voss | <i>Independent Non-Executive Director</i> Appointed 10 March 2014 Chemical Engineer, Member of the Australian Institute of Company Directors 49 years experience in the oil and gas, and mining and minerals industries |
| Helen Jane Gillies | <i>Independent Non-Executive Director</i> Appointed 5 September 2016 Solicitor, Master of Business Administration and Construction Law, Fellow of the Australian Institute of Company Directors 26 years experience in the construction and engineering services industry Also a non-executive director of the following other publicly listed entities: Yancoal Australia Limited (ASX:YAL) – appointed 30 January 2018 Aurelia Metals Limited (ASX:AMI) – appointed 21 January 2021 |

MONADELPHOUS GROUP LIMITED DIRECTORS' REPORT

Enrico Buratto

Independent Non-Executive Director

Appointed 11 October 2021

Civil Engineer, Fellow of Engineers Australia

47 years experience in the resources and infrastructure industries

Peter John Dempsey

Independent Non-Executive Director

Appointed 30 May 2003, retired 22 November 2022

Civil Engineer, Fellow of Engineers Australia, Member of the Australian Institute of Company Directors

50 years experience in the construction and engineering services industry

Also a non-executive director of the following other publicly listed entity: Service Stream Limited (ASX:SSM) – appointed 1 November 2010

COMPANY SECRETARIES

Philip Trueman

Company Secretary and Chief Financial Officer

Appointed 21 December 2007

Chartered Accountant, Member of Chartered Accountants Australia and New Zealand

22 years experience in the construction and engineering services industry

Kristy Glasgow

Company Secretary

Appointed 8 December 2014

Chartered Accountant, Member of Chartered Accountants Australia and New Zealand

17 years experience in the construction and engineering services industry

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Engineering Services

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

Services provided include:

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

MONADELPHOUS GROUP LIMITED DIRECTORS' REPORT

- Corrosion management services
- Specialist coatings
- Rail maintenance services

General

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

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

OPERATING RESULTS

The consolidated entity's profit attributable to equity holders of the parent after providing for income tax for the half-year was \$29.140 million (2021: \$30.058 million).

DIVIDENDS PAID OR PROPOSED

A 24 cent fully franked interim dividend has been approved by the directors, payable on 31 March 2023 (2022: 24 cent interim dividend). A final fully franked dividend of \$23,890,810 was paid during the period in respect of the financial year ended 30 June 2022.

REVIEW OF OPERATIONS

| | Half-year ended 31 December 2022 \$'000 | Half-year ended 31 December 2021 \$'000 |
|--|--|--|
| Revenue from contracts with customers | 894,893 | 994,735 |
| Profit after income tax attributable to equity holders of the parent | 29,140 | 30,058 |

MONADELPHOUS GROUP LIMITED

DIRECTORS' REPORT

The Directors of Monadelphous Group Limited are pleased to report the Company's financial results for the half-year ended 31 December 2022.

Revenue

Monadelphous recorded revenue for the six months of \$953 million¹, down 10.5 per cent on the previous corresponding period.

The Maintenance and Industrial Services division achieved a record half year revenue result of \$676.8 million, up 13.5 per cent on the prior corresponding period. The strong demand for maintenance services across the resources and energy sectors was driven by favourable commodity prices, high levels of production and aging site infrastructure.

As forecast previously, the Engineering Construction division experienced lower levels of activity during the period due to a number of significant construction projects completing in the previous financial year, and the timing of the award and commencement of new projects. The division reported revenue of \$277.7 million¹ for the six months, down 42.1 per cent on the prior corresponding period. High levels of tendering activity were experienced, associated with the strong pipeline of new resource development projects.

Statutory revenue, which excludes Monadelphous' share of revenue from joint ventures, was \$894.9 million.

Earnings

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period was \$58.2 million², delivering an EBITDA margin percentage of 6.11 per cent for the six months, which is up from 5.76 per cent for financial year ended 30 June 2022.

The improvement in margin was especially pleasing given the current escalating cost environment. With skilled labour shortages continuing to provide the most significant challenge for the business, the Company continued to focus on the strategic selection of new work opportunities and improving the quality of its earnings.

Net profit after tax was \$29.1 million, down 3.1 per cent on the prior corresponding period, generating earnings per share of 30.5 cents.

Dividend

The Board of Directors declared an interim dividend of 24 cents per share fully franked. The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the interim dividend.

Balance Sheet

Monadelphous ended the period with a robust cash balance of \$190 million, representing a strong cash flow conversion rate for the six months of 110 per cent.

The strength of the Company's balance sheet ensures it has sufficient financial capacity in the current economic environment, enables it to invest in the plant and equipment required to facilitate future growth and to take advantage of suitable investment opportunities as they arise.

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

² Refer to page 13 for reconciliation of EBITDA

MONADELPHOUS GROUP LIMITED

DIRECTORS' REPORT

Strategic Progress

Monadelphous has secured approximately \$945 million in new contracts and contract extensions across the resources, energy and infrastructure sectors since the beginning of the period.

Since 1 July 2022, the Company has been awarded approximately \$540 million of work in the iron ore sector, with both long-term customers, such as BHP and Rio Tinto, as well as with Fortescue Metals Group (Fortescue). The Company was also awarded a number of contracts in the expanding battery metals sector, including in the lithium and copper markets.

Monadelphous continued to build on its more recently developed customer relationship with Fortescue, being awarded a number of construction and maintenance contracts. The Company's Engineering Construction division was engaged to provide multidisciplinary construction services at the Iron Bridge Magnetite Project, an unincorporated joint venture between Fortescue's FMG Iron Bridge and Formosa Steel IB. In addition, the Maintenance and Industrial Services division was awarded a five-year services contract at Fortescue's Pilbara operations, as well as being appointed to a panel providing non-process infrastructure services for a three-year period, with a one-year extension option.

In the oil and gas sector, the Company secured an operations, maintenance and industrial services contract supporting Petrofac in the decommissioning of the Northern Endeavour floating production, storage and offtake facility in the Timor Sea. This is Monadelphous' first offshore decommissioning contract, with a growing number of similar opportunities expected to come to market over coming years.

Monadelphous continued to experience strong demand for its services overseas. In Mongolia, the Company was awarded a contract for the construction of surface infrastructure for the Oyu Tolgoi Underground Project. Buildtek, the Company's Chile-based construction and maintenance services business, secured several new contracts with Minera Escondida for the construction of site infrastructure.

During the period, Monadelphous undertook a strategic review of SinoStruct, its China-based fabrication business, to ensure the business remains aligned to customer expectations and is appropriately structured to grow in its core markets, geographically diversify its supply chain and deliver in new and related sectors. The review outcomes included a recommendation to rebrand the business as Inteforge, to better align the business with its revised strategic direction and the expectations of its customers.

On the back of the review, Inteforge secured a number of fabrication contracts during the period, including for Liontown Resources' Kathleen Valley Lithium Project, as well as for the fabrication of structural steel for a project in Ashburton in the Pilbara. Inteforge also secured a contract with HydrogenPro to fabricate and assemble hydrogen gas separator modules, as well as a contract with Worley to fabricate mechanical platework and piping for the Oyu Tolgoi Underground Project.

Monadelphous' heavy lift services business continued to expand its capability and client base, being awarded a contract with the CPB Contractors and John Holland Joint Venture on the West Gate Tunnel Project in Melbourne, Victoria.

Health and Safety

Monadelphous' 12-month Total Recordable Injury Frequency Rate (TRIFR) at 31 December 2022 was 2.40 incidents per million hours worked, representing a 22 per cent improvement over the six-month period. The Company's sustained focus on the identification, elimination and mitigation of fatal risk hazards and the application of the Fatal Risk Control Standards contributed to a 45 per cent reduction to the Serious Incident Frequency Rate from this time last year.

During the period, the Company launched its annual Summer of Safety and Finishing Strong, Starting Stronger health and safety campaigns, aimed at refocusing on common safety risks which prevail at that time of the year.

MONADELPHOUS GROUP LIMITED DIRECTORS' REPORT

In addition, the Company continued to focus on improving the physical and mental health of its employees through the launch of its 2023 Health and Wellbeing Program, which saw its employees participate in tailored initiatives, including mental health awareness training, in partnership with Happiness Co, and undertaking physical health checks.

Monadelphous continues to be recognised for its efforts in safety innovation. The Company was recently named as award winners at the WA Department of Mines, Industry Regulation and Safety's Work Health and Safety Excellence Awards, as well as at the NSCA Foundation's National Safety Awards of Excellence. The Company also progressed a number of safety technology trials, including the use of telehandler pedestrian monitoring, elevated work platform proximity sensors and driver fatigue and distraction monitoring.

People

Monadelphous ended the period with a total workforce, including subcontractors, of 7,253, slightly down on the prior corresponding period, with a strong demand for maintenance services offset by lower levels of construction activity.

The Company bolstered its employee retention and attraction initiatives in light of the current and predicted future shortfall of available talent across the industry, which remains a significant challenge. To more fully understand the perceptions of employees and identify the key motivations that are most impactful in attracting and retaining talent, Monadelphous undertook a company-wide employee survey during the period. Feedback gained from the survey will be used to further refine the Company's 2023 employee retention and attraction strategies and help mitigate the effects of the labour shortfall.

Monadelphous is committed to ensuring the Company's workplaces remain safe, respectful and inclusive. In this regard, and in alignment with its values, the Company launched the Respect@Monadelphous program to further embed respectful behaviours and ensure the elimination of unacceptable workplace behaviour. The program complements the Company's Acceptable Workplace Behaviour Policy and It's Up to Us awareness campaign implemented last year.

To ensure Monadelphous is best placed to meet its future resourcing requirements, the Company enhanced its understanding of talent availability in key geographical locations across Australia and internationally. During the period, the Company ramped up its international sourcing strategy in target locations, as well as introduced a new talent intelligence platform which complements the Company's talent acquisition and performance management system implemented during the last financial year.

Monadelphous' philosophy of fostering a culture of leadership and talent development continued through the successful Emerging Leaders, Leading at Monadelphous and Leading the Safe Way programs, ably supported by amongst other things, the Group Mentoring Program and the Employee Development Centre, Monadelphous' registered training organisation.

A comprehensive review of the Monadelphous Graduate Program was undertaken to enhance the development of graduates, ensuring Monadelphous maintains its position as an employer of choice for early career pathway employees. The Company's National Graduate Development Forum was also reinstated after being placed on hold due to COVID-19.

2022 marked a particularly special year for Monadelphous as the Company celebrated 50 years in operation. To commemorate this magnificent milestone, the Company hosted events across its key locations to recognise the contributions of its people, as well as publishing a Monadelphous history book to showcase the individuals, teams, projects and events that have made Monadelphous into the company it is today.

MONADELPHOUS GROUP LIMITED

DIRECTORS' REPORT

Board Changes

On 17 October 2022, in accordance with the Company's long-term succession plan, the Company announced a number of changes to the Board of Directors which came into effect at the conclusion of the Annual General Meeting held on 22 November 2022.

After more than 30 years of service, John Rubino, the Company's long-serving Executive Chair, retired as a Director of the Company.

Following John's retirement, Rob Velletri, Managing Director, assumed the role of Executive Chair of the Board. Zoran Bebic, Executive General Manager of Maintenance and Industrial Services, was appointed to the role of Managing Director.

Peter Dempsey, who served on the Board for 19 years, retired as Non-Executive Director of the Company.

The Board would like to recognise John and Peter for the outstanding commitment, effort and dedication they have provided to Monadelphous, and the integral roles they have both played in the Company's development, success and history over the past 32 and 19 years respectively.

Diversity, Community and Environment

Monadelphous is committed to positively contributing to the communities in which it operates, focusing its efforts on the key strategic areas of diversity, community and environment.

During the period, Monadelphous launched the latest version of the Company's Stretch Reconciliation Action Plan (RAP) following endorsement by Reconciliation Australia. The Company's fourth RAP, and second Stretch RAP, articulates Monadelphous' pledge to take meaningful action to advance reconciliation, ensuring Aboriginal and Torres Strait Islander peoples have equal access to meaningful employment and development opportunities.

As part of its commitment, the Company welcomed a new trainee cohort to its Indigenous Pathways Program during 2022. The Program, which is run in partnership with Rio Tinto, provides current and future employees with traineeships, apprenticeships and tertiary study support, with recruitment currently underway for the 2023 intake.

Monadelphous continued to contribute financial support and resources as part of its partnership with the Polly Farmer Foundation (PFF), which aims to empower Indigenous students to complete school and progress into early career pathways. During the period, a number of PFF students attended the Company's Employee Development Centre in Bibra Lake, WA, and head office in Perth, WA, to gain an understanding of potential career pathways.

The Company proudly launched the Nintirri Room, a new training facility located at its Employee Development Centre, to support the training of the Company's Aboriginal and Torres Strait Islander employees, as well as provide facilities for the provision of Indigenous cultural awareness training.

As part of its ongoing commitment to gender diversity and inclusion, Monadelphous progressed the actions outlined in its second Gender Diversity and Inclusion Plan (2021 – 2024). The Plan focuses on ensuring a safe, respectful and inclusive workplace for all, increasing female participation through early career pathways, nurturing key female talent, removing gender-based barriers to entering trade roles and connecting women through networking and mentoring.

To support its objective of inspiring young women to take up careers in science, technology, engineering and mathematics, and as part of its partnership with the National Association of Women in Operations (NAWO), the Company hosted an event for school students and their parents, called 'When I grow up'. The event aimed to inform participants about potential career pathways in operations through sharing the experiences of women in trades and professional roles, and breaking down preconceived, gender-based barriers and biases.

The Company's partnership with the University of Western Australia's Girls in Engineering Program saw Monadelphous participate in the Girls in Engineering Discovery Day, which was attended by more than 100 female school students. Monadelphous also hosted in-school engineering workshops in Perth.

MONADELPHOUS GROUP LIMITED

DIRECTORS' REPORT

During the period, the Company participated in more than 50 initiatives nationally across multiple locations, contributing over \$100,000 in funds and supporting employees in the provision of almost 350 hours of voluntary work. The diverse range of initiatives included providing funding to the Digital Technologies Program in the south-west region of WA, donating school supplies in Lihir Island, Papua New Guinea, making a financial contribution to the Wickham Wolves in Wickham, WA, as well as donating to the Starick Foundation.

Aligned to Monadelphous' strategy of targeting net-zero emissions by 2050, the Company significantly progressed its Emissions and Energy Reduction Roadmap, which outlines a series of interim targets towards achieving this goal. Several working groups were established to support this strategy, including Greening the Fleet, Renewable Power (Fixed Assets) and Welding and Cutting Technology and Gases. In addition, several trials have commenced, including the use of hybrid vehicles and solar powered fuel trailers, with energy audits undertaken on all workshop facilities to identify opportunities to reduce power consumption.

Productivity and Innovation

The Company's key productivity improvement initiatives focus on the refinement, standardisation, and where appropriate, automation of operational and support practises and processes, as well as the implementation of proven technologies that improve safety and competitiveness and deliver value for customers. The Company's innovation teams actively engage with both customers and industry networks, as well as the broader business community, to monitor emerging trends and technology of benefit to Monadelphous, and the industry more broadly.

Across its operations, the Company leverages the collective knowledge and experience of its employees, particularly those at the work front, and utilise its ideas platform, MProve, to unlock additional value and incremental improvements through the rapid assessment and progression of ideas and innovations.

Monadelphous has increased its utilisation of drones on site to conduct detailed inspections and condition monitoring. This continues to improve safety and generate high quality data used to enhance maintenance planning.

The Company also progressed its digital transformation journey, maximising value from data-backed decision-making through the ongoing digitalisation of in-field data-capture processes. The adoption of in-field electronic forms and workflows increased during the period.

OPERATIONAL ACTIVITY

Engineering Construction

Monadelphous' Engineering Construction division, which provides large-scale, multidisciplinary project management and construction services, reported revenue of \$277.7 million¹ for the six months, down 42.1 per cent. The division secured approximately \$280 million of new work since the beginning of the period, including a number of early contractor involvement assignments. High levels of tendering activity continued.

During the period, Monadelphous completed a number of packages of work for Rio Tinto, including providing multidisciplinary construction services at the Gudai-Darri iron ore project, as well as a series of shutdowns at Rio Tinto's Western Turner Syncline Phase 2 Project.

On the back of the successful completion of a number of packages of work associated with BHP's South Flank Project's inflow and outflow infrastructure last financial year, the Company was also engaged by BHP to assist with the commissioning process of the project.

Monadelphous was also awarded a key contract with BHP under its WAIO Asset Panel Framework Agreement for the Car Dumper 3 Replacement Project at Nelson Point in Port Hedland, WA. The contract, which includes structural, mechanical and piping works, is valued at over \$115 million, with work expected to be completed in the first half of 2025.

¹ Includes Monadelphous' share of joint venture revenue

MONADELPHOUS GROUP LIMITED

DIRECTORS' REPORT

After having successfully completed the structural, mechanical and piping work associated with the pyromet plant at MARBL Lithium Joint Venture's Kemerton lithium hydroxide plant in the south-west of WA last year, Monadelphous also completed its electrical and instrumentation scope, demobilising from site in September 2022 with an enviable safety record. Also in the lithium sector, Monadelphous was awarded a contract with Talison Lithium Australia for the construction of site infrastructure associated with the mine services area at the Greenbushes Mine in the south-west region of WA.

In New South Wales (NSW), Monadelphous completed multidisciplinary construction services for Tronox Mining Australia in Broken Hill.

As part of its long-term services contract with Fortescue at the Solomon and Eliwana mine sites in WA, Monadelphous provided heavy lift services to support a campaign of shutdowns at Fortescue's Kings Valley, Eliwana and Firetail operations during the period. The Company also provided specialist heavy lift services to Woodside, BHP and Rio Tinto under existing construction and maintenance contracts. In partnership with Fagioli, Monadelphous continued to deliver heavy haul services at Fortescue's Iron Bridge Project under a contract with NMT Logistics.

The Company's renewable energy joint venture, Zenviron, continued to enhance its reputation as a market leader in the delivery of balance-of-plant works for wind farms. During the period, Zenviron made good progress on its scope of work at the Rye Park Wind Farm, the largest wind farm to ever be constructed in NSW.

Maintenance and Industrial Services

The Company's Maintenance and Industrial Services division, which specialises in the planning, management and execution of multidisciplinary maintenance services, sustaining capital works and turnarounds, achieved a record half year revenue of \$676.8 million, up 13.5 per cent on the prior corresponding period. The result reflects sustained buoyant conditions across the resources and energy sectors, with the division being awarded approximately \$665 million of new contracts and extensions since the beginning of the financial year.

Monadelphous performed a significant volume of maintenance, shutdown and project works in the iron ore sector, including the remediation of balance machines for BHP at Finucane Island and Nelson Point, an upgrade to Rio Tinto's conveyor facilities at the Marandoo mine, a multidisciplinary construction contract for Rio Tinto at the Tom Price mine, as well as a contract for the construction of a pipeline, access road and transfer pond infrastructure at the Roy Hill mine. In addition, the Company was awarded a 12-month extension to its general maintenance and shutdown services contract for BHP's iron ore operations in the Pilbara.

The Company was also reappointed to BHP's WAIO Site Engineering Panel for a further three-year period providing multidisciplinary services at BHP's mine sites and port operations across the Pilbara in WA.

Monadelphous secured a number of contracts with Rio Tinto in the Pilbara region under its Sustaining Capital Projects Panel Agreement, including:

- the supply, installation and commissioning of a potable water distribution system at the Hope Downs 1 mine;
- an upgrade to the wet plant dilution water system at the Nammuldi mine; and
- an upgrade to the conveyor gravity take up system at the Brockman 2 mine.

Monadelphous was awarded a three-year contract extension providing maintenance and shutdown services at Boddington Gold Mine in WA, and Tanami Gold Mine in the Northern Territory, as well as a 12-month extension to its existing maintenance, shutdown and project services contract across BHP's Nickel West operations in WA.

The Company was also awarded a two-year contract with BHP to provide construction services at the Olympic Dam mine site in South Australia under the Olympic Dam Construction Panel Framework Agreement. In Queensland, Monadelphous was appointed to a panel providing construction services across Rio Tinto's aluminium operations in Gladstone and Weipa for a term of three years.

The Company further diversified its customer-base, being appointed to a panel to provide coating and concrete repair services at various Water Corporation sites and locations across WA for a term of five years.

MONADELPHOUS GROUP LIMITED

DIRECTORS' REPORT

Monadelphous secured a 12-month extension to an existing contract with BHP Mitsubishi Alliance for the provision of dragline shutdown and maintenance services in the Bowen Basin in Queensland, and a master agreement with Yancoal Australia for the provision of major overhaul and heavy shutdown services at the Mount Thorley Warkworth mine in NSW.

The Company performed a number of major turnarounds for oil and gas customers Woodside, INPEX, Origin and Santos. During the period, Monadelphous was awarded a 12-month extension to its existing contract for the provision of engineering, procurement and construction services, in joint venture with Worley, to Santos' oil and gas production facilities in the Highlands region of Papua New Guinea, as well as a five-year contract for the provision of pipeline maintenance services in the Queensland coal seam gas market.

Other significant contract activity undertaken during the period included:

- maintenance, shutdown and sustaining capital works services for BHP's Pilbara-based iron ore operations, WA;
- fixed plant maintenance and sustaining capital works services for Rio Tinto's Pilbara-based iron ore operations, WA;
- maintenance and shutdown services for BHP's Olympic Dam copper-uranium operation at Roxby Downs, South Australia;
- minor capital project services at Newcrest Mining Limited's Lihir Gold Mine in Papua New Guinea;
- maintenance and projects for Queensland Alumina Limited in Gladstone, Queensland;
- shutdown and mechanical services for South32's Worsley Alumina Refinery, WA;
- operation and maintenance of the coal handling facility at the Muja Power Station for Synergy in Collie, WA;
- general mechanical and maintenance services for Incitec Pivot Limited in Queensland; and
- dragline shutdowns in the Hunter Valley, NSW, for Glencore.

Markets and Outlook

Although global economic growth is forecast to remain steady, commodity prices are strong and the outlook for Monadelphous' core markets continues to be positive.

The resources sector in Australia, and in the Company's overseas locations, continues to provide a significant number of prospects for its services across a broad range of commodity markets.

The Australian iron ore industry is expected to remain buoyant with capital and operating expenditures required to sustain and maximise production levels driving demand for the Company's services.

High global demand for battery metals is driving significant investment in lithium, copper, nickel and rare earths, and these markets, along with the gold sector, will present ongoing opportunities, not only in Australia, but also in South America, Mongolia and Papua New Guinea.

In the oil and gas sector, there are a number of new LNG construction projects currently in the pipeline, with heightened demand for maintenance services expected to remain.

Australia's transition towards clean energy is strengthening and an increasing pipeline of new wind farms will provide opportunities for Zenvion, both in the electricity market, as well as in the private sector as industrial operators move to meet their decarbonisation objectives. The development of the hydrogen sector will also provide prospects in coming years.

More broadly, favourable conditions and aging assets across all resources and energy sectors are driving strong demand for maintenance services.

The shortage of skilled labour continues to be the most significant challenge for the Company's operations. Heightening supply chain risks and an escalating cost environment are also posing challenges.

MONADELPHOUS GROUP LIMITED DIRECTORS' REPORT

With capacity constrained, the Company is taking a strategic and targeted approach to new work - engaging and collaborating earlier with customers, maintaining an appropriate approach to the allocation of risk and increasing its focus on earnings quality.

The Company remains focused on employee attraction, training and development and making Monadelphous a great place to work. With travel restrictions lifted in the prior year, the Company's international labour sourcing strategy continues to gain traction.

Following a ramp down of construction activity last financial year, a new wave of major construction projects is in the pipeline. Due to delays in the timing of awards and commencement of new major projects, engineering construction revenue is expected to decrease this year compared to the prior year before ramping up in the 2024 financial year. As a result, full year Group revenue for the 2023 financial year is expected to be approximately five to ten per cent lower than the previous year.

Supported by a strong balance sheet, the Company will continue to assess acquisition opportunities to achieve ongoing service and customer market diversification and support long-term sustainable growth.

In conclusion, I take this opportunity to thank our loyal and talented team for their continued commitment and dedication. I also extend my appreciation to our shareholders, customers and other stakeholders for their ongoing support during these interesting times.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Dividends Declared

On 20 February 2023, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2023 financial year. The total amount of the dividend is \$23,048,493 which represents a fully franked interim dividend of 24 cents per share. This dividend has not been provided for in the 31 December 2022 Financial Statements. The Monadelphous Group Limited Dividend Reinvestment plan will apply to the dividend.

Other than the items noted above, there are no matters or circumstances that have arisen since the end of the half-year ended 31 December 2022 which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

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

The auditor's independence declaration is set out on page 14 and forms part of the Directors' Report for the half-year ended 31 December 2022.

MONADELPHOUS GROUP LIMITED
DIRECTORS' REPORT

ROUNDING

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

Signed in accordance with a resolution of the directors.



R. Velletri
Chair
Perth, 20 February 2023

MONADELPHOUS GROUP LIMITED

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

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

| | 31 December 2022 \$'000 | 31 December 2021 \$'000 |
|--|----------------------------|----------------------------|
| Total revenue from contracts with customers including joint ventures | 952,967 | 1,064,636 |
| Share of revenue from joint ventures ¹ | (58,074) | (69,901) |
| Statutory revenue from contracts with customers | <u>894,893</u> | <u>994,735</u> |

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

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

Reconciliation of profit before income tax to EBITDA (unaudited)

| | 31 December 2022 \$'000 | 31 December 2021 \$'000 |
|--|----------------------------|----------------------------|
| Profit before income tax | 39,745 | 44,753 |
| Interest expense on loans and hire purchase finance charges | 1,024 | 734 |
| Interest expense on other lease liabilities | 728 | 772 |
| Interest revenue | (1,643) | (304) |
| Depreciation of owned and hire purchase assets | 12,532 | 11,087 |
| Depreciation of right of use assets | 4,043 | 4,328 |
| Share of interest, depreciation, amortisation and tax of joint ventures ² | 1,797 | (421) |
| EBITDA | <u>58,226</u> | <u>60,949</u> |

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



**Building a better
working world**

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the review of the half-year financial report of Monadelphous Group Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

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

Pierre Dreyer
Partner
20 February 2023



**Building a better
working world**

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

Conclusion

We have reviewed the accompanying half year financial report of Monadelphous Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Ernst & Young



Pierre Dreyer
Partner
Perth
20 February 2023

MONADELPHOUS GROUP LIMITED

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2022 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



R. Velletri
Chair
Perth, 20 February 2023

MONADELPHOUS GROUP LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

| | Notes | Half-year ended 31 December 2022 \$'000 | Half-year ended 31 December 2021 \$'000 |
|--|-------|---|---|
| CONTINUING OPERATIONS | | | |
| REVENUE | 3 | 896,753 | 995,130 |
| Cost of services rendered | | <u>(830,802)</u> | <u>(920,861)</u> |
| GROSS PROFIT | | 65,951 | 74,269 |
| Other income | 3 | 2,129 | 2,282 |
| Business development and tender costs | | (11,164) | (8,067) |
| Occupancy costs | | (1,758) | (1,791) |
| Administrative costs | | (17,133) | (17,494) |
| Finance costs | 3 | (1,752) | (1,506) |
| Profit /(loss) from joint ventures | | <u>3,472</u> | <u>(2,940)</u> |
| PROFIT FOR THE PERIOD BEFORE TAX | | 39,745 | 44,753 |
| Income tax expense | | <u>(11,813)</u> | <u>(13,921)</u> |
| PROFIT FOR THE PERIOD AFTER TAX | | <u>27,932</u> | <u>30,832</u> |
| ATTRIBUTABLE TO | | | |
| EQUITY HOLDERS OF THE PARENT | | 29,140 | 30,058 |
| NON-CONTROLLING INTERESTS | | <u>(1,208)</u> | <u>774</u> |
| | | <u>27,932</u> | <u>30,832</u> |
| Earnings per share: | | | |
| • Basic, profit for the period attributable to ordinary equity holders of the parent (cents per share) | | 30.50 | 31.63 |
| • Diluted, profit for the period attributable to ordinary equity holders of the parent (cents per share) | | 30.05 | 31.54 |

MONADELPHOUS GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

| | Half-year ended 31 December 2022 \$'000 | Half-year ended 31 December 2021 \$'000 |
|---|--|--|
| NET PROFIT FOR THE PERIOD | 27,932 | 30,832 |
| OTHER COMPREHENSIVE INCOME | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation | (2,006) | (1,009) |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Gain/(loss) on equity instruments designated at fair value through other comprehensive income | 694 | (223) |
| Income tax effect | (208) | 67 |
| | 486 | (156) |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | (1,520) | (1,165) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | 26,412 | 29,667 |
| ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | 27,620 | 28,893 |
| NON-CONTROLLING INTERESTS | (1,208) | 774 |
| | 26,412 | 29,667 |

MONADELPHOUS GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

| | Notes | 31 December 2022 \$'000 | 30 June 2022 \$'000 |
|---------------------------------------|---------|----------------------------|------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 189,907 | 183,329 |
| Trade and other receivables | | 315,738 | 371,987 |
| Contract assets | | 23,396 | 23,773 |
| Inventories | | 4,676 | 3,220 |
| Total current assets | | 533,717 | 582,309 |
| Non-current assets | | | |
| Property, plant and equipment | 5, 3(b) | 160,228 | 161,904 |
| Deferred tax assets | | 24,853 | 27,625 |
| Intangible assets and goodwill | | 4,964 | 4,902 |
| Investment in joint venture | | 13,278 | 11,181 |
| Other financial assets | | 4,134 | 3,440 |
| Total non-current assets | | 207,457 | 209,052 |
| TOTAL ASSETS | | 741,174 | 791,361 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 130,447 | 168,686 |
| Interest bearing loans and borrowings | | 13,524 | 10,901 |
| Lease liabilities | 6 | 26,211 | 25,967 |
| Income tax payable | | 2,602 | 14,753 |
| Provisions | | 61,496 | 77,220 |
| Total current liabilities | | 234,280 | 297,527 |
| Non-current liabilities | | | |
| Interest bearing loans and borrowings | | 599 | 771 |
| Lease liabilities | 6 | 72,316 | 71,841 |
| Provisions | | 5,921 | 5,832 |
| Other financial liability | | 2,887 | 3,206 |
| Total non-current liabilities | | 81,723 | 81,650 |
| TOTAL LIABILITIES | | 316,003 | 379,177 |
| NET ASSETS | | 425,171 | 412,184 |
| EQUITY | | | |
| Issued capital | 7 | 137,622 | 136,096 |
| Reserves | | 40,746 | 34,534 |
| Retained earnings | | 246,803 | 241,554 |
| TOTAL EQUITY | | 425,171 | 412,184 |

MONADELPHOUS GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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

| | <i>Attributable to equity holders</i> | | | | | | | Total \$'000 |
|---|---------------------------------------|--|--|---|--|---|--------------------------------------|-------------------------|
| | Issued Capital \$'000 | Share- Based Payment Reserve \$'000 | Foreign Currency Translation Reserve \$'000 | Retained Earnings \$'000 | Non- controlling Interests \$'000 | Fair Value Reserve for Financial Assets \$'000 | Equity Reserve \$'000 | |
| At 1 July 2021 | 132,608 | 37,337 | (1,956) | 232,097 | 9 | 1,137 | (5,651) | 395,581 |
| Other comprehensive loss | - | - | (1,009) | - | - | (156) | - | (1,165) |
| Profit for the period | - | - | - | 30,058 | 774 | - | - | 30,832 |
| Total comprehensive income for the period | - | - | (1,009) | 30,058 | 774 | (156) | - | 29,667 |
| Transactions with owners in their capacity as owners | | | | | | | | |
| Reclassification of non-controlling interest to liabilities | - | - | - | - | (627) | - | 627 | - |
| Remeasurement of financial liability | - | - | - | - | - | - | (329) | (329) |
| Share-based payments | - | 1,234 | - | - | - | - | - | 1,234 |
| Dividend reinvestment plan | 1,940 | - | - | - | - | - | - | 1,940 |
| Dividends paid | - | - | - | (19,933) | (156) | - | - | (20,089) |
| At 31 December 2021 | 134,548 | 38,571 | (2,965) | 242,222 | - | 981 | (5,353) | 408,004 |

MONADELPHOUS GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

| | Half-year ended 31 December 2022 \$'000 | Half-year ended 31 December 2021 \$'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 1,029,538 | 1,090,465 |
| Payments to suppliers and employees | (974,274) | (1,025,338) |
| Income tax paid | (18,137) | (15,804) |
| Other income | 1,316 | 1,380 |
| Interest received | 1,643 | 304 |
| Dividends received | 1,592 | 91 |
| Finance costs | (1,752) | (1,506) |
| | <hr/> | <hr/> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 39,926 | 49,592 |
| | <hr/> | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 1,177 | 2,385 |
| Purchase of property, plant and equipment | (1,680) | (7,905) |
| Payment of financial liability | - | (7,572) |
| Payment of loans to joint venture | - | (12,000) |
| Acquisition of intangible assets | - | (738) |
| | <hr/> | <hr/> |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (503) | (25,830) |
| | <hr/> | <hr/> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (22,551) | (18,149) |
| Proceeds from issue of shares on exercise of options | 186 | - |
| Proceeds of borrowings | 2,431 | 6,220 |
| Repayment of hire purchase leases | (8,926) | (8,443) |
| Repayment of other lease liabilities | (4,159) | (4,038) |
| | <hr/> | <hr/> |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | (33,019) | (24,410) |
| | <hr/> | <hr/> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | |
| Opening cash and cash equivalents brought forward | 183,329 | 175,708 |
| Net foreign exchange difference | 174 | 204 |
| | <hr/> | <hr/> |
| CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD | 189,907 | 175,264 |
| | <hr/> <hr/> | <hr/> <hr/> |

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2022

1. CORPORATE INFORMATION

The half-year condensed consolidated financial report of Monadelphous Group Limited for the six months ended 31 December 2022 was authorised for issue in accordance with a resolution of directors on 20 February 2023.

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

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

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

(a) Basis of Preparation

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

The half-year condensed consolidated financial report does not include all information and disclosures required in the annual financial report and should be read in conjunction with the annual financial report of Monadelphous Group Limited as at 30 June 2022 together with any public announcements made during the half year.

(b) New and amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022, except for the adoption of new standards effective as of 1 July 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Other revised Standards and Interpretations which apply from 1 July 2022 did not have a material effect on the financial position or performance of the Group.

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2022

| | 31 December 2022 \$'000 | 31 December 2021 \$'000 |
|---|----------------------------|----------------------------|
| 3. REVENUE AND EXPENSES | | |
| (a) Specific Items | | |
| Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity: | | |
| (i) Revenue | | |
| Revenue from contracts with customers | | |
| Services revenue | 676,840 | 596,117 |
| Construction revenue | 218,053 | 398,618 |
| | 894,893 | 994,735 |
| Other revenue | | |
| Dividend income | 217 | 91 |
| Interest | 1,643 | 304 |
| | 896,753 | 995,130 |
| Disaggregation of revenue from contracts with customers by end customer industry: | | |
| Iron Ore | 306,016 | 469,049 |
| Other minerals | 305,557 | 348,788 |
| Oil and gas | 276,893 | 228,229 |
| Infrastructure | 64,501 | 18,570 |
| | 952,967 | 1,064,636 |
| Less share of revenue from joint ventures accounted for using the equity method | (58,074) | (69,901) |
| | 894,893 | 994,735 |
| (ii) Other income | | |
| Gain on disposal of property, plant and equipment | 813 | 902 |
| Other income | 1,316 | 1,380 |
| | 2,129 | 2,282 |
| (b) Expenses | | |
| Depreciation of owned property, plant and equipment | 7,764 | 6,302 |
| Depreciation of hire purchase assets | 4,768 | 4,785 |
| Depreciation of other lease assets | 4,043 | 4,328 |
| | 16,575 | 15,415 |

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2022

3. REVENUE AND EXPENSES (continued)

| | 31 December 2022 | 31 December 2021 |
|-------------------------------------|-------------------------|-------------------------|
| | \$'000 | \$'000 |
| (c) Finance costs | | |
| Loans and finance charges payable | 1,024 | 734 |
| Interest on other lease liabilities | 728 | 772 |
| | <u>1,752</u> | <u>1,506</u> |

4. DIVIDENDS PAID AND PROPOSED

| | | |
|--|--------|--------|
| (a) Fully franked dividends declared and paid during the half-year | 23,891 | 19,933 |
| (b) Dividends proposed and not yet recognised as a liability | 23,048 | 22,829 |

5. PROPERTY, PLANT AND EQUIPMENT

During the half-year the consolidated entity acquired assets with a cost of \$9,363,445 (2021: \$24,774,835), including assets purchased by means of hire purchase contracts of \$8,329,618 (2021: \$17,711,776). Assets with a written down value of \$363,618 (2021: \$1,483,502) were disposed of during the period.

6. LEASE LIABILITIES

| | 31 December 2022 | 30 June 2022 |
|---------------------------------|-------------------------|---------------------|
| | \$'000 | \$'000 |
| CURRENT | | |
| Hire purchase lease liabilities | 18,150 | 17,922 |
| Other lease liabilities | 8,061 | 8,045 |
| | <u>26,211</u> | <u>25,967</u> |
| NON-CURRENT | | |
| Hire purchase lease liabilities | 28,786 | 29,180 |
| Other lease liabilities | 43,530 | 42,661 |
| | <u>72,316</u> | <u>71,841</u> |

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2022

7. ISSUED CAPITAL

| | Notes | 31 December 2022 \$'000 | 30 June 2022 \$'000 |
|---|-------|----------------------------|------------------------|
| Ordinary shares – Issued and fully paid | 7(a) | <u>137,622</u> | <u>136,096</u> |

(a) Movement in ordinary shares

| | 31 December 2022 | | 31 December 2021 | |
|----------------------------------|---------------------|----------------|---------------------|----------------|
| | Number of Shares | \$'000 | Number of Shares | \$'000 |
| Beginning of the period | 95,262,705 | 136,096 | 94,761,152 | 133,877 |
| Transfer from reserved shares | - | - | - | (1,269) |
| Exercise of employee options | 225,309 | 186 | - | - |
| Dividend reinvestment plan | 101,747 | 1,340 | 205,193 | 1,940 |
| Conversion of performance rights | 445,626 | - | 155,556 | - |
| End of the period | <u>96,035,387</u> | <u>137,622</u> | <u>95,121,901</u> | <u>134,548</u> |

8. OPERATING SEGMENTS

Revenue is derived by the consolidated entity from the provision of engineering services to the resources, energy and infrastructure industry sector. For the half-year ended 31 December 2022 the Engineering Construction division contributed revenue of \$277.7 million (2021: \$471.6 million) and the Maintenance and Industrial Services division contributed revenue of \$676.8 million (2021: \$596.1 million). Included in the Engineering Construction division revenue is \$1.5 million (2021: \$3.1 million) of inter-entity revenue and \$58.1 million (2021: \$69.9 million) of revenue of joint ventures, which is eliminated on consolidation. The operating divisions are exposed to similar risks and rewards from operations, and are only segmented to facilitate appropriate management structures.

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

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

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

9. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities

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

Guarantees

| | 31 December 2022 \$'000 | 30 June 2022 \$'000 |
|---|----------------------------|------------------------|
| Guarantees given to various clients for satisfactory contract performance | <u>138,536</u> | <u>140,370</u> |

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2022

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value hierarchy

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

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

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

The carrying amount and estimated fair values of financial assets and financial liabilities at the balance date are materially the same.

There were no material financial assets or liabilities measured at fair value at 31 December 2022 or 30 June 2022.

11. CAPITAL COMMITMENTS

The group has capital commitments related to the acquisition of plant and equipment of \$35,629,094 at 31 December 2022 (2021: \$3,235,824).

12. SIGNIFICANT EVENTS AFTER BALANCE DATE

Dividends declared

On 20 February 2023, Monadelphous Group Limited declared an interim dividend on ordinary shares in respect of the 2023 financial year. The total amount of the dividend is \$23,048,493 which represents a fully franked interim dividend of 24 cents per share. This dividend has not been provided for in the 31 December 2022 Financial Statements. The Monadelphous Group Limited Dividend Reinvestment plan will apply to the dividend.

Other than the items noted above, there are no matters or circumstances that have arisen since the end of the half-year ended 31 December 2022 which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

MONADELPHOUS GROUP LIMITED
NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2022

13. SHARE BASED PAYMENT

Performance and Retention Rights

During the period, 472,275 performance rights were granted by Monadelphous Group Limited under the Company's Combined Reward Plan. These performance rights vest into shares in equal instalments, one, two and three years subsequent to award, subject to the employee remaining in the employ of the company at those particular dates.

The fair value of each performance right issued during the period was estimated on the date of grant using a discounted cash flow calculation. The weighted average fair value of performance rights granted in the period was \$9.96.

Following shareholders approval at the 2022 Annual General Meeting, 43,600 retention rights granted under the Company's Employee Retention Plan and 29,020 performance rights granted under the Company's Combined Reward Plan were issued to Robert Velletri in his capacity as the Group's Managing Director.

For the half-year ended 31 December 2022, the Group has recognised \$5,314,133 of share-based payment expense in the Consolidated Income Statement (2021: \$184,978) relating to performance rights under the Combined Reward Plan and retention rights issued under the Employee Retention Plan.

Options

For the half-year ended 31 December 2022, the Group has recognised \$838,199 of share-based payment expense in the Income Statement (2021: \$1,049,357) relating to options issued under the Employee Option Plan.