Emeco

2024

Annual Report


Force
by Emeco
TYSON

Contents

Emeco Holdings Limited and its Controlled Entities
ABN 89 112 188 815
Annual Report
2024

Year at a Glance

Revenue

▼ 6%

2024 $823M

2023 $875M

Net leverage[2]

▼ to 1.0x

2024 1.0x

2023 1.1x

Operating EBITDA[1]

▲ 12%

2024 $281M

2023 $250M

Free cash flow[3]

▲ 66%

2024 $87M

2023 $52M

Operating EBIT[1]

▲ 20%

2024 $125M

2023 $105M

Earnings per share[4]

▲ 28%

2024 10.20cps

2023 7.99cps

Operating NPAT[1]

▲ 17%

2024 $69M

2023 $59M

ROC[5]

▲ to 15%

2024 15%

2023 13%

(1) Operating financial metrics are non-IFRS measures. Refer to Table 2: FY24 Statutory to operating results reconciliation, in the Operating & Financial Review section of this annual report.

(2) Net debt / Operating EBITDA (excludes supply chain funding).

(3) Operating free cash flow before growth capex.

(4) Basic EPS based on Statutory Net Profit After Tax.

(5) Return on capital (ROC) calculated as LTM Operating EBIT over average capital employed.

Business at a Glance

RENTAL

Emeco

Australia's largest provider of open cut rental equipment and value-added services

750
FLEET SIZE

Emeco Underground

Australia's largest underground hard-rock rental business

100
FLEET SIZE

WORKSHOPS

Force by Emeco

Mining equipment maintenance and rebuild service provider – component and asset rebuild and fabrication

7
WORKSHOPS

1000
EMPLOYEES

DIVERSIFIED REVENUE BASE

REVENUE BY COMMODITY

Gold
Met Coal
Iron Ore
Nickel
Thermal Coal
Other

REVENUE BY CUSTOMER

Customer 1
Customer 2
Customer 3
Customer 4
Customer 5
Customer 6
Customer 7
Customer 8
Customer 9
Customer 10
Other Customers

Emeco Investment Highlights

Emeco offers an attractive diversified investment exposure to the Australian mining industry

Australia's largest mining equipment rental provider with national footprint

Focused on delivering strong returns and free cash flow generation

Scale and asset management expertise provide cost and quality advantage

Diversified by customer, project and commodity

Strong balance sheet and low leverage

Positive equipment industry demand outlook

Our Strategy

Emeco's three strategic pillars ensure a sustainable and resilient business and the creation of long-term value for shareholders

01 Be Australia's lowest cost, highest quality, technology-driven, mining equipment rental provider

Enhance Emeco's core capabilities in equipment rental through technology

Develop Emeco's skilled workforce, rebuild capability and strategic workshop network

Leverage Emeco's position as the largest provider of rental equipment to the mining sector

02 Maintain a balanced and diversified portfolio

Target a balanced portfolio by customer, project, commodity and region

Maintain flexibility to service a broad range of customers via highly diversified fleet portfolio

Achieve ESG objectives and support the energy transition

03 Exercise disciplined capital management

Target net debt / EBITDA at or below 1.0x to support resilience through mining cycles

Disciplined capital allocation to generate free cash flow and target 20% ROC

Retain flexibility to reinvest in the business and return capital to shareholders

Chairman's Report

Dear Shareholders

On behalf of the Board of Emeco Holdings Limited, I am pleased to present the Company's Annual Report for the 2024 financial year (FY24). I am greatly honoured to be writing the FY24 Chairman's Letter as Interim Chair following the retirement of Peter Richards as a Director of Emeco in May this year. I would like to take this opportunity to thank Peter for his tenure and input to the Board of Emeco.

Emeco has delivered a strong financial performance off the back of a positive year of progress which included the exit from underground contract mining and the strategic repositioning to a more simplified Company business model, focused on increasing returns and delivering free cash flow for shareholders.

The Company's broad exposure to both bulk commodities and metals saw continued strength in demand for our rental fleet. We continued to proactively manage cost and skilled labour challenges in a competitive mining equipment rental market, keeping Emeco well positioned to meet client needs.

Safety

Our safety performance improved significantly, with no Lost Time Injuries reported during the period and the Total Recordable Injury Frequency Rate (TRIFR) decreasing from 3.2 to 2.8. We remain committed to continuously improving our safety standards and over the year implemented further improvements to address risks identified, demonstrating our ongoing vigilance and prioritisation of good safety practices across the business.

Our people drive our business success, and their safety continues to be Emeco's highest priority with a focus on promoting diligence in the application of our safety standards by all Emeco management and employees.

Operational & Financial Performance

The Group consolidated the performance improvements delivered in the second half of FY23 and delivered further growth in earnings in FY24. Pleasingly, Emeco delivered Operating EBITDA growth of 12% to $280.5 million, Operating EBIT growth of 20% to $125.3 million and Operating Net Profit after Tax growth of 17% to $69.4 million.

Reported revenue of $822.7 million for the year was down 6% on the prior period, primarily due to reduced revenue from the underground business. Surface rental and workshop external revenue, grew by 10% and 6% respectively. Margins increased on the back of stronger cost and contract management, as well as revenue mix, with growth in high margin revenue from surface rental and a reduction in low margin revenue from underground.

Balance Sheet and Capital Management

Emeco has a clear and prudent capital management framework balancing the allocation of capital to sustaining and growing the business, delivering cash returns to shareholders, and maintaining balance sheet strength. During the year, the Company delivered strong free cash flow and contained net leverage to around the Company's long term target level. Return on Capital (ROC) increased from 13% to 15%.

Strong earnings growth and cash conversion allowed the Company to continue to fund its capital investment programme, which included $154.6 million in sustaining capital expenditure and $47.0 million in growth capital expenditure. This will deliver increased earnings and ROC in FY25, following the full deployment of the growth fleet late in FY24.

The Company ended the year with net debt at $280.5M, equating to leverage of 1.0x in line with the Board's long-term target. The Company remains focused on the delivery of free cash flow and organic earnings growth. Consequently, the Company expects to moderate its growth capex programme in FY25, with the intent of maintaining leverage levels around the long-term target and removing the Company's use of supply chain finance.

The Group's capital management framework was reviewed during the year, with the board resolving to make no changes to the existing policy:

- Shareholder payout ratio targeting 25 – 40% of Operating NPAT and
- Target Leverage to be around 1.0x

The Group's position with respect to capital management is to maximise future optionality for shareholders. Consequently, the Board has elected to suspend the Group's capital management programme for FY25 in favour of reducing debt. As a result, no interim or final dividend for FY24 has been approved. The Company paid a 1.25 cents per share fully franked dividend during the reporting period and performed share buy- backs totalling $0.4 million as part of the FY23 capital management programme.

Strategy

The Pit N Portal business was successfully restructured into Emeco Underground following the sale of the contracting operations to Macmahon Underground Pty Limited ("Macmahon" or "MAH"), streamlining the Company's business model to three core groups: Emeco Surface Rental, Emeco Underground Rental, and Force Workshops. The underground rental business will be focused on Emeco's core capabilities of asset management and equipment rental to drive growth in the underground sector.

Management's focus on free cash flow generation and a targeted 20% return on capital, is supported by specific business improvement initiatives, which are expected to be delivered over the next two years.

Sustainability

Emeco continued to make progress in Environmental, Social and Governance (ESG) initiatives during FY24 following the Board's approval of the Company's inaugural ESG Strategy in FY23.

Environmental initiatives included commencing work to develop the Company's current position regarding Scope 1 and Scope 2 emissions, with Scope 3 to follow. The Company's inaugural Position Statement on Climate Change has been developed and is published in this annual report. Work continued with respect to a carbon neutrality road map. As a large mining fleet owner and operator, we are also committed to technology development to support our fleet being as carbon efficient as possible to assist in the delivery of reduced Scope 1 emissions for our customers.

Social initiatives included continued significant investment in training programmes for employees focused on health, safety, wellbeing and upskilling. Our Reflect Reconciliation Action Plan was endorsed by Reconciliation Australia, and we will continue to advance our reconciliation process.

As we have outlined previously, Emeco strives to create a sustainable business which continues to deliver creative solutions for our customers, a family feel for our people, support for our local communities, and value for our investors.

Board & Key Management Personnel Changes

I mentioned earlier that Peter Richards stepped down from the Board during the year, having served eight years as Chairman and nearly 14 years as a Director. Peter's significant business experience and long career has been a major source of expertise and advice for Emeco, and his tenure as Chairman has seen numerous positive changes eventuate for Emeco. All of us at Emeco wish Peter well and thank him for his meaningful contribution to the Company. During his long tenure the Company navigated significant challenges and continued to evolve and grow.

As the Board's longest serving Non-Executive Director, I will continue to act in an interim capacity as Chairman of the Board, while the Board considers appropriate independent candidates for the role. As you can appreciate this is an important role and the Board will undertake a considered process.

In October 2023, Ms Sarah Adam-Gedge was appointed to the Board as an Independent Non-Executive Director and Chair of the Audit and Risk Management Committee. Sarah is a Chartered Accountant and experienced Non-Executive Director who currently serves on the boards of several ASX-listed companies. She complements the Board with her broad financial, commercial, leadership and governance experience gained through her executive career and her board roles across a number of industries.

Thank You

Looking to FY25, we believe the refocus on organic earnings growth through Emeco's core rental and workshop businesses, along with the recalibration of our capital allocation towards balance sheet strength improves the Company's positioning to deliver better returns to shareholders over the long-term.

The Board continues to be confident in the longer-term outlook for Emeco. The Company has a clear strategy to deliver sustainable growth and to create value for our shareholders.

I mentioned earlier it is our people that ultimately drive our success. On behalf of the Board, I would like to thank the entire Emeco team for contributing to another positive year for the Company. I would also like to acknowledge the contribution from our Pit N Portal colleagues who transferred to Macmahon in the second half of the financial year following the sale of the underground contracting operations.

I would also like to thank our Managing Director & CEO, Ian Testrow, and his senior leadership team for their contribution to a successful FY24, and their ongoing commitment to deliver growth and shareholder value. I look forward to them continuing to deliver in FY25.

Finally, I would like to thank my fellow Board members for their support and ongoing contribution, and most importantly, our shareholders for your continued support of the Company.

Peter Frank
Interim Chair


Emeco
Bisley
Force
by Emeco
50
YEARS
1972-2022
GLO-NET

Managing Director's Report

Dear Shareholders

Emeco delivered a strong result in FY24, consolidating and building upon the good recovery in performance achieved in prior periods. We saw increased volatility across commodity prices, however activity in the mining sector remained robust, driving continued high demand for our rental fleet and services.

Operationally, the business successfully navigated persistent cost inflationary pressures and a competitive labour market.

Following the successful de-risking and reset of the underground business, we continued the strategic repositioning through the sale of its contracting operations. Our objective is to reset the whole business to focus on what it does best and to deliver stronger returns through a simplified business model concentrating on the provision of equipment rental and workshop services.

The Emeco business is well positioned to support clients as they seek to efficiently manage their capital investments in this climate.

Health & Safety

The Total Recordable Injury Frequency Rate (TRIFR) for the year was an improvement from 3.2 in FY23 to 2.8 in FY24. This result is pleasing, particularly in the context of major structural changes in our workforce during the year which included the transfer of over 200 underground employees as part of the sale of Pit N Portal to Macmahon and a significant change-out of subcontracted labour across the rental business. When it comes to safety, we can never be complacent. Our resolve to focus on further actions we can take to drive future improvements in our safety, remains unchanged.

We continue to implement our Health, Safety, Environment and Training (HSET) Strategic Plan. This past year has seen a significant focus on identifying, understanding, and controlling our critical risks. Our new critical risk process aligns to global standards for critical risk and control, and we have recently implemented critical control verification software to support this new process. Our investment in training workers remains a high priority and this is also supported by the development of new internal equipment specific training packages. Further to this, we have recently implemented targeted maintenance inductions for all maintenance workers to ensure they have been provided with the necessary information to perform work safely in accordance with industry and Company standards.

We are committed to maintaining a strong track record of improving safety and will continue to monitor and make improvements as part of our broader HSET strategy.

Financial Performance

The Group delivered revenue of $822.7 million, and Operating EBITDA of $280.5 million in FY24. Operating EBITDA and Operating EBIT were up 12% and 20% respectively, a very positive result reflecting the strength of Emeco's core Rental and Force businesses, underpinned by demand for bulk commodities. Revenue was down 6%, primarily due to the sale of the underground contracting mining portfolio to Macmahon, which saw a lower revenue contribution in the second half.

Operating NPAT for the year was $69.4 million, up 17% on the prior year, Statutory NPAT was $52.7 million including $16.7 million in after-tax significant items primarily related to the non-cash impairment of underground assets.

Depreciation expense increased, reflecting growth in our fleet in FY23 and FY24. Finance costs were well contained, in spite of growth capex and higher base rates.

The Group reported solid operational and financial performance from each business segment. Group margins improved with a decrease in low margin underground revenue; application of rise and fall provisions across a number of contracts; and cost savings achieved through procurement and labour sourcing initiatives. Operating EBIT margins increased from 12% to 15% and Operating EBITDA margins increased from 29% to 34%.

The Group generated operating free cash flow (before growth capex) of $86.9 million, which was slightly above expectations for the year. Return on capital (ROC) increased from 13% to 15%, which was moderated by the investment in growth capex in the second half. The benefit of the FY24 growth capex programme, in combination with incremental cost savings achieved across parts and labour spend is expected to deliver improved earnings and ROC in FY25.

Operations Review

Rental

Strong customer demand saw Rental revenue grow by 10% over the year to $544.7 million, with gross fleet utilisation averaging 91% during FY24. Key asset classes performed well with the rental fleet appropriately configured towards larger projects and large format trucks. Delivery of the Group's major growth capex rebuild programme in FY24 through our Force workshops, will be a key driver of revenue and earnings growth in FY25. I am extremely proud of the entire team who collectively delivered against this important initiative, with the deployment of 23 newly rebuilt trucks (18 x 793D trucks and five x 789C trucks) to large scale projects during the year.

Operating EBITDA and Operating EBIT both grew largely in line with revenue at 11% and 13% respectively to deliver Operating EBITDA of $288.2 million and Operating EBIT of $156.4 million.

The Rental business continues to navigate the challenges of a high-cost parts and labour environment by remaining cost competitive. This has been achieved through the ability to pass on some costs to clients through rise and fall provisions, but also through the deployment of higher margin fleet over the course of the year. A strong focus on converting subcontracted labour to full time labour, will continue to drive our cost competitiveness, along with securing more cost-efficient supplies through dedicated procurement resourcing.

Force

Force continued its strong performance, delivering the significantly increased internal rebuild programme, whilst continuing to deliver for external customers. The business grew internal revenue by 29% to $116.2 million, whilst external revenue grew by 6% to $166.2 million.

Workshop and rebuild service demand remains strong. Our strategically positioned network of workshops across key mining regions around Australia, put us in a strong position to service ongoing demand from bulk commodities and the gold sector, in particular. Operating EBITDA increased by 34% to $15.8 million over the year, with operating EBIT increasing by 29% to $9.4 million.

Underground

The underground business was restructured during the year with the sale of its contracting operations to Macmahon. The underground mining fleet was retained, and the business will operate as Emeco Underground, focused on our core capabilities of asset management and equipment rental. Underground delivered a solid turnaround in earnings in FY24 reporting a 23% increase in Operating EBITDA to $21.1 million. Operating EBIT was $5.5 million in FY24 after reporting a $0.3 million loss in FY23.

The transaction represents a simplification of Emeco's business model and provides an opportunity to streamline overheads and integrate underground workshops into Emeco's Force business. As a part of the transaction, Emeco and Macmahon have entered into a 5-year strategic rental agreement under which Emeco will become Macmahon's preferred equipment rental provider for both surface and underground mining. Macmahon represents a strong source of equipment rental demand, given its focus on a capital-light business model.

The transaction was completed in February 2024 after the underground business delivered a strong first half performance relative to the prior year, following the successful de-risking and reset of its contract portfolio last year.

Technology

As we look ahead, we remain committed to our vision of a technologically empowered business that is agile, data-driven, resilient, and forward-thinking. Our ongoing projects and initiatives are a testament to this commitment.

We have continued to push the boundaries of technology adoption within our business, towards our goal of being at the forefront of innovation and delivering world class performance in all areas of our business and operations. We continue to prioritise investments across IT, Business Systems & Intelligence, Digital Transformation, and Operational Technology (OT), and have established an innovation framework across the organisation to foster idea generation through to implementation and sustainment.

This focus allows us to have a resilient, modern and digital enterprise, with the capability and processes that allow our people and assets to deliver at their best for our customers every day. Our FY25 priorities for IT and Digital Transformation are centred around driving business value, speed, and operational efficiency. Our Emeco Operating System (EOS) OT Platform helps customers manage their fleet onsite and improve performance, safety, and reduce carbon emissions. We continue to advance our OT fleet health solution, intersect our condition monitoring capability with machine learning algorithms to provide real-time data analysis and predictive maintenance, protect our assets and significantly improve machine performance and safety, to deliver a superior outcome for our customers.

In FY24, we achieved a major milestone on our ERP implementation project – Project Elevate - with the delivery of the design phase. In FY25, we will progress to the build phase. The Company's investment in Microsoft D365 as its new ERP, is expected to total up to $20 million, with $3.1 million spent in FY24.

Sustainability, People and Diversity

Throughout FY24, Emeco maintained a strong commitment to people and systems, and to the environment and communities in which we conduct business. Our Sustainability Report includes some of the actions taken and metrics monitored by Emeco in our goal to achieve longevity for our business and develop our social licence to operate.

During FY24, we developed our first Climate Change Position Statement which is included in our Sustainability Report. We also commenced measuring our carbon footprint via Scope 1 and Scope 2 greenhouse gas (GHG) emissions from our operations, and our preliminary emissions estimates will be refined and added to as we collect more data and develop our calculation methodology.

Emeco operates within a highly skilled and competitive labour market, making our ability to attract and retain talent a critical factor in our ongoing growth and success. We are dedicated to enhancing employee engagement and focusing on long-term retention and development strategies. Throughout the year, our General Manager of People and Culture conducted leadership development sessions for teams and individuals across the organisation. Additionally, we have implemented strategies to reduce our reliance on subcontracted labour by strengthening our employee value proposition, anticipating continued benefits into FY25. We also support our workforce through a comprehensive employee assistance programme, available to all employees and their extended families, facilitated via a third party.

Culture and values have been included in our Safety Interactions tool, which will add another level of engagement with our employees and enable us to identify areas for growth and improvement.

Apprenticeship development, as well as upskilling of new and existing employees, remain an important focus for Emeco. At the end of FY24, we have approximately 90 apprentices progressing through their training.

Diversity and inclusion continue to be an important element of meeting the changing needs of a business that operates in a dynamic economic and operational environment. Understanding the vital importance of diversity in responding to the everchanging operational landscape, we are proud that our workforce comprises approximately 13.4% women and 2.6% of First Nations heritage. The Company considers a flexible work arrangement as being important in attracting a diverse workforce. The Group's flexible work arrangements, saw an increase in part time and casual workers in FY24.

Strategy and Outlook

Emeco's strategic goal is to build a sustainable and resilient business that generates long term value for our shareholders whilst delivering superior services to our customers. In FY24 we refocused on our core competency of equipment rental and maintenance, to continue providing a clear cost and quality advantage to customers. With the exit from contract mining, the business is now re-calibrated around our core competency and competitive strengths and is better positioned to deliver improved returns on invested capital.

Other key strategic priorities for the business during the year included:

- Delivering returns on our growth capex programmes, with a targeted Return on Capital of around 20% over the next two years
- Delivering cost efficiencies and working closely with clients around contract repricing to drive shared efficiencies, margins and returns
- Delivery of strong free cash flow from the existing business and FY24 growth capex programme
- Business improvement initiatives around the use of subcontracted labour, optimised fleet configuration, addressing underperforming projects, procurement opportunities and risk management through improved credit control and customer selection
- Investment in technology and corporate systems to improve business process efficiency and costs

The outlook for FY25 remains positive. Activity in the mining sector is expected to remain buoyant, particularly in bulk materials which should continue to drive demand for large mining equipment. The metals sector is characterised by the use of smaller sized equipment, which is a more competitive market space for Emeco, but in which we still have a significant competitive advantage through our mid-life asset rebuild capability.

Leverage is expected to reduce back below the Company's long-term target of around 1.0x Operating EBITDA with the decision to allocate capital towards reducing refinancing requirements.

We are confident that our business is well positioned to enable us to deliver sustainable growth and deliver increased shareholder returns in FY25.

Acknowledgements

Firstly, I would like to thank the Emeco Board in supporting me and my hard-working management team as we deliver on our business strategy. Most importantly, I would like to thank the entire Emeco team across all of our operations for their efforts and contributions in making FY24 another successful year for the Company.

Again, I am immensely proud of how we have capably adapted and responded to challenges and opportunities to deliver for our customers and stakeholders.

I would like to thank our customers for their loyalty and support in choosing to partner with Emeco, which I extend to our suppliers, financiers and community partners who have also supported our business.

Finally, I would like to thank our shareholders and acknowledge your continued support and investment in our Company and our people.

Ian Testrow
Managing Director & Chief Executive Officer


Force
by Emeco
CHRIS
Bisley

Operating & Financial Review

The Emeco Group supplies safe, reliable and maintained surface and underground mining equipment rental solutions, together with onsite infrastructure to its customers. The Group also provides repair and maintenance, and component and machine rebuild services and supplies operator, technical and engineering solutions and services to the mining industry.

Established in 1972, the business listed on the ASX in July 2006 and is headquartered in Perth, Western Australia.

Emeco generates earnings from the provision of surface and underground mining equipment, maintenance and project support solutions and services to the mining industry. Operating costs principally comprise parts and labour associated with maintaining earthmoving equipment. Capital expenditure principally comprises the replacement of major components over the life cycle of Emeco's assets, with the balance used to acquire assets (growth and replacement), including midlife equipment cores and the cost to rebuild those cores.

Table 1: Group financial results

	Operating results (1),(2),(3)		Statutory results	
A$ millions	**2024**	**2023**	**2024**	**2023**
Revenue	822.7	874.9	822.7	874.9
EBITDA	280.5	250.4	273.0	225.9
EBIT	125.3	104.6	101.4	79.1
NPAT	69.4	59.1	52.7	41.3
ROC%	14.9%	13.2%	11.5%	9.6%
EBIT margin%	15.2%	12.0%	12.3%	9.0%
EBITDA margin%	34.1%	28.6%	33.2%	25.8%

(1) Significant one-off and/or non-cash items have been excluded from the reported result to aid in the comparability and usefulness of the financial information. This adjusted information (operating results) enables users to better understand the underlying financial performance of the business in the current period. Refer to Table 2 for a reconciliation between operating results and statutory results.

(2) Non-IFRS measures.

(3) EBITDA: Earnings before interest, tax, depreciation and amortisation excludes tangible asset impairment, net finance costs and net foreign exchange gains/losses; EBIT: Earnings before interest and tax.
Excludes net finance costs and net foreign exchange gains/losses; NPAT: Net profit after tax; ROC: Return on capital (EBIT / Average capital employed).

Table 2: FY24 Statutory to operating results reconciliation

A$ millions	EBITDA	EBIT	NPAT
Statutory result	**273.0**	**101.4**	**52.7**
Tangible asset impairment	-	16.4	16.4
Long-term incentive expense	3.5	3.5	3.5
Restructuring costs	2.9	2.9	2.9
ERP implementation costs	3.1	3.1	3.1
Gain on lease modifications	(0.2)	(0.2)	(0.2)
Gain on sale of PNP assets/contracts	(1.8)	(1.8)	(1.8)
Tax effect of adjustments	-	-	(7.2)
Operating result	**280.5**	**125.3**	**69.4**

Reconciliation of differences between operating and statutory results:

1. FY24 operating results are non - IFRS measures and exclude the following:
   - Tangible asset impairments: Net impairments totalling $16.4 million were recognised across the business on assets held for sale (FY23: $1.0 million).
   - Long-term incentive expense: During FY24, Emeco recognised $3.5 million (FY23: $3.4 million) of non-cash expenses relating to the employee incentive plan.
   - Trade receivables written-off: Losses on trade receivables deemed non-recurring due to quantum and written-off totalling nil (FY23: $23.0 million).
   - Gain on lease modifications: Relates to AASB 16 treatment of corporate office lease.
   - Gain on sale of PNP assets/contracts: Relates to the non-recurring gain on PNP asset and contract sale to Macmahon.
   - Restructuring costs: Related to the termination costs for non-transferring PNP employees following sale of PNP assets and contracts to Macmahon.
   - Tax effect of adjustments: Notional tax on above adjustments at 30%.
2. Refer to the 2023 Annual Report for a reconciliation of differences between FY23 operating and statutory results.

Strong returns

Group revenue from operations in FY24 was $822.7 million (FY23: $874.9 million). This was down 6% due to the sale of the underground contract mining portfolio during the period.

External Surface Rental revenue increased to $544.7 million (FY23: $494.8 million), primarily due to strong utilisation levels and the addition of growth fleet to new projects secured during the period. Higher contract rates also drove revenue higher with the application of contracted rise and fall mechanisms. Force delivered a 14% increase in total revenue, delivering 128 machine rebuilds (both internal and external) through its regional network of workshops. External revenue from Force increased from $156.5 million in FY23 to $166.2 million in FY24, with strong demand across all regions. Underground revenue decreased by 50% to $111.8 million (FY23: $223.6 million), following the sale of the Pit N Portal contract mining portfolio to Macmahon which was completed in February 2024.

Operating EBITDA increased by $30.1 million or 12% to $280.5 million in FY24. This reflected a strong performance across the business, with the surface rental and workshops businesses delivering solid earnings growth and the underground business demonstrating a turnaround performance following a restructure of its activities.

Operating EBITDA margins increased to 34.1% (FY23: 28.6%), driven by a better revenue mix with growth in higher margin surface rental revenue and less low margin underground contracting revenue, and improved cost control. The Group continues to pursue repricing opportunities to counter cost inflation and business improvement opportunities to improve margins, with a key focus on reducing the use of subcontracted labour and improved parts procurement.

Return on Capital (ROC) also improved, increasing to 15% (FY23: 13%), with a strong focus on project returns in our capital deployment decision making.

Table 3: Operating cost summary (operating results)

Note: Operating results are non-IFRS and have been adjusted as per reconciliation in Table 2.

A$ millions	2024	2023
Revenue	**822.7**	**874.9**
Operating expenses		
Repairs and maintenance	(140.1)	(152.7)
External mining and maintenance services	(188.5)	(223.9)
Employee expenses	(104.4)	(149.8)
Cartage and fuel	(27.7)	(21.6)
Net other expenses	(81.5)	(76.5)
Operating EBITDA	**280.5**	**250.4**
Depreciation and amortisation expense	(155.2)	(145.8)
Operating EBIT	**125.3**	**104.6**

Repairs and maintenance expense decreased to $140.1 million (FY23: $152.7 million), largely in line with the reduction in underground contracting revenue.

External mining and maintenance services expenses decreased to $188.5 million (FY23: $223.9 million) predominantly due to the reduction in underground contracting revenue.

Employee expenses decreased to $104.4 million (FY23: $149.8 million), following the significant reduction in low-margin underground contracting revenue associated with the provision of labour, a key driver of the margin improvement for the Group.

Cartage and fuel expenses increased to $27.7 million (FY23: $21.6 million) due to the higher number of equipment movements during the period.

Net other expenses increased to $81.5 million (FY23: $76.5 million) primarily as a result of increased fleet cross-hire expenses.

Depreciation and amortisation expense increased to $155.2 million in FY24 (FY23: $145.8 million) in line with rental fleet growth and utilisation.

Investment in Rental Fleet

The Group has a demonstrated track record in achieving strong returns on its investment in fleet through the application of our proven mid-life asset model. In FY24, the Written Down Value (WDV) of property, plant and equipment including capital works in progress and component inventory increased by $31.0 million to $783.7 million, driven primarily by the Group's $47.0 million growth capital expenditure programme, which included the rebuild of 18 x 793D and 5 x 789C second-hand trucks, now fully deployed into projects. In addition to this, the Company acquired ~$16.5 million in fleet from HSE, funded partially using $12.7M in lease finance. This growth investment in high-demand, larger sized fleet is expected to drive earnings growth and returns in FY25 (targeting Internal Rate of Return over 20%).

Net sustaining capital expenditure of $154.6 million (net of disposals), was in line with depreciation for the period, and the prior period expenditure (FY23: $154.1 million).

Table 4: Equipment fleet

A$ millions	2024	2023
Equipment fleet	720.2	682.4
Assets held for sale	15.7	1.2
Equipment fleet	735.9	683.6

We continually review our fleet mix to ensure it meets long-term rental demand and to maximise returns on investment. Assets which are surplus to fleet requirements or are approaching the end of their useful lives are transferred to assets held for sale and are actively marketed through Emeco's global network of brokers. The increase in assets held for sale of $14.5 million includes assets surplus to the surface rental business as well as the underground rental business, following the sale of underground contract mining projects to Macmahon.

Free Cash Flow

Table 5: Free cash flow summary

A$ millions	2024	2023
Operating EBITDA	280.5	250.4
Net movement in working capital	(14.2)	(18.2)
Net sustaining capital expenditure (1) (2)	(146.8)	(152.5)
Acquisition of component inventory (2)	(7.8)	(1.6)
Net finance costs	(24.8)	(25.8)
Net free cash flow (pre-growth capex and other investments)	**86.9**	**52.3**
Growth capital expenditure (1)	(47.0)	(21.8)
Loan issued to related party	-	(4.9)
Net free cash flow	**39.9**	**25.6**

(1) Capital expenditure excludes assets acquired under leasing arrangements.

(2) Net sustaining capital expenditure referred to elsewhere in this annual report includes acquisition of component inventory.

Free cash flow generation improved significantly during the year, primarily driven by higher earnings and strong cash conversion. Net free cash flow in FY24 was impacted by a working capital outflow of $14.2 million (FY23: outflow of $18.2 million) predominantly due to the establishment of new projects in surface rental. Growth capital expenditure of $47.0 million, which is expected to drive further earnings growth in our rental business, was funded from free cash generated during the year. Finance costs of $24.8 million were well contained (FY23: $25.8 million), despite higher prevailing interest rates during the period.

Conservative Leverage in line with Target

Table 6: Net debt and gearing summary

A$ millions	2024	2023
Interest bearing liabilities (current and non-current)[1]		
Secured notes – AUD	250.0	250.0
Revolving credit facility	30.0	-
Lease liabilities and other financing	78.8	72.7
Total debt (1)	**358.8**	**322.7**
Cash	(78.3)	(46.7)
Net debt (1)	**280.5**	**276.0**
Leverage ratio (2)	1.00x	1.10x
Interest cover ratio (3)	12.0x	10.3x

(1) Figures based on facilities drawn. Includes debt raising costs classified as interest bearing liabilities in note 19, and excludes supply chain finance disclosed in note 13.

(2) Leverage ratio - Net debt / Operating EBITDA.

(3) Interest cover ratio - Operating EBITDA / Net interest expense.

Total debt increased to $358.8 million, up 11% from $322.7 million in the prior year. Lease liabilities and other financing increased by $6.1 million, predominantly due to the use of lease finance to fund additional fleet purchases.

Emeco's leverage ratio improved from 1.10x in FY23 to 1.00x in FY24, in line with our long-term target, whilst funding sustaining and growth investment and capital management.

The cash balance was $78.3 million at 30 June 2024, a $31.6 million increase compared to 30 June 2023. The increase from the prior year is largely due to strong cash conversion of higher earnings and better working capital management.

Total dividends of $6.5 million were paid to the Company's shareholders in FY24 (FY23: $13.0 million), along with the completion of an on-market share buy-back totalling $2.1 million (FY23: $7.3 million). This included $1.7 million in share purchases for the employee LTI plan.

On 21 August 2024, the board resolved for the continued suspension of the Group's capital management programme for FY25, in favour of lowering net debt levels.

Sustainability Report

1. Emeco's commitment to sustainability

This is the Sustainability Report for Emeco Holdings Limited and its related bodies corporate (Emeco or the Company) covering the financial year ending 30 June 2024 (FY24).

Throughout FY24, Emeco maintained a strong commitment to our people and systems, and to the environment and communities in which we conduct business. This report presents some of the actions taken and metrics monitored by Emeco, reflective of our aspirations to achieve longevity for our business and develop our social licence to operate.

1.1 Report boundary

References to Emeco in this report cover all Emeco's operations, except where explicitly stated otherwise. Table 1 provides an overview of our operational footprint during FY24.

Table 1: Operational footprint

States	Workshops	Warehouses and Distribution Centres	Field Service Coverage
Western Australia	Perth (2)	Perth	WA
Queensland	Kalgoorlie	Mackay	QLD
New South Wales	Port Hedland		
South Australia	Newman		
	Mackay (2)		

1.2 Our stakeholders

Table 2 sets out Emeco's key stakeholder groups and how Emeco engages with those stakeholders, relevant topics, and concerns. These topics are addressed throughout this report.

Table 2: Stakeholder engagement

Stakeholder Group	Methods of engagement	Topics and concerns
Investors and proxy advisors	Investor relations meetings and calls, investor conferences, semi-annual financial performance reporting, annual general meeting, email communications	• Company performance • Strategy and outlook • Financial and non-financial risk mitigation • Capital management • Corporate governance • ESG objectives – including climate change • Executive remuneration
Customers	Meetings, emails, phone calls, management meetings, monthly site meetings, tender processes, site visits Our engagement with customers is through a multi-level relationship approach, from the Managing Director/CEO to operational site-based staff	• Safety • Contract terms and conditions • Customer requirements • Customer future needs • Emeco performance • ESG objectives – including climate change
Employees	In person, survey, email communications, Emeco's intranet, inductions, in-house training, staff and safety meetings, HR communications	• Job security, remuneration and benefits • Safety, health and risk management • Training and development • Work prioritisation • Company performance, outlook and strategy • Performance reviews

Stakeholder Group	Methods of engagement	Topics and concerns
Suppliers	Supply related enquiries, tender and/or quote responses Emeco continues to enhance our relationship with key suppliers	• Supply chain opportunities and/or issues • Security of supply • Pricing and discounts • Contractual terms and conditions • Modern slavery
Financiers and rating agencies	Financier meetings and calls, semi-annual financial performance reporting, email communications	• Company performance • Strategy and outlook • Financial and non-financial risk mitigation • Capital management • Corporate governance • ESG objectives – including climate change

2. Material sustainability risks

Emeco identifies and manages material exposures to risks having the potential to affect the sustainability of our business, including economic, environmental, reputational, legal, social, and health and safety risks.

2.1 Economic

Emeco's material economic and business risks are outlined in the Business Risks statement within this annual report.

2.2 Environmental

Emeco conducts its operational activities in a manner which endeavours to minimise environmental impacts. The Company has in place policies and procedures on waste management to ensure compliance with environmental protection legislation. Environmental risk inspections are undertaken across our operations. Environmental hazards, including pollutants, hazardous chemicals, noise, and respiratory irritants, are monitored through health surveillance procedures. A copy of Emeco's Environmental Management Policy is available on the Company's website.

We have adopted a "measure to manage" philosophy to improve our understanding of our risks and we are taking steps to engage with our industry partners (suppliers, customers, etc.) on Emeco's environmental impacts and considerations.

During FY24 we developed our first Climate Change Position Statement, included at the end of Section 4. We also commenced measuring our carbon footprint i.e. greenhouse gas (GHG) emissions from our operations. Section 4 shares some of our preliminary emissions estimates, which will be refined and added to as we collect more data and develop our calculation methodology. This work is also in preparation for climate change reporting possibly becoming legislated under the proposed regime known as the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* (Cth), which would adopt the Australian Sustainability Reporting Standards (ASRS).

2.3 Social

Emeco is committed to providing a safe and inclusive workplace that attracts, retains, and develops people. We invest in training and resources for employees on health, safety, wellbeing and upskilling.

Emeco identifies health and safety threats to the workforce and community as a material social risk, which we actively seek to minimise.

Significant risks in Emeco's operations that could result in serious injury or fatality have been identified and categorised into a number of focus areas that are managed by Emeco's Core Risk Control Protocols. These protocols are supported by Emeco's Lifesaving Rules.

Further details on Emeco's people and safety are included in Section 3.

2.4 Supply chain

In FY24, Emeco embarked on a journey to reshape our supply chain and procurement function to a more centralised structure. Our objective is to gain efficiencies through standardising practices across all business units, clearly categorising the goods and services we purchase, and rationalising our supplier base. Emeco is committed to increasing our maturity in how we manage key supply arrangements.

We have identified our major suppliers within our supply chain and are working to define and strengthen relationships with our preferred suppliers. Additionally, we are working to reduce reliance on reactive purchasing from a large number of suppliers, instead focusing on purchasing from a smaller, more proactively managed pool. We believe that improved governance and efficiency of our procure-to-pay process can be achieved by consolidating our supplier base and putting a greater portion of our spend under negotiated supply contracts.

To meaningfully grow our engagement with First Nations people and develop our social licence to operate, we are informing ourselves as to existing and potential suppliers that are First Nations owned or operated, or that source for First Nations businesses. We have identified and included such suppliers among our preferred suppliers for labour hire, industrial hardware, and stationery, and continue to seek further opportunities.

2.5 Modern slavery

Emeco is committed to continuously improving our human rights and modern slavery governance framework, in order to create meaningful value and be a partner of choice in our industry. We assess and seek to mitigate risks of modern slavery in our operations and supply chain. Periodic analysis of our supplier pool and spend profile has consistently indicated that the risk of modern slavery for Emeco is relatively low. This analysis will continue at regular intervals, to assist us to identify, monitor, and develop mitigating actions in relation to, any spend categories, suppliers or supplier groups associated with heightened modern slavery risk factors.

Each year, in accordance with reporting requirements under the Modern Slavery Act 2018 (Cth), Emeco publishes a modern slavery statement summarising the Group's actions in this area. Prior years' statements are available on the Company's website. Our FY24 modern slavery statement will be published during FY25.

2.6 Technology

We continue to prioritise investments across Information Technology (IT), Business Systems & Intelligence, Digital Transformation, and Operational Technology (OT). This focus is necessary for us to shape a resilient, modern and digital enterprise, with capabilities and processes for our people and assets to deliver their best for our customers every day. Our FY25 priorities for IT and Digital Transformation are centred around driving business value and operational efficiency. Our projects to modernise our Enterprise Resource Planning (ERP) system and our Field Service business are a key component of this strategy.

We continue to advance our OT fleet health solution and condition monitoring capability with machine learning algorithms to enable real-time data analysis and predictive maintenance, allowing us to protect our assets, improve machine performance and safety, and deliver a superior outcome for our customers. We also offer our Emeco Operating System (EOS) OT Platform to customers as a tool to manage their fleet, raising opportunities to improve performance and safety, and reduce inefficient fuel burn and associated emissions. As of June 2024, we have EOS installed on nearly 300 machines, of which around 100 installations were completed during 2H24; and around 100 more installations are planned for FY25.

3. People

3.1 Health and safety

Ensuring the safety of our workers is our highest priority. We are committed to creating a safe and healthy work environment by implementing comprehensive safety and health processes, providing regular training, and fostering a culture of awareness and responsibility. Every worker has the right to work in a safe and supportive setting. We strive to uphold the highest standards of safety to protect our most valuable asset – our people.

Our priorities align with the key objectives of our HSE strategy which aims to adopt the principles which embed safety in the workplace. We believe a safe workplace is the foundation of a strong organisation. To this end, we have established health and safety protocols that are regularly reviewed and updated in keeping with industry standards and regulations.

Emeco has developed a Health, Safety, Environment and Training (HSET) Strategic Plan (HSET Plan) that is overseen by Emeco's General Manager HSET and representatives of the HSET Leadership Team, who are responsible for the execution of the Plan. The Plan brings focus to our safety culture, improving the physical safety of our workplaces and systems of work. Emeco has completed a review of the Company's Critical Risks and associated documentation including Critical Risk Protocols and Critical Control Verification Tools.

Emeco has a significant focus on eliminating risks which could lead to a fatality or serious incident, with a laser focus on disciplined safety fundamentals which include the ongoing implementation of Critical Control Verification Processes across the Group. The rollout phase of the Critical Risk Verification Programme has continued across Emeco's rental and workshops divisions.

3.2 Risk management

We safeguard our people, reputation, assets, and the environment by understanding and managing risk, as well as ensuring that we identify opportunities to best serve the long-term interest of all our stakeholders.

Risk management at Emeco, including specific elements of financial risk management, is overseen by the Board through the Audit and Risk Management Committee, which is chaired by an independent non-executive director.

The Committee operates in accordance with an approved Charter and assists the Board with overseeing and monitoring the Company's risk management system.

The Committee is tasked with periodically reviewing, and suggesting any necessary amendments to, the Company's risk management framework, risk register and risk appetite positions.

To provide a safe place of work, significant effort goes into ensuring workplace hazards are recognised and the risks posed by these hazards are managed. We focus effort on the most significant hazards and the activities, systems and hardware that are used to control people's exposure to these hazards. This effort is guided by a safe system of work that encompasses the policies, standards, processes, and procedures that provide direction and guidance to our people on how work is to be done with a particular focus on the critical controls.

3.3 Safety performance

The ultimate success in achieving a zero-harm workplace depends on the engagement of Emeco's people. We continue investing in training and development of our personnel, to enhance our capabilities as an organisation including with respect to safety performance.

In FY24:

- The Total Recordable Injury Frequency Rate (TRIFR) was 2.8, down from 3.2[1] in FY23.
- The Lost Time injury frequency rate (LTIFR) was 0.0 as of June 2024.
- There were no fatalities recorded across the Group's operations.

Table 3: Safety performance frequency rate measures

	TRIFR	LTIFR	RWIFR[2]	MTIFR[3]
FY24	2.8	0.0	0.3	2.3
FY23	3.2	0.3	0.3	2.3

Table 4: Five years of average annual LTIFR & TRIFR performance

	FY24	FY23	FY22	FY21	FY20
LTIFR	0.0	0.3	0.0	0.0	0.0
TRIFR	2.8	3.2 [(1)]	1.9	2.1	2.9

3.4 Training management

Training is the cornerstone of our health and safety strategy. We provide ongoing education and training programmes to ensure that all workers are well-versed in safety practices and procedures. This includes initial training for new workers and also continuous learning opportunities.

Enhancing the rigour and capacity of our training programmes is crucial for improving health and safety performance by ensuring that employees are well-equipped with the necessary knowledge and skills to identify and mitigate risks effectively. Detailed reviews have been undertaken of each work area's training needs, to ensure the training reflects the requirements of our workforce and our business. We continue to review, standardise and deliver training programmes associated with the identification and control of hazards, including Job Safety Analysis and Hazard Identification and Risk Management.

To ensure workers arrive on site job ready, face to face or classroom Maintenance Inductions are held each week. This induction includes general maintenance information, verification of competency on specific equipment and training in Emeco's safety systems.

(1) FY23 TRIFR has been restated from 2.9 to 3.2 due to a correction.

(2) Restricted Work Injury Frequency Rate.

(3) Medically Treated Injury Frequency Rate.

Emeco's HSET Plan brings focus to our safety culture, and in FY24 drove the development and implementation of the following:

- Updated operational training requirements across all business units, and equipment specific operator training manuals.
- Statutory Supervisor Training.
- Theory assessments for Safe Work Method Statements.
- Internal Safety Management Systems Audits at multiple sites.
- Compliance Planners, centralised and tailored to individual business units, for scheduling and tracking activities required to ensure compliance with HSET laws and regulations.
- New internal document management system, with enhanced features for document sharing and version control.
- Updated Psychosocial Harms Policy and associated Management Plan.
- Monthly Health Toolbox Topics introduced at pre-start meetings.
- Critical Risk Verification Programme rolled out at multiple sites.

3.5 People and culture

People are key to Emeco's success. With changing market forces and the demand for skilled labour increasing, Emeco continues to invest in developing the skills of employees to not only aid our business, but to also benefit employees. Emeco believes that this approach will reaffirm and maintain its position as an employer of choice.

Our apprenticeships programme, and upskilling of employees in general, remain an important focus for Emeco. We work towards having up to two waves of apprentice intakes each year. During FY24, around 34 apprentices commenced their training with us, and around 19 apprentices completed their training. At the end of FY24, we have approximately 90 apprentices progressing through their training.

In FY24, we developed our inaugural Reconciliation Action Plan and registered this with Reconciliation Australia as a "Reflect" RAP. This initial RAP set out our priority actions for the 18-month period from August 2023 to February 2025. We are undertaking the planned activities, and we will formulate our next RAP based on progress made and feedback received with respect to the initial RAP.

Our People & Culture team drive our Community Grants programme where employees can refer community groups for consideration to receive grants to help fund the groups' activities. The programme launched in FY21 and has been making modest contributions to community causes which our employees identify as being meaningful to them. The grants totalled approximately $120,000 in FY24, up from approximately $62,000 in FY23. Our criteria for giving have, so far, focused on projects presented as promoting youth and junior sports and physical activity, or caring for mental wellbeing of our workers and families.

Myosh, a health and safety management platform used by Emeco, enables the capture of a variety of workplace interactions. During FY24 we developed a "People and Workplace Culture Discussion" module and added this as a type of interaction we wanted to record and learn from. The new module consists of a set of questions to serve as a prompt and a guide for managers when checking in with team members, with the objective to encourage our teams to consider workplace culture as an integral contributor and driver of health and safety. The guide is centred around our core values of accountability for and pride in our work, communication, growth, family and teamwork.

Our General Manager of People & Culture visits our operational sites regularly, to run leadership development sessions for teams and individuals across the business, as well as reinforcing the strategy, vision and values Emeco is striving to achieve. During FY24, 13 such visits were made, including to Queensland, South Australia, and the Kalgoorlie and Port Hedland areas of Western Australia, with 34 leadership development sessions conducted.

3.6 Workforce profile

Emeco's workforce reduced during FY24 mainly due to divestment of the PNP underground mining services business, which resulted in the transfer of around 220 employees from Emeco to Macmahon. Our total workforce numbers moved from 1193 at 30 June 2023 to 942 at 30 June 2024, down 21% (Table 5).

In FY24 our focus was on the retention and growth of our permanent, skilled workforce. We recognise that workforce stability and quality are essential to fostering a positive workplace culture, which is crucial for delivering exceptional service to our customers and creating value for our investors and the communities we operate in. Our ongoing efforts are directed towards reducing dependency on subcontracted labour by attracting, retaining and developing a quality permanent workforce.

Detailed below are numbers of employees at FY24 year end.

Table 5: Workforce by contract type

	Full time	Part time	Casual	Total
FY24	832	15	95	942
FY23	1133	14	46	1193

Table 6: Workforce by job classification, gender and age

Job classification	Total	Gender		Age (years)			
		Female	Male	< 30	31-40	41-50	51+
CEO	1	0	1	0	0	0	1
Key Management Personnel	1	1	0	0	0	0	1
General Managers and Senior Managers	22	4	18	0	5	11	6
Other Managers	50	4	46	1	17	19	13
Professionals	113	32	81	16	43	28	26
Sales	8	1	7	0	2	2	4
Clerical & Administrative	84	74	10	31	26	16	11
Technicians and Trades	528	6	522	151	187	120	70
Apprentices and Trainees	90	2	88	82	6	2	0
Machinery Operators & Drivers	23	2	21	4	6	6	7
Labourers	22	0	22	6	6	7	3
Total	**942**	**126**	**816**	**291**	**298**	**211**	**142**

Diversity

At Emeco, we value and embrace diversity and inclusion as fundamental pillars of our organisational culture. We believe that a diverse workforce, inclusive of various backgrounds, perspectives, and experiences, fosters innovation, enhances decision making, and drives business success.

Our commitment to creating an inclusive environment ensures that every team member feels respected, valued and empowered to contribute to their fullest potential.

Each year Emeco's Board sets measurable objectives to achieve workplace diversity. These are aimed at building a diverse workforce and promoting diversity and inclusion in the workplace.

At Board level, gender diversity remains a priority when considering changes to the Board's composition, with Emeco aiming to meet gender diversity objectives set out in the ASX Corporate Governance Principles and Recommendations. During FY24, the Board appointed a female non-executive director, Ms Sarah Adam-Gedge, with effect from 1 October 2023.

Overall, women represent 13.4% of our total workforce (Table 6), and 44.9% of non-technical roles, at the end of FY24. Women made up 13.5% of new starters across all roles, and 48.9% of new starters in non-trade/technical roles, during FY24. Female representation at senior management levels is 20.8%.

Where an employee self-identifies as having family heritage from Australia's First Nations people, we record this information. Based on available information, around 2.6% of our workforce identify as First Nations.

Workplace Gender Equality Agency report

In accordance with the requirements of the Workplace Gender Equality Act 2012 (Cth), Emeco's Workplace Gender Equality Agency report is submitted by the required dates. The public reports are available in the sustainability section of Emeco's website. Emeco's FY24 report was submitted in line with WGEA reporting requirements.

4. Greenhouse gas (GHG) emissions – preliminary estimates

With respect to GHG emissions, Emeco has adopted definitions set out in the National Greenhouse and Energy Reporting Scheme and summarised below:

Scope 1 emissions are emissions released into the atmosphere as a direct result of the activities at an organisation's facilities.

Scope 2 emissions for a facility represent emissions that are released outside the facility boundary to produce electricity that is imported into the facility and used.

Scope 3 emissions are indirect emissions other than Scope 2 emissions. These occur outside the boundary of an organisation as a result of the organisation's actions.

During FY24, we gathered energy consumption data and calculated our Scope 1 and Scope 2 emissions for FY23 and FY24. FY23 is our base year. Emeco is below the threshold for mandatory reporting under the National Greenhouse and Energy Reporting (NGER) Scheme, as evidenced by our modest levels of Scope 1 and Scope 2 emissions outlined in Tables 7 and 9. Higher levels of emissions have been identified across our value chain, and we are developing methodologies with our customers and suppliers to refine our estimates of Scope 3 emissions.

4.1 Scope 1 emissions

We assessed the main contributor of our Scope 1 emissions to be diesel fuel we purchase and use in light vehicles and equipment operated by the Company. This excludes fuel used in mining equipment which we rent to customers – as we do not operate, nor supply fuel for, the rental equipment.

Table 7 sets out our estimate of GHG emissions from diesel fuel purchased for Emeco-operated light vehicles and equipment during FY24 and FY23[4]. As our light vehicles and equipment reach effective life and are retired, we plan to incorporate into our fleet, vehicle models that are marketed as being more fuel efficient than conventional or older diesel models. We will monitor our fuel usage and compare this with the advertised fuel efficiency, to guide future decisions around model selection.

Table 7: Diesel purchased

	FY24	FY23	FY24 v FY23
Diesel purchased (kilolitres or **kL**)	1,169	1,096	7% increase
Scope 1 emissions (tonnes of GHG emissions, reported as tonnes of CO_2 equivalent or **tCO_2e**)	3,178	2,978	7% increase

4.2 Scope 2 emissions

Our Scope 2 emissions arise from the generation of network electricity which we purchase and use at sites we control. All such sites are leased, not owned, by the Group. We do not control sites of our customers and of other third parties, where our equipment supplied for rental, and our workforce, are deployed at times.

During FY24, we had control of, and paid for electricity supplied to, 17 operational sites located across four electricity networks, as outlined in Table 8.

Table 8: Main sites using purchased electricity

WA – Southwest	WA – Northwest	QLD	NSW
Perth workshops, warehouse, and head office (x5) Kalgoorlie workshops and warehouse (x3)	Port Hedland and Newman workshops (x2)	Mackay workshops and warehouse, and Brisbane office (x5)	Rutherford and Gunnedah premises (x2)

(4) Fuel quantities are estimated from purchase records. Fuel to emissions conversion is made with reference to the National Greenhouse Accounts (**NGA**) Factors 2023 published by the Commonwealth Department of Climate Change, Energy, the Environment and Water: https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-accounts-factors-2023 (**NGA Factors 2023**).

Set out in Table 9 are approximate quantities of electricity purchased during FY24 and FY23, and the associated GHG emissions, for the 17 sites listed above[5].

Table 9: Electricity purchased

	Portion by area	FY24	FY23	FY24 v FY23
Electricity purchased (megawatt hours or **MWh**)	**100%**	**4,204**	**4,034**	**4% increase**
WA – Southwest	46%	1,955	1,771	
WA – Northwest	16%	680	745	
QLD	22%	913	826	
NSW[6]	16%	656	692	
Scope 2 emissions (tCO_2e)		**2,570**	**2,474**	**4% increase**

Of the 17 sites included in this estimate, 11 sites each had over 100 MWh of electricity usage during FY24; and 7 sites had over 300 MWh each. We are working with solar technology providers, and owners of some of our larger sites, to assess the feasibility of introducing solar generation to those sites, with a view to reducing our reliance of network electricity.

Besides the operational sites included in the estimate in Table 9, we pay for electricity at a number of other locations, predominantly residential properties provided for staff accommodation. We estimate the 17 sites reported on above, account for over 90% or more of the total electricity we purchased in FY24.

4.3 Scope 3 emissions

We are at an early point of our journey to map our Scope 3, indirect emissions. We consider one large source of such emissions is diesel fuel usage in heavy mining equipment which we supply for hire. Our customers (or their customers) operate, and supply fuel for, this rental equipment, thus putting the associated emissions outside the boundary of our organisation.

We have made preliminary estimates using SMUs (service meter units) or operating hours logged by our surface mining fleet (i.e. excluding underground equipment), and medium load fuel consumption statistics provided in a recent edition of the Caterpillar Performance Handbook. This estimate is in the vicinity of 500,000+ tCO_2e of indirect emissions[7] from mapping nearly 90% of SMUs for our surface mining fleet during FY24 and FY23.

As we develop our EOS technology, we expect to enhance our ability to measure actual fuel use by our machines being deployed at our customers' projects. This knowledge will augment the OEM published generic information, to enable us to refine our emissions calculations.

Another source of our Scope 3 emissions which is potentially significant, is emissions from production of iron and steel which is in machinery parts we purchase for our own fleet and our customers' machines. We will work with manufacturers and industry partners to explore a robust methodology for estimating this form of indirect emissions.

(5) Electricity quantities are estimated from purchase records and vendor provided meter readings. Electricity to emissions conversion is made with reference to the NGA Factors 2023.

(6) Quantity reported for NSW includes approximately 80% which is passed through to a sublessee of our Rutherford site.

(7) Applying both Scope 1 and Scope 3 emission factors from the NGA Factors 2023.

4.4 Climate Change Position Statement

Emeco Climate Change Position Statement

We recognise that climate change is one of the most significant challenges facing the world today. We accept the science as reported by the Intergovernmental Panel on Climate Change. We acknowledge the world must continue to increase efforts to reduce greenhouse gas (GHG) emissions in order to meet the aims of the Paris Agreement to hold the global average temperature increase to well below 2°C above pre-industrial levels, and pursue efforts to limit the temperature increase to 1.5°C.

The Australian mining industry has a role to play in driving the transition to a lower carbon economy. Emeco has operations in all key mining regions of Australia, with customers including mining companies and contractors across gold, iron ore, metallurgical coal, nickel, thermal coal and copper. As a responsible business in the mining sector, we place value on identifying, assessing and reporting on our actions to address climate change.

We will continue to:

- Integrate the evaluation of climate-related risks and opportunities into our business strategies and planning processes.
- Provide reasonable financial, human and material resources to meet the challenges and opportunities of the transition to a lower carbon future.
- Seek improvements in energy efficiency and waste reduction across our business to ameliorate the emissions intensity of our operations.

  We will endeavour to achieve these outcomes by leveraging our innovative culture and are committed to assessing our options to increase the use of renewable energy and energy technologies with lower emissions.

- Assess our direct and indirect GHG emissions. Our current focus is on our Scope 1 and Scope 2 emissions inventory.

  Understanding our GHG emissions profile will allow us to set short and medium term targets, in tandem with defining longer term goals. We also acknowledge the value of collaborating with our customers and suppliers to reduce GHG emissions throughout our value chain. We are committed to better understanding our Scope 3 emissions, which will enable us to frame appropriate targets for our full value chain in the future.

- Repair and rebuild machines for optimum reliability.

  A circular economy plays an important role in reducing GHG emissions associated with the mining industry. We promote reduce, reuse and recycle practices throughout our business areas and activities, as reflected in our business model of supplying hire, maintenance and rebuild of midlife equipment.

- Adopt a phased approach to reporting against frameworks such as those established by the Task Force on Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB), and enhance our disclosure and transparency regarding our climate-related risks and opportunities.
- Assess, and prepare to adapt to, potential physical climate-related impacts, by undertaking risk assessments across our value chain, and working with our customers to understand potential physical risks at their operating sites which may impact the resilience of our business.
- Conduct our business activities in a socially responsible manner for the benefit of our employees, customers, suppliers and the broader community.
- Inform ourselves as to existing and emerging policies and practices of our peers and industry partners which encourage decarbonisation and support an equitable transition.

This position statement will be reviewed periodically to ensure it remains relevant to the needs of Emeco and its stakeholders and is guided by the dynamic global response to the Paris Agreement.

Business Risks

Emeco's short to medium term operational and financial success may be impacted by a number of risk factors which may be material to the Company if multiple risks eventuated at the same time or for a prolonged duration. Some of the more material risks and mitigation strategies include, but are not limited to:

	Risk	Risk profile (italicised) and mitigation strategies
People and Culture	***HSE and Training*** Serious injury or fatality.	*There are a range of potential safety hazards to which Emeco's employee and contractor workforces, and visitors are exposed. Where a serious risk results in the worst-case scenario, it can lead to serious injury or fatality to persons while undertaking activities or attending locations in connection with the Emeco business. Apart from the direct workers' compensation expense, this may adversely impact operational performance or the Company's ability to continue operations. Further, an employer who is found to be engaged in negligent conduct that results in a workplace death, may face penalties, imprisonment, legal costs, and reputational impacts.* Emeco endeavours to continuously improve its management and mitigation of this risk through ongoing enhancements to safety plans, processes and resources. Emeco promotes a culture of 'safety first' and takes a robust approach to mapping and auditing controls across key processes, and developing and delivering training to ensure workers are appropriately skilled and aligned to the Company's focus on safety. Senior leadership meet regularly to review and address safety related incidents and patterns of compliance to training.
	Labour Shortage Inability to recruit/ retain sufficiently qualified/skilled people in a highly competitive labour market.	*Emeco's growth and profitability may be limited by loss of key operating personnel, inability to recruit and retain skilled and experienced employees or by increases in employee costs. The industry has experienced a labour shortage (particularly skilled labour) throughout Australia in recent times.* To mitigate against this, Emeco has a 'People and Culture' team dedicated to ensuring employees and potential employees become embedded in the Company and feel part of the team. In addition, Emeco does regular benchmarking to ensure employees are remunerated appropriately and in line with the market in order that we remain competitive. Emeco is also engaged in offshore sourcing of labour to increase skilled labour supply into the Australian market.
Compliance	***Legal and Regulatory*** Breach of key regulatory requirements due to inadequate continuous monitoring of laws or failure of a key control, possibly resulting in fines, legal proceedings or loss of social licence to operate.	*Pertinent to Emeco's operations are laws and regulations governing employment and labour relations, taxation, competition and consumer practices, intellectual property, data privacy, environmental protection, financial regulation, etc.* We focus on maintaining compliance with laws and regulations applicable to the regions we operate within, and ensuring adequate controls are in place to manage the risk of legal proceedings. Emeco employs a range of initiatives to meet or exceed regulatory compliance including employment of specialists to support operational staff in areas such as legal, human resources, health and safety; use of engineering solutions to improve operations and safety; and regular training and competency testing of employees. Emeco continues to develop and invest in its approach to risk management and ESG strategies to foster a proactive and preventive compliance culture. Internal audit plans include reviews of policies and procedures to ensure ongoing regulatory compliance.
Operational Technology	***Technology***	*The technology landscape is evolving quickly. Emeco is exposed to the impacts of new and competing technologies in the mining services sector.* Emeco is increasingly engaging in industry networks and developing relationships with equipment and parts manufacturers and technology providers. This keeps Emeco informed of changes that can be embedded into future strategies. In addition to monitoring alternative drivetrain technologies, Emeco is focused on immediate advances that increase the structural life of its equipment, improve emissions profiles, and reduce failures that hinder material reuse. By integrating these advancements, Emeco enhances the durability and sustainability of its fleet, ensures compliance with evolving environmental standards and maintains a competitive edge in the market. Through our Force business, Emeco are in a unique position to leverage expertise and customer relationships to explore decarbonisation developments. The Company's mid-life asset model minimises exposure to equipment becoming obsolete.

	Risk	Risk profile (italicised) and mitigation strategies
Information Technology	***ERP Replacement***	*Emeco has completed the design phase for its ERP replacement project and will soon commence the build phase. Key risks for the remainder of the project include schedule delays (which may arise for multiple reasons such as design misalignment, milestone elongation, resource under sizing, etc.), cost overrun, critical resource departures, and change resistance. To control and mitigate risks for the project, we are taking actions including the below:* • Peer review of design by Microsoft and independent System Integrator. • Audit of project governance, to ensure the project team is set up for success and audit recommendations are implemented. • External review by reputable third parties of delivery strategy, schedule and resource profile. • Regular project engagement surveys and continuous improvement of team collaboration, cohesiveness and retention. • Appointment of dedicated change manager, with additional change analyst resources planned, to prepare the organisation for change and acceptance. • Critical resource review, cross discipline training, refinement of documentation and retention strategies.
	Cybersecurity Business disruption due to a cybersecurity incident.	*The potential of cybersecurity attacks, misuse and release of sensitive information pose ongoing risks to the operational and financial results of the Company.* Emeco remains vigilant to cyber threats and has taken a number of actions to improve cybersecurity posture and maturity across the business, and reduce cybersecurity risk. These include undertaking an external cybersecurity audit across the business, and developing and executing against a prioritised remediation plan. Emeco has also engaged an external cybersecurity services provider that is providing ongoing cybersecurity advisory services to improve policies, practices, technical architecture reviews, and to implement security information and event management monitoring and response. Emeco employees also receive annual cyber risk awareness training.
Financial	***Cash and Liquidity*** Lack of capital.	*Emeco is capital intensive and relies on banks and other institutions to source its funding needs. A failure to access sufficient liquidity may limit the Company's ability to grow its earnings and may prevent the Company paying its debts as and when they fall due. Further, where the Company does not maintain access to multiple funding sources across a range of tenors, it may be subjected to increased establishment and interest expenses.* Emeco adopts a conservative approach to capital management and seeks to maintain a low gearing, ensuring the balance sheet can withstand market shocks and retain the flexibility to fund opportunities which deliver earnings growth. As part of its proactive capital management strategies, Emeco renewed its revolving credit facility in December 2022 for a tenor of three years with an option to extend for a further two years to December 2027 at Emeco's election. Further, the Company has secured substantial funding through the Australian Medium Term Note (AMTN) market through to 2026.
	Customer Credit Risk	*Customer credit risk remains an inherent part of Emeco's business. Over the years the Group's customer profile has expanded with revenue growth. However, balancing growth in the portfolio against potentially increased exposure to lower quality credits, requires increased management of individual customer accounts. Changes in commodity prices and customer specific issues affecting cash flows available to settle accounts are factored into the level of credit extended to any customer. However, these are subject to change in a dynamic environment.* Management assesses customer credits based on recently revised policies and procedures. Credit insurance (or alternative security such as a bank guarantee or security deposit) and payment terms are considered as part of this process. The Group's debtor portfolio is currently >90% covered under trade insurance cover.

	Risk	*Risk profile (italicised)* and mitigation strategies
Portfolio Optimisation	***Business Acquisitions and Integration***	*If financial, operational, market, legal and regulatory, human resource etc. risks materialise during a business acquisition or integration, they can significantly impact the success of the transaction. These risks can result in loss of capital, decreased productivity, reduced profitability, legal action, reputational damage, and loss of talent and institutional knowledge.* Rigorous and prompt actions to identify, assess, and prioritise risks associated with any contemplated acquisition and integration, allows the Company to develop strategies to mitigate the risks and ensure the success of the transaction. M&A remains a key strategy to enhance the business operating model. Emeco actively monitors and considers opportunities to enhance market presence and deliver acceptable returns for shareholders. Emeco's M&A and business development efforts focus on diversifying its revenue streams across different services, commodities, and geographic areas. This diversification strategy helps spread risk and strengthen the Company's overall resilience.
	Macroeconomic and Geopolitical Risk Exposure to geopolitical and macroeconomic uncertainty including, changes to royalty and taxation policy, inflationary pressures, international trade agreements, fluctuations in interest rates and foreign currency.	*This exposure may lead to increased uncertainty and volatility in financial markets, making it more difficult to access capital, the tightening of labour markets, rising operating costs and reduced margins.* *Emeco's primary customer base is the resources sector of Australia. Its financial performance is closely tied to the performance of customers within those markets that are cyclical and affected by various factors beyond Emeco's control including: commodity price performance, investment in mining projects, regulation affecting the mining sector, the availability and cost of labour, equipment and parts.* Emeco's M&A and business development priorities seek to diversify Emeco's revenue base from a service offering, commodity and geographic perspective. Emeco's diversified portfolio of customers provides a more balanced exposure to fluctuations in commodity prices and regional events (e.g. wet weather), thus minimising single event exposure risks. Emeco's rental projects have gradually steered towards maintained hire models to increase contract tenure and diversify our service offering. The Company maintains strong financial disciplines with respect to investment decisions, operational spending and financial reporting and forecasting to measure and maintain resilience in its financial position. Emeco also engages professional advisors to keep it appraised of changes in regulatory requirements, macroeconomic conditions and geopolitical risks.
	Inflationary Cost Pressures	*Emeco procures goods and services from a range of suppliers, that are critical to its business operations. These goods and services are subject to availability shortages and price inflation, which may not be within Emeco's control – in particular, parts and labour. The rate of cost inflation may outpace the Company's ability to adjust contract pricing, which may negatively impact Emeco's financial performance.* To offset inflationary pressures, Emeco engages with customers regarding out-of-cycle rate increases, and also ensures appropriate mechanisms are included in its revenue contracts for periodic review of pricing i.e. rise and fall adjustment. There is also a tight focus on cost management and appropriate back charging of costs to customers, including cost of outsourced labour. Further,performing works in-house through our Force business also assists to mitigate against cost pressures.
	Vulnerability to Mining and Commodity Cycles	*Emeco's financial performance is influenced by the level of activity in the resources and mining industry, which is impacted by a number of factors beyond Emeco's control. These include:* • *Demand for mineral production which may be influenced by factors such as global growth, commodity prices, exchange rates and the competitiveness of Australian mining operations.* • *Government policy on rebates, spending, royalties and taxes.* • *Policies of mine owners including their decisions to undertake operations using their own equipment or rented equipment.* In recent years, Emeco has focused on building a sustainable business that generates shareholder value through economic and commodity cycles. To mitigate the risks posed by the cyclical nature of the industry, Emeco has significantly reduced its cost base and its capital intensity, particularly through its mid-life asset rebuild model. The acquisition of Force has assisted with this as it allows Emeco to rebuild its own equipment components and assets, cost effectively.

	Risk	*Risk profile (italicised)* and mitigation strategies
Portfolio Optimisation	***Competition Risk*** Failure to remain competitive with Emeco's peers in the market due to a lack of continuous innovation and/ or competitive pricing, possibly resulting in loss of revenue impacting the long-term profitability of the Company.	*The mining services industry in which Emeco operates, consists of numerous peers and competitors all seeking to improve business performance. The coming years will see a shift in the way organisations operate, with use of renewable energy, automation and AI expected to increase. Emeco will need to ensure it remains in step with the ever-changing industry. Further, Emeco remains at risk of not being able to maintain sufficient pricing flexibility to offset inflationary costs, resulting in margin deterioration.* Emeco seeks to maintain competitive cost advantages through its unique asset management and mid-life rebuild model, coupled with disciplined cost control measures to ensure operational efficiency. Emeco differentiates itself through continuous innovation and technology integration, such as the EOS platform, which is expanding to provide an equipment health module that will enhance internal operations and add value to customers by improving productivity and efficiency. Emeco has a network of workshops to support operations and customers across major mining markets within Australia, ensuring efficient access and high service standards. Strong customer and supplier partnerships and collaboration opportunities remain critical to us being a preferred supplier. These are actively nurtured by all levels of management. Emeco fosters a "can do" approach through strong leadership, maintaining a reputation as an employer of choice with competitive remuneration, flexible work arrangements, and an inclusive culture. Fleet configuration is continuously reviewed to focus on competitive strengths and identify underperforming categories, allowing Emeco to adapt and prioritise equipment classes that offer the best long-term returns for shareholders.
Sustainability / Social Licence to Operate	***Sustainability / Social Licence*** Climate change risk / Environmental, Social and Governance (ESG) considerations.	*Emeco is exposed directly and indirectly to climate change risks, including exposure to coal customers, which gives rise to risks such as:* • *Regulatory and policy risk – Growing regulatory pressures and societal demands require companies like Emeco to be more accountable for their ESG performance. Regulatory requirements and government policies to combat climate change and reduce greenhouse emissions are increasing. These regulations can lead to increased costs, operational constraints, and potential penalties for non-compliance.* • *Market and financial risk – As countries and industries shift towards cleaner energy sources, the demand for coal may decline, leading to reduced market value and potential financial losses for companies heavily reliant on coal. Financiers and investors are increasingly considering climate-related risks and may choose to divest from companies with high exposure to carbon intensive assets. This may impact Emeco's ability to secure cost-efficient funding to maintain and grow its operations.* *Emeco's revenue derived from thermal coal projects represents 14% of total revenue in FY24. Diversification strategies through underground rental and Force workshops have resulted in lower thermal coal exposure.* *There is a risk that Emeco may not meet community and/or other stakeholder expectations regarding its business activities or other ESG performance, potentially leading to loss of contracts, loss of reputation, higher compliance costs, loss of investor confidence and an inability to secure labour.* Emeco has undertaken transitionary work to evaluate the scale of its Scope 1 and Scope 2 carbon emissions, which are not considered material. The Company has an established pathway to comply with anticipated legislation on ESG related reporting (including with respect to climate change). In time this will also include measuring and establishing targets for reducing Scope 3 emissions.
Operations	***Short Term Contracts, Contract Terminations***	*Emeco's traditional sources of revenue are often subject to short term contractual arrangements with mechanisms for termination by the customer, for reasons outside Emeco's control. This may adversely affect Emeco's ability to deliver financial performance in line with the expectations of the market.* In recent years, Emeco has focused on increasing the average tenure of its contracts, including by increasing the level of service provided to customers in order to embed itself in customers' operations and secure longer contract tenure. The Company maintains strong customer relationships to understand fleet requirements in order to plan fleet allocation and minimise the time fleet is "off hire" between projects.

	Risk	*Risk profile (italicised)* and mitigation strategies
Operations	***Under-performance of Contracts***	*Emeco's earnings are dependent on profitable contracts and, from time to time, there may be underperforming contracts. Execution and delivery of projects involves judgement regarding the planning, development and operation of complex operating facilities and equipment. As a result, Emeco's operations, cash flows and liquidity could be affected if the resources or time needed to complete a project are miscalculated, if it fails to meet contractual obligations, or if it encounters delays or unspecified conditions. Financial performance of contracts can be impacted by matters outside the Company's control, including wet weather, customer funding, mine economics and planning and commodity price cycles.* Emeco maintains a broad portfolio of contracts and customers, with a broad commodity and geographic spread. This assists to ensure that the financial impact of any single underperforming contract is minimised.
	Extreme Weather Events	*Emeco recognises the physical impacts of extreme weather events. Risks related to the physical impacts of extreme weather events could disrupt mining operations and impact the health and safety of our workforce.* Emeco seeks to address revenue exposure to shutdowns or contract suspensions through the inclusion of minimum hours charges and/or standby rates. Emeco works with its customers in scenarios where extreme events have caused site wide issues or lack of access.
	Supply Chain Risk Delay or unavailability of parts, labour and other goods and services.	*Emeco relies heavily on imported parts, which in turn depend on overseas manufacturing and logistics and availability of suitable vessels for transport. There is risk that Emeco cannot secure parts for both component rebuilds and ongoing maintenance to meet increasing customer demand for fleet. There is further risk that supply chain costs will continue to increase over time.* Emeco is currently undertaking Project Delta, a strategic sourcing initiative aimed at identifying and securing cost reduction opportunities. A key benefit of the project is rationalising Emeco's supplier base, allowing for proactive relationship management. This will help secure savings and foster relationships with suppliers incentivised to deliver further, non-contracted or price related value adds. Relationship management is critical to ensuring open lines of communication and collaboration to understand lead times and upcoming challenges. Emeco is building connections with key suppliers to ensure we receive prompt updates on their supply chains. Emeco has expanded inventory held to support both equipment in the field and component rebuilds. This is providing additional security to respond quickly to customer requirements.
	Fleet Risk	*Emeco's heavy fleet bias towards one major equipment manufacturer exposes us to a concentration risk pertaining to technology / obsolescence.* *As societal expectations increase with respect to ESG strategies, Emeco must consider future technologies to decarbonise our fleet and our customers' operations. Emeco's mid-life asset model proves both cost and capital efficient but continues to require investment in carbon intensive technology which at some point will be obsolete.* The mid-life rebuild business model has positive attributes from a carbon perspective, given the reuse of carbon intensive steel and remanufacture and reuse of major components. The mid-life model offers commercial benefits and acts as a proactive strategy to mitigate risks related to fleet obsolescence and technological evolution in the mining sector. The model leverages Force workshops to rebuild targeted assets, allowing Emeco to return equipment to operation at a substantial cost advantage compared to competitors without in-house rebuild capabilities. Emeco aims to maintain a fleet of assets with 5-10 years remaining economic life, as opposed to the typical 20-year lifespan of new equipment. The push to decarbonise fleets is reshaping equipment replacement strategies across the industry. Rather than immediately replacing fleets, there is a shift towards extending the asset lives to allow time for the development of alternative fuels. This strategy enables Emeco to increase the volume of mid-life equipment rebuilds. Emeco adopts a meticulous approach to commercial reviews for major equipment spending, ensuring adequate returns on investment. This robust life-cycle management includes regular evaluation of equipment performance and technological relevance, and identifies optimal points throughout an asset's life where upgrades, disposal or replacement can be considered, reducing the risk of obsolescence and allowing for responsive actions before planned end-of-life milestones.

Additionally, the Company is exposed to other risks that it manages at both a strategic and day-to-day operational level.

Directors' Report

The board of directors (Board) of Emeco Holdings Limited (Emeco or Company) present their report together with the financial reports of the consolidated entity, being Emeco and its controlled entities (Group) and the auditor's report for the financial year ended 30 June 2024 (FY24).

The directors of the Company during FY24 were:

IAN TESTROW BEng (Civil), MBA

Appointment:

Managing Director since 20 August 2015.

Skills and experience:

Ian joined Emeco in 2005 and was appointed Chief Executive Officer and Managing Director in August 2015. Prior to this, Ian was Emeco's Chief Operating Officer, having previously been responsible for Emeco's Eastern Region Rental business (2005 to 2009) and the North and South American operations (2009 to 2014). Prior to Emeco, Ian worked for Wesfarmers, BHP Billiton, Thiess and Dyno Nobel.

PETER FRANK BSEE, MBA

Appointment:

Non-Executive Director since April 2017 and Interim Chair from 31 May 2024.

Board committee membership:

- Member of the Remuneration and Nomination Committee from 31 May 2024.

Skills and experience:

Peter retired as Senior Managing Director at Black Diamond Capital Management in December 2021 after 13 years of service, however, continues in an advisory capacity. Prior to joining Black Diamond, Peter was President of GSC Group, a SEC-registered investment advisor, where he worked since 2001. From 2005 until 2008, he served as the Senior Operating Executive for GSC's private equity funds. Prior to 2001, Peter was the CEO of Ten Hoeve Bros Inc. and was an investment banker at Goldman Sachs & Co. Peter has also served as chairman of the board of Kolmar Labs Group Inc., Scovill Inc. and Worldtex Inc. and was previously a director of IAP Worldwide Services Inc., Grede Holdings LLC, Color Spot Holdings Inc. and Viasystems Group Inc.

Peter graduated from the University of Michigan with a BSEE degree and earned an MBA from the Harvard Business School.

Current appointments:

- Director of Specialty Chemicals International Limited.
- Director of Harvey Gulf International Marine LLC.
- Director of North Metro Harness Initiative LLC.
- Director of Bakelite UK Topco Ltd.

PETER KANE BENG (Mining)

Appointment:

Independent Non-Executive Director since December 2020.

Board committee membership:

- Chair of the Remuneration and Nomination Committee since October 2023.
- Member from December 2020 to October 2023.
- Member of the Audit and Risk Management Committee since December 2020.

Skills and experience:

Peter is a Mining Engineer with over 35 years' experience in the mining industry throughout Australia, New Zealand and Mongolia. Recently, Peter was the Project Director of Strategic Minerals where he was responsible for the development of the Woolgar gold tenements. Prior to Strategic Minerals, Peter held roles as the Chief Operating Officer at QCoal Group, Chief Executive Officer at Cockatoo Coal, Group Managing Director at Guildford Coal, Chief Executive Officer at Aston Resources, Chief Executive Officer at Boardwalk Resources, Executive General Manager Projects with Whitehaven Coal and Chief Operating Officer with Macarthur Coal.

Peter also performed the role of Joint Venture Chair for multiple operations with numerous joint venture partners. Peter's earlier career included 10 years for Leighton in various roles including General Manager of the Australian mining contractor business and 10 years with BHP, primarily in their iron ore and coal divisions. Peter was a Board member of Australian Coal Research Limited from 2017 to 2021 and an Independent Non-Executive Director of Multicom Resources in 2022. Peter is a member of the Australasian Institute of Mining & Metallurgy and a graduate of the Australian Institute of Company Directors.

JAMES WALKER III BScEcon

Appointment:

Non-Executive Director since June 2023.

Board committee membership:

- Member of the Audit and Risk Management Committee from June 2023 to October 2023.
- Member of the Remuneration and Nomination Committee from June 2023 to October 2023.

Skills and experience:

Mr Walker is a 30-year veteran in asset management and has held several leadership positions throughout his career. He has recently re-joined Black Diamond Capital Management, a company that he co-founded in 1996, serving as the President and Senior Managing Director. Mr Walker also currently serves as a board member for Starwood REIT and Consumer Portfolio Services, Inc and is also a Strategic Partner of Jadian Capital, a real estate private equity investment firm. From 2008 through 2017, Mr Walker was Managing Partner of Fir Tree Partners, a top 50 global alternative asset management firm, and was a member of the firm's Real Estate Investment Committee and Chairman of the firm's Risk Committee. Mr Walker began his career in investment banking at Kidder, Peabody & Co and Bear Stearns. Mr Walker received a Bachelor of Economics from Boston College's School of Management in 1984 and was recently a member of the Board of Regents of Boston College.

Current appointments:

- President and Senior Managing Director of Black Diamond Capital Management.
- Lead Independent Director of Starwood REIT.
- Board Member of Consumer Portfolio Services.
- Strategic Partner of Jadian Capital.

SARAH ADAM-GEDGE BBus (Accounting), CAANZ, GAICD

Appointment:

Independent Non-Executive Director since October 2023.

Board committee membership:

- Chair of the Audit and Risk Management Committee since October 2023.
- Member of the Remuneration and Nomination Committee from October 2023 to June 2024.

Skills and experience:

Ms Adam-Gedge is a Chartered Accountant and graduate member of the Australian Institute of Company Directors who brings broad financial, commercial, technology and digital, leadership and governance experience to Emeco gained through her executive career and her current Board roles. Ms Adam-Gedge began her executive career at Arthur Andersen as an audit specialist before joining PwC and broadening into consulting including business process re-engineering, supply chain efficiency and financial performance optimisation. Her career includes over a decade in regional CEO roles in leading technology and consulting businesses including IBM, Avanade Australia, Publicis Sapient Australia and Wipro Limited Australia and New Zealand.

Current appointments:

- Deputy Chair & Non-Executive Director and Chair of the Audit & Risk Committee of Austal Limited since August 2017.
- Non-executive Director of Codan Limited since January 2023.
- Non-executive Director and Chair of the Audit & Risk Committee of Bravura Solutions Ltd since August 2023.
- Non-executive Director of Cricket Australia since March 2023.
- Non-member Director of CPA Australia since September 2023.

PETER RICHARDS B.Comm

Appointment:

Independent Non-Executive Director from June 2010 and Chairman from January 2016 until his retirement on 31 May 2024.

Board committee membership:

- Member of the Remuneration and Nomination Committee 1 October 2023 until 31 May 2024 (previously Chair).
- Member of the Audit and Risk Management Committee until 31 May 2024.

Skills and experience:

Peter has over 40 years' of international business experience with global and regional companies including British Petroleum (including its mining arm Seltrust Holdings), Wesfarmers Limited, Dyno Nobel Limited and Norfolk Holdings Limited. During his time at Dyno Nobel, he held a number of senior positions with the North American and Asia Pacific business, before being appointed as Chief Executive Officer in Australia (2005 to 2008).

Peter was a non-executive director of Elmore Limited (previously IndiOre Limited and NSL Consolidated Limited) from 2009 to 2021 and was Chairman from 2014 to 2017 and 2018 to 2021.

Current appointments:

- Chairman of Graincorp Limited since March 2020 (Non-Executive Director since 2015).
- Chairman of Spenda Limited (previously Cirralto Limited) since December 2017.

Company secretary

The Company Secretary of the Company during FY24 was:

PENELOPE YOUNG LLB, LLM, BBus

Appointment:

Company Secretary since April 2017.

Ms Penelope Young has been General Counsel & Company Secretary of the Company since 2017.
Penny joined Emeco as Senior Legal Counsel in May 2015.

Penny is a qualified lawyer with extensive experience most particularly in corporate and commercial law.
Prior to joining Emeco, Penny spent the majority of her career working in private practice.
Penny holds a Master of Laws, Bachelor of Laws and a Bachelor of Business.

Directors' meetings

The number of board and committee meetings held and attended by each director in FY24 is outlined in the table below:

Board and committee meetings held and director attendance

Director	Board		Board sub-committee (ad hoc)		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	Attended (1)	Eligible (2)	Attended (1)	Eligible (2)	Attended (1)	Eligible (2)	Attended (1)	Eligible (2)
Ian Testrow [A]	5	5	1	1	4	0	2	0
Peter Frank	5	5	0	1	0	0	0	0
Peter Kane	5	5	1	1	4	4	2	2
Sarah Adam-Gedge [B]	4	4	1	1	3	3	1	1
James Walker III	4	5	0	1	1	1	1	1
Peter Richards [C]	4	4	1	1	3	3	2	2

(1) Indicates the number of meetings the Director attended during FY24.

(2) Indicates the number of meetings held during FY24 while the Director was a member of the Board or the relevant Committee.

[A] Mr Testrow attended all Audit & Risk Management Committee and Renumeration & Nomination Committee meetings by invitation.

[B] Ms Adam-Gedge was appointed as a director on 1 October 2023.

[C] Mr Richards retired as a director on 31 May 2024.

Corporate governance statement

The Company's corporate governance statement is located on the Company's website at www.emecogroup.com/who-we-are/corporate-governance.

Principal activities

The principal activities of the Group during FY24 were the provision of surface and underground mining equipment rental and complementary equipment and mining services, including maintenance, asset and component rebuilds, fleet optimisation technology, and technical and engineering services.

As set out in this report, other than as a result of the sale by Pit N Portal Mining Services Pty Ltd of its mining services contracts during the year, the nature of the Group's operations and principal activities have been largely consistent throughout the financial year.

Operating and financial review

A review of Group operations, and the results of those operations for FY24, is set out in the operating and financial review section and in the accompanying financial statements.

Capital management

Following a review of the Group' capital management framework, the Board resolved to maintain the Company's existing capital management policy. The capital management policy allocates 25-40% of operating net profit after tax to capital management initiatives each year. The Board will assess the relative benefits of dividends and share buybacks at the time the payments are approved in order to maximise shareholder value.

Dividends

No dividends were declared during the period following the Board's decision to suspend the Group's capital management programme in favour of net debt reduction.

Type	FY24 final	1H24	FY23 final
Payment date	-	-	29 September 2023
Period ends	-	-	30 June 2023
Cents per share	-	-	1.25
Value $ million	-	-	6.488
Fully franked	-	-	Yes

On market share buy-back

On 23 August 2023, the Company announced an on-market buyback of $7.3 million. During the course of FY24, the Company purchased a total of 627,858 ordinary shares for a total amount of approximately $414,000. On 20 February 2024, the Company announced its decision to suspend the capital management programme, to redirect operating free cash flow towards reducing financing requirements and to consider further the Company's capital management strategy. Further details of on-market share buy-backs for the financial year are set out in note 20 to the financial statements.

Significant changes in state of affairs

Other than those disclosed in the operating and financial review section or the financial statements and the notes thereto, in the opinion of the directors, there were no significant changes in the Groups' state of affairs that occurred during the financial year under review.

Events subsequent to reporting date

The Board resolved to continue the suspension of the Group's capital management programme for FY25, in favour of net debt reduction.

Likely developments

Likely developments in, and expected results of, the operations of the Group are referred to in the operating and financial review section. Information on likely developments in the Group in future financial years and the expected results of those operations the disclosure of which, in the opinion of the directors, would be likely to result in unreasonable prejudice to the Group have been omitted in accordance with section 299(3) of the Corporations Act 2001.

Operations, financial position, business strategies and future prospects

Information on the Group's operations, financial position, business strategies and prospects for future financial years of the Group are referred to in the Managing Director's Report and Operating & Financial Review sections of this annual report. Information on the Group's business strategies, and prospects for future financial years, the disclosure of which, in the opinion of the directors, would be likely to result in unreasonable prejudice to the Group have been omitted in accordance with section 299A(3) of the Corporations Act 2001.

Directors' interests

The relevant interests of each current director in securities issued by the companies within the Group and other related bodies corporate, as notified to the ASX in accordance with section 205G(1) of the Corporations Act 2001 are set out below:

Directors' interests

Director [A]	Ordinary shares [B]	Rights [C]
Ian Testrow	15,176,533	194,485
Peter Frank	-	-
Peter Kane	10,288	-
James Walker III	-	-
Sarah Adam-Gedge	-	-

[A] This comprises the Director's relevant interest in securities as notified to the ASX as at the date of this report.
[B] This comprises ordinary shares in which the Director has a relevant interest.
[C] This comprises rights issued under the Company's employee incentive plans.

Refer to notes 10 and 24 in the Financial Statements for related party disclosures.

Indemnification and insurance of officers and auditors

The Company has entered into a deed of access, indemnity and insurance with each of the current and former directors, the current and former chief financial officer and the company secretary of the Group. Under the terms of the deed, the Company indemnifies the officer or former officer, to the extent permitted by law, for liabilities incurred as an officer of the Group. The deed provides that the Company must advance the officer reasonable costs incurred by the officer in defending certain proceedings or appearing before an inquiry or hearing of a government agency.

Since the end of the previous financial year, the Company has paid premiums in respect of contracts insuring current and former officers of the Group, including executives, against liabilities incurred by such an officer to the extent permitted by the Corporations Act 2001. The contracts of insurance prohibit Emeco from doing anything which could prejudice the insurers in respect of a claim, including disclosure of the nature of the liability cover and the amount of the premium.

The Group has not indemnified its auditor, Deloitte Touche Tohmatsu (Deloitte).

Non-audit services

During the year, Deloitte, the Group's auditor, has performed certain other services in addition to their statutory duties. This is for provision of certain assurance and tax compliance services. No other advisory or consulting services were provided by Deloitte during the year.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Management Committee to ensure they comply with the Company's non-assurance services policy and do not impact the integrity and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing the risks and rewards.

Details of the amounts paid to the auditor of the Group, Deloitte and its network firms, for audit and non-audit services provided during the year are found in note 26 of the notes to the financial statements.

Lead auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this annual report and forms part of the directors' report.

Rounding off

The amounts contained in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company as referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/19, dated 24 March 2016. The Company is an entity to which the class order applies.

Letter from the chair of the remuneration and nomination committee

Dear Shareholders,

On behalf of the Emeco Board, I am pleased to present the Remuneration Report for the 2024 financial year (FY24). This report details the governance, framework and outcomes of the Company's remuneration practices for the Directors and Senior Executives who were key management personnel (KMP) for the Company during the year.

The Board believes the remuneration framework, which it continues to develop and refine, provides a structure to retain and attract the right people whilst generating sustainable shareholder returns and adhering to prudent risk management. Our key principles of offering market competitive, performance-based remuneration which aligns with shareholder interests are the key drivers of the remuneration outcomes for FY24.

Business performance linked to remuneration outcomes

Emeco has delivered a solid financial performance off the back of a positive year of progress which included the exit from the underground contract mining business and the strategic repositioning to underground rental, delivering on the growth capital expenditure programme, completing the design phase of the ERP replacement programme, improvements to credit processes and an improvement in safety performance.

The Group consolidated the performance improvements delivered in the second half of FY23 and delivered further growth in earnings in FY24.

- Operating EBITDA and EBIT growth of 12% and 20%, respectively
- Operating Free Cash Flow growth of 66%, cash conversion of 93%
- ROC increased from 13% to 15%
- EPS growth of 28%
- Share price growth of 9%, resulting in a Total Shareholder Return of 11%

Stakeholder engagement

We value feedback from our shareholders and actively engage with a range of stakeholders to improve the Company's reward structure to align with the strategy and outcomes for shareholders.

At the 2023 AGM, Emeco received a strike against its remuneration report. Our subsequent discussions with various stakeholders confirmed that the primary concern related to the level of disclosure provided on the rationale for the structure of the remuneration and measures used. Concerns were also flagged with the use of a single metric and the performance period for the long term incentive (LTI) plans. Additional disclosures were requested on the non-financial metrics and achievement parameters.

The Board have given consideration during the year to reflect on the feedback received ahead of the preparation of the 2024 remuneration report. The review process has considered the need to balance the interests of our shareholders, while maintaining competitive remuneration practices. Due consideration was also given to the structure of the Company's shareholder base and the contract, tenure and experience of the CEO & MD, Ian Testrow.

2024 Remuneration Outcomes

To address feedback received, further details on the non-financial measures used in the calculation and award of STIs are disclosed and the Board notes a change to both LTI plans in FY25 to include an additional KPI of TSR growth.

Short-Term Incentive (STI)

The executive management team has successfully delivered a strong set of financial results as outlined above, improving on the performance of FY23, resulting in the vesting of 78.7% of short-term incentives linked to earnings (60% of STI) as set out at section 7.3.1 of the Remuneration Report.

The plan also includes safety measures which account for 20% of the STI. The Group reported a TRIFR of 2.8, a significant improvement on the prior period and, which resulted in 100% of award for this measure. This past year has seen a significant focus on identifying, understanding, and controlling our critical risks. Our new critical risk process aligns to global standards for critical risk and control, and we have recently implemented critical control verification software to support this new process.

The STI plan also includes personal targets which account for 20% of the STI measures. These have been reviewed and assessed by the Remuneration and Nomination Committee and Board, with between 92.5-100% of these being awarded to KMP and appropriately recognised in the FY24 remuneration outcomes. Importantly, they are focused on initiatives which are expected to drive future profitability including:

- delivery of the design phase of the Company's new ERP
- delivery of the group's growth capex rebuild programme
- delivery of the Group's procurement savings initiative; and
- reduction in the Group's reliance on subcontracted labour

Long-Term Incentive (LTI)

Management have delivered 28% EPS growth off the back of improved operational performance and better cost and contract management, resulting in the award of 100% of long-term incentives applicable to the performance period. This aligns with outcomes for shareholders with share price growth over the same period of 9% and TSR of 11%.

It should be noted that the FY25 LTI measures will be amended to include TSR growth which was 11% for FY24. Should these measures have been in effect for FY24, the LTI performance would remain at 100%.

Looking forward

The Remuneration and Nomination Committee is satisfied that the framework provides a balanced approach to remuneration that seeks to appropriately reward financial and non-financial performance with shareholder value creation. In addition, the FY24 remuneration outcomes reflect and support the Company's strategic and financial performance, giving us confidence that we are adopting effective remuneration frameworks.

The addition of a TSR growth measure in the FY25 LTI plan alongside the EPS growth measure will address feedback from stakeholders, and will bring increased alignment across business performance, the shareholder experience and remuneration outcomes.

Peter Kane
Committee Chair


WARNING

Remuneration Report (audited)

1. Introduction

This remuneration report for the year ended 30 June 2024 details the Group's remuneration objectives, practices and outcomes for the Company's key management personnel (KMP) in accordance with the requirements of the Corporations Act 2001 (Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company's KMPs for FY24 are listed in the below tables. Any reference to 'executives' in this report refers to KMP who are not non-executive directors.

The following persons were directors of the Company during FY24:

Non-executive directors		
Peter Frank	Non-Executive Director, Interim Chair	(Interim Chair from 31 May 2024)
Peter Kane	Independent Non-Executive Director	
James Walker III	Non-Executive Director	
Sarah Adam-Gedge	Independent Non-Executive Director	(Commenced 1 October 2023)
Peter Richards	Chair, Independent Non-Executive Director	(Retired 31 May 2024)
Executive directors		
Ian Testrow	Managing Director & Chief Executive Officer	

The following persons were also employed as executives of the Company during FY24:

Other executives	**Position**
Theresa Mlikota	Chief Financial Officer

2. Response to "first-strike"

At the 2023 Annual General Meeting (2023 AGM) held on 29 November 2023, more than 25% of shareholders voted against the adoption of the remuneration report, resulting in the Company incurring a 'first strike' pursuant to section 250R of the Act.

At that same meeting, the various resolutions relating to the employment and incentive arrangements agreed with the Company's Managing Director & Chief Executive Officer, Mr Ian Testrow, were approved by shareholders.

Subsequent to the 2023 AGM, the Board has considered the concerns raised predominantly through the proxy advisor reports and has sought to engage with various stakeholders, to address these concerns.

In response, the Board determined the following:

- the Company would provide additional detail within this annual report regarding KPIs for both the STI and LTI plans, including the performance assessed against those KPIs.
- the number of KPI measures attaching to each of the Company's LTI plans would increase from one to two for the FY25 testing period and will now also include TSR growth, in addition to the EPS growth measure.

In response to matters raised by proxy advisors with respect to components of the Managing Director & Chief Executive Officer's employment contract and remuneration, the Board seeks to highlight the approvals by shareholders at the 2023 AGM.

3. Remuneration governance

Remuneration and Nomination Committee

The Remuneration and Nomination Committee (RNC) reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director & Chief Executive Officer, executives and non-executive directors. The RNC's role also includes responsibility for general remuneration strategy, superannuation and other benefits, and employee incentive schemes.

The members of the RNC at the start of FY24 were Mr Peter Richards, Mr Peter Kane and Mr James Walker. However, due to changes in board composition and availability, at the end of the FY24 year, the members were Mr Peter Kane and Mr Peter Frank.

The RNC was chaired by an independent non-executive director at all times during FY24. Mr Peter Richards was chair at the start of FY24 and Mr Peter Kane assumed the chair position on 1 October 2023.

Further information on the Remuneration and Nomination Committee's role and responsibilities can be found at www.emecogroup.com/who-we-are/corporate-governance.

Use of remuneration consultants

To ensure the RNC is fully informed when making remuneration decisions, it seeks external remuneration advice from time to time. Where required, remuneration consultants are engaged by, and report directly to, the RNC. In selecting remuneration consultants, the RNC considers potential conflicts of interest and requires independence from the Company's key management personnel and other executives as part of their terms of engagement.

During the period, no remuneration recommendations (as defined by the Act) were provided by remuneration consultants to the Company.

Prohibition of hedging securities

Emeco's share trading policy prohibits executives, directors, officers and employees of the Group from entering into transactions intended to hedge their exposure to Emeco securities which have been issued as part of remuneration.

4. Summary of Company performance and FY24 incentive outcomes

The Company delivered a strong FY24 result, consolidating and building upon the good recovery in performance achieved in prior periods.

Highlights

Financial

- Strong revenue growth delivered through Surface Rental and Force businesses. Underground revenue reduced following sale of underground contract mining projects to Macmahon Holdings Ltd (MAH) to deliver business simplification and de-risking
- Strong margin and earnings growth across all business segments – driven by robust demand and focus on cost and contract management and efficient capital usage
- YOY - 12% Operating EBITDA growth, 20% Operating EBIT growth and 17% Operating NPAT growth
- Strong free cash flow generation, cash flow conversion of 93%
- Leverage [(1)] improved to 1.00x, NTA $1.21/share
- FCF yield of 24% at 30 June 2024

Operations

- Solid safety performance against backdrop of major organisational change
- Successful delivery of major growth capex programme which will drive earnings growth in FY25 with new equipment now deployed to projects
- Business improvement programme expected to deliver increased returns over next two years
- Fleet gross utilisation average 91% for surface rental

(1) Leverage = Net Debt / Operating EBITDA.

Strategy

- Business model now simplified to focus on core rental and workshop business with exit from underground contracting
- Clear focus on operational and financial targets – ROC target of 20% over the next two years and strong free cash flow generation. Strong improvement in ROC to 15% from 13%. ROC expected to improve following full deployment of growth fleet in back end of 2H24, with earnings kick in FY25
- Margins improved on the back of stronger cost and contract management, as well as revenue mix

People, safety and sustainability

- Safety performance improved with TRIFR reducing from 3.2 to 2.8
- Endorsement of the Company's inaugural "Reflect" reconciliation action plan
- Development of the Group's Position Statement on Climate Change

Technology

- Design of new ERP system complete, build phase now commencing
- Enhancing internal resources to bolster the internal technology environment and produce offering to customers

These results demonstrate the Company's sustainable and resilient operations and strength of the executive team in driving the Company forward and delivering strong, sustainable returns.

Linking FY24 incentive outcomes to Company performance

The Company's remuneration structure includes a significant component of executive remuneration tied to financial performance outcomes. Key performance indicators (KPIs) used in the short and long terms plans are approved with the assistance of the RNC and aligned with the strategy outlined below.

Performance measure	STI	LTI	Alignment to strategy
Safety	20%		Ensuring the safety of Emeco's people is central to everything Emeco does. Aiming for a zero-harm workplace, safety processes, policies and procedures are continually updated.
Operating EBITDA	60%		Operating EBITDA is a key measure of Emeco's profitability and ability to provide returns to shareholders.
Earnings per share (EPS)		100%	EPS is a key metric in aligning management with shareholder value creation.
Personal objectives (1)	20%		Personal objectives enable a focus on specific factors aligned with the Company's strategic and operational objectives and reflect key focus areas for each executive.

(1) Personal KPIs are detailed in section 7.3.1 below.

FY24 STI Outcomes

Based on performance for FY24, incentive outcomes for KMP ranged from 85.7% to 87.2% for Group and personal performance against the safety, financial and personal KPIs. Details regarding the STI outcomes are set out in sections 7.3.1 and 7.3.3 below.

FY24 LTI Outcomes

The EPS increase over FY24 was 28%, resulting in a full award for the FY24 performance period for each of the LTI plans currently on foot. Details regarding the LTI plans and outcomes are detailed in sections 7.3.2 and 7.3.3.

5. Executive remuneration arrangements

5.1 Remuneration principles and strategy

Emeco's executive remuneration strategy is designed to attract, motivate and retain talented individuals, align executive reward to the Company's business objectives, and to create long term shareholder value.

The following diagram illustrates how the Company's remuneration strategy aligns with its strategic direction and links remuneration outcomes to performance.

Business objectives

Build a sustainable, resilient and profitable business through scale, customer and commodity diversification and creating value through providing the lowest cost, highest quality mining equipment solutions that add value to our customers' projects and embed Emeco into its customers' operations.

Demonstrate disciplined capital management through maintaining a strong balance sheet, return on capital and free cash flow generation for long term value creation for our shareholders.

Remuneration strategy linkages to business objective		
Remunerate fairly and appropriately Provide market-competitive remuneration and rewards to executives in order to secure the long-term benefits of their time, experience and loyalty and ensure alignment with industry trends.	**Align executive interests with those of shareholders** Provide a significant proportion of 'at risk' remuneration to ensure that executive reward is directly linked to the creation of shareholder value. Ensure human resources policies and practices are consistent and complementary to the strategic direction of the Company. Prohibit the hedging of unvested equity to ensure alignment with shareholder outcomes.	**Attract, retain and develop proven performers** Personalise remuneration arrangements and provide total remuneration which is sufficient to attract and retain proven and experienced executives who are capable of: • providing experienced and quality leadership; • excel in fulfilling their respective roles within the Group; • achieving the Group's strategic objectives; and • maximising Group earnings and returns to shareholders.

Remuneration component	Vehicle	Purpose	Link to performance
Fixed Remuneration	Comprises base salary, employer superannuation contributions and other non-cash benefits.	To provide competitive fixed remuneration to attract, retain and motivate executives, set with reference to the Company's size, achievements, role, market and experience.	Changes to an executive's scope of responsibilities are considered during the annual remuneration review and, along with performance, drive remuneration changes.
Variable short-term incentive plan (STI)	Paid in cash and, under the CEO STI plan, a portion may be paid in equity (subject to shareholder approval).	Rewards executives for their contribution to achievement of key performance indicators (KPIs) during the financial year.	The key performance measures in FY24 which determine if any short-term component is payable are: • Emeco health and safety (total recordable injury frequency rate (TRIFR)), • operating earnings before interest, tax, depreciation and amortisation (Operating EBITDA); and • executive-specific operational or financial targets and focus areas. Targets are discussed in section 7.
Variable long-term incentive plan (LTI)	Awards are made in the form of rights to ordinary Emeco shares (Rights).	Rewards executives for their contribution to progressive achievement of Company KPIs over the relevant performance period. Awards of Rights are dependent on achievement of the LTI KPI. Performance Rights may be converted into shares after vesting at the end of the applicable performance period (subject to any earlier vesting as set out below) aligning executive interests with shareholder value over the performance period.	Vesting of awards is dependent on the Company's performance inherent within which is the creation of long-term growth and value for shareholders and a more sustainable, resilient and profitable business. Further, the incentive's value is ultimately dependent on the Company's share price after the performance period, driving executives to maximise shareholder return. LTI plans and targets are discussed in section 7.

5.2 Approach to setting remuneration

The executive remuneration framework consists of both fixed and variable elements, with the variable elements dependent upon meeting financial and non-financial performance measures. This structure is designed to ensure that executives are appropriately rewarded for their time and energy based on their position, experience, responsibilities and performance within the Company whilst also aligning with the interests of shareholders.

Total remuneration is comprised of three main components: total fixed remuneration (TFR), STI and LTI. As a part of determining the level of total remuneration for the Company's executives, benchmarking against other companies within the industry is undertaken.

The RNC and Board may also then consider factors which can influence the setting of remuneration including experience, competition for talent and suitability for driving the Company's strategic objectives.

In the below section, key questions regarding the setting of remuneration and incentive plan arrangements are answered.

Outcomes and awards are detailed in section 7.

Overall remuneration level and mix

How is overall remuneration and mix determined?

The Company aims to reward executives with a level and mix (proportion of fixed remuneration, short-term incentives and long-term incentives) of remuneration appropriate to their position, responsibilities and performance within the Company. This level and mix is determined on an individual basis.

The table below illustrates the overall remuneration mix available for fixed remuneration and short and long-term incentives for the Managing Director & Chief Executive Officer and Chief Financial Officer for FY24. The target mix for each individual is benchmarked and considered appropriate for Emeco based on the Company's short-term and long-term objectives and the relevant executive's role and responsibilities.

Overall remuneration mix

Executive	Position	Fixed remuneration % of total remuneration	Short-term incentive % of total remuneration	Long-term incentive % of total remuneration
Ian Testrow	Managing Director & Chief Executive Officer	29%	37%	34%
Theresa Mlikota	Chief Financial Officer	39%	31%	30%

How much variable remuneration can executives earn in FY24?

The table below sets out the maximum incentive opportunity for each executive under the FY24 STI and LTI plans, expressed as a percentage of total fixed remuneration (TFR).

Components of variable remuneration

Executive	Position	Maximum STI % of TFR	Maximum LTI % of TFR	Maximum Total % of TFR
Ian Testrow	Managing Director & Chief Executive Officer	130%	120%	250%
Theresa Mlikota	Chief Financial Officer	80%	75%	155%

Overall remuneration level and mix	
What are the executive STI and LTI plans in FY24?	The table below sets out the STI and LTI Plans in which each executive can participate in FY24:

FY24 Incentive Plans

Executive	Position	STI plan	LTI plan
Ian Testrow	Managing Director & Chief Executive Officer	FY24 CEO STI plan (CEO STI)	FY24 CEO LTI plan (CEO LTI)
Theresa Mlikota	Chief Financial Officer	FY24 Management STI plan (MSTI)	FY24 Management LTI plan (MLTI)

Fixed remuneration	
How is fixed remuneration reviewed and approved?	Fixed remuneration is reviewed periodically. Fixed remuneration changes for executives take into account changes in position, responsibilities and performance and are benchmarked with targeted market comparators. Changes to an executive's fixed remuneration are subject to RNC and Board approval.

Variable remuneration - FY24 Short-term incentive plans (FY24 STI)	
What are the KPIs and how do they align with business performance?	The KPIs for the FY24 STI plans are a balance of financial and non-financial measures which provide the platform for the long-term performance, growth, resilience and sustainability of the Company. They are assessed at either a Company or individual level. The applicable FY24 STI KPIs are set out in the following table.

FY24 STI KPIs

Executive	Safety (20%)	Financial (60%)	Personal (20%)
Ian Testrow	FY24 TRIFR performance relative to FY23	Operating EBITDA relative to FY24 budget	Improving Pit N Portal performance and reducing credit, operational and commercial risk
			Delivery of growth capex programme to meet capital business case justification
			Completion of design element of ERP replacement project in accordance with approved timetable and costs
			Achieving key EOS development markers
Theresa Mlikota	FY24 TRIFR performance relative to FY23	Operating EBITDA relative to FY24 budget	Achievement of supply chain and procurement strategy changes and delivery of cost savings inclusive of targeted annualised savings
			Completion of design element of ERP replacement project in accordance with approved timetable and costs
			Completion of credit review and implementation of improved credit and governance processes

See section 7.3.1 for more information on the FY24 STI KPIs.

Variable remuneration – FY24 Short-term incentive plans (FY24 STI)	
When is performance measured?	Achievement against the STI KPIs is assessed in conjunction with finalisation of the Company's full year results.
How are awards determined?	Awards are approved by the Board, on recommendation of the RNC, and will be granted after consideration of performance against the applicable KPIs.
How are STIs paid?	Awards under the FY24 MSTI plan are paid in cash during FY25. Under the FY24 CEO STI plan, 80% of the total STI award will be paid in cash however a portion of the STI may be payable in equity (using a share price of $0.65) unless Mr Testrow elects to take the whole of any STI award as cash. Any STI equity award is subject to approval by shareholders and will be subject to a vesting period. Any STI equity award not approved by shareholders, will be paid in cash.
What happens if an executive leaves?	Under the FY24 STI plans, cash awards are only paid if the executive is employed by the Group after performance is assessed against the relevant STI KPIs. If there is an equity award under the CEO STI plan, that equity would vest on the earlier of the date Mr Testrow's employment ends and the release of the FY27 full year results.

Variable remuneration – FY24 Long-term incentive plans (FY24 LTI)	
What is the Management LTI plan?	The FY24 MLTI plan is an equity incentive that rewards executives (excluding the Managing Director & Chief Executive Officer) for their contribution to achievement of certain KPIs over a three-year period. Under the MLTI, one-third of a executive's maximum entitlement is tested each year against the KPIs set for that year. The Board believes that assessing KPIs each year is appropriate given the cyclic nature of the mining sector. Assessing achievement annually ensures that executives are rewarded for their performance in each year of the performance period. Awards under the FY24 MLTI plan are made in the form of performance rights (Rights), being rights to fully paid ordinary Emeco shares (Shares). The FY24 MLTI plan is on substantially the same terms as the FY22 and FY23 LTI plans.
What is the CEO LTI plan?	The CEO LTI plan is an equity incentive that rewards the Managing Director & Chief Executive Officer for his contribution to the achievement of certain KPIs over a one-year period. Awards under the CEO LTI plan are subject to a vesting period. Under this plan, Mr Testrow's maximum entitlement is tested against the KPIs set for that year. All equity awards granted under the CEO LTI plan will vest on release of the Company's FY27 full year results unless Mr Testrow's employment ends earlier or there is a Change of Control as defined below (see "What happens under the CEO LTI plan if the executive leaves or there is a Change of Control?"). Awards under the CEO LTI plan are made in the form of Rights.
What are the KPIs and how do they align with business performance?	The FY24 KPI for each LTI plan is earnings per share growth, which is designed to align management with shareholder value through the focus on Company performance and financial outcomes. To ensure continued appropriate alignment of the KPI to business performance and shareholder interests throughout the business and industry cycle, the RNC and Board considers the KPIs for the performance period at the beginning of the relevant year. As noted earlier, after consideration of the Company's strategy, objectives and a range of other factors including shareholder experience and investor and stakeholder feedback, in FY25, the KPIs for the LTI plans will increase from one to two and will include TSR growth in combination with the existing EPS growth measure. Having these two LTI measures provides a strong alignment with the Company's strategy to drive sustainable earnings growth and long term shareholder value. See section 7.3.3 for more information on the FY24 KPI.

Variable remuneration – FY24 Long-term incentive plans (FY24 LTI)	
When is performance measured?	The FY24 MLTI plan spans a three-year performance period. The CEO LTI plan has a one-year performance period but is not scheduled to vest until release of the Company's FY27 full year results. Performance under each plan and achievement against the LTI KPI is assessed annually by the Board in conjunction with approval of the full year results (see "How is variable remuneration delivered").
How are awards determined?	Awards are approved by the Board, on recommendation of the RNC, after consideration of performance against the applicable KPI.
How is it paid?	LTI awards are paid by issuing Rights. Rights issued under the FY24 MLTI plan are scheduled to vest after announcement of Emeco's FY26 full year results. Rights issued under the CEO LTI plan are scheduled to vest after announcement of Emeco's FY27 full year results. Under each of the FY24 LTI Plans, the executive has the option to convert the Rights into Shares at any time within 5 years from the vesting date, unless the executive leaves Emeco earlier (see "What happens if an executive leaves?" above). Under the FY24 MLTI plan, the maximum possible award of Rights to the executive was calculated by reference to the volume-weighted average price of Emeco shares for the 20 business days following the release of Emeco's FY23 results, being 62.84 cents. The maximum possible award of Rights under the CEO LTI plan was calculated using a share price of 65 cents pursuant to the approval of the shareholders at the Company's 2023 AGM. Rights will be issued at no cost to the executive. The ultimate value of the LTI award is determined by the Emeco share price once the Rights have vested and are converted into Shares, providing further alignment with the long-term interests of shareholders.
What happens under the FY24 MLTI if an executive leaves or there is a Change of Control?	Under the FY24 MLTI plan, if Emeco terminates the executive's employment for misconduct or other breach of employment contract, all the Rights issued to the executive under that plan will lapse unless otherwise determined by the Board. If the executive leaves the Emeco Group for any other reason, Rights that have been tested and issued under the FY24 MLTI plan will immediately vest and must be exercised into Shares within 12 months from vesting. The executive will have no entitlement to untested awards. In the event of absolute change in control (i.e. a third party and its associates holds greater than 50% of the Company's ordinary shares) or an effective change of control (i.e. occurrence of an event which results in a third party and its associates having the capacity to determine the outcome of decisions on the Company's financial and operating policies) (Change of Control): • rights which have been tested and issued under the FY24 MLTI plan; and • awards in respect of any component of the FY24 MLTI that have not been tested, will vest on the event date.
What happens under the CEO LTI plan if the executive leaves or there is a Change of Control?	If: • Mr Testrow resigns and his employment ends before 30 June 2027; • the Company terminates his employment; or • the directors determine that there has been serious misconduct or a material breach of policy (as defined in the employment agreement), Mr Testrow would receive Rights awarded prior to the date his employment ends. However, any equity incentives in respect of part years worked or not yet worked would be forfeited. Under the CEO LTI plan, if Mr Testrow's employment ends due to the total or permanent disability or death of Mr Testrow or there is a Change of Control (as described in the section above), Mr Testrow would receive the maximum equity incentives available under the FY24-26 CEO LTI plans which have not yet been tested or awarded (in addition to equity incentives tested and awarded) and all Rights which have been awarded under the CEO LTI or STI plans would vest. (1) Under the CEO LTI plan, if the employment of the Managing Director & Chief Executive Officer were to end prior to 30 June 2027, the executive will have up to 2 years to exercise any vested Rights.
What other terms apply to the Rights?	Dividends are not payable, and there are no voting entitlements, on Rights issued under the LTI plans (whether vested or unvested). Rights cannot be disposed of, other than by conversion of vested Rights into Shares (which, can then be transferred or sold subject to the Company's share trading policy).

(1) At the 2023 AGM, the shareholders approved the CEO LTI plan for FY24-FY26 pursuant to ASX Listing Rule 10.14. Shareholder approval for the FY27 CEO LTI plan has not yet been sought.

6. Relationship between executive remuneration and company performance

Emeco's remuneration objectives aim to align the interests of Emeco's executives with the interests of the Company and its shareholders. This is achieved by ensuring that a significant proportion of an executive's remuneration is "at risk" and tied to the satisfaction of KPIs which relate to the Company's performance and long-term growth. Details of those KPIs, and the Company's performance in respect of those measures, are set out in section 7.

In FY24, the KPIs for variable components of executive remuneration were again directed at driving and rewarding the executive's contribution to the Group's financial and safety performance and personal achievements consistent with the Company's strategy, performance, governance, evolution and long-term value creation.

The STI KPIs (detailed in section 7) focused on safety, earnings and executive-specific personal targets based on their roles. The FY24 LTI KPI (applicable to the FY24 performance period under the FY22 and FY23 LTI Plans, the FY24 MLTI plan and the FY24 CEO LTI plan) of earnings per share growth is designed to further increase alignment between management and shareholders by recognising the importance of financial outcomes in overall Company performance.

Throughout FY24, Emeco continued its focus on building a profitable and resilient customer-focused rental solutions business. Management's focus was targeted towards simplifying the business model by exiting the underground contracting business and to then focus on delivering higher returns and cash flow from the core business of rental and workshops. The Company delivered strong operating EBITDA growth, resulting in partial satisfaction of the financial STI KPI and full satisfaction of the EPS growth LTI KPI.

Emeco is committed to maintaining a strong safety culture. Pleasingly, the total recordable injury frequency rate (TRIFR) has decreased from 3.2 in FY23 to 2.8 in FY24. Consequently, the safety target for FY24 was exceeded. It is noted that the FY23 TRIFR has been restated due to a correction.

Further detail regarding satisfaction of incentive plan KPIs including personal goals and key initiatives for each executive under the individual STI targets are set out in section 7.

Company performance

Details of the Group's performance (as measured by a range of financial and other indicators, including disclosure required by the Act) and movements in shareholder wealth are set out in the following table:

	FY24	FY23	FY22	FY21	FY20
Operating EBITDA ($m) (1)	280.5	250.4	250.2	237.7	254.4
Operating EBIT ($m) (1)	125.3	104.6	120.7	119.1	139.4
Operating NPAT ($m) (1)	69.4	59.1	68.9	56.8	61.0 [2]
Net leverage (3)	1.00x	1.10x	0.96x	0.94x	1.66x
Return on capital (1)	15%	13%	16%	17%	21%
Total dividends determined ($m) (5)	-	13.0	13.3	6.8	-
Total shares bought back ($m) (6)	0.4	7.3	18.4	3.8	-
Closing share price as at 30 June	$0.71	$0.65	$0.65	$1.05	$0.99
TRIFR (5)	2.8	3.25	1.9	2.1	2.9

(1) Non-IFRS measures. Refer to Table 2 of the Operating and Financial Review for further detail regarding operating adjustments.

(2) FY20 Operating NPAT tax effected for comparative purposes.

(3) Net Leverage – Net Debt / Operating EBITDA.

(4) Return on Capital – Operating EBIT / Average Capital Employed.

(5) FY21 figure includes dividends determined in respect of the FY21 year and paid in FY22. FY22 figure includes dividends determined and paid in respect of 1H22 and determined in respect of the FY22 full year and paid in FY23. The FY23 figure includes dividends determined and paid in respect of 1H23 and determined in respect of the FY23 full year and paid in FY24.

(6) Total shares bought back reflects the monetary value of shares to be bought back in respect of the financial year under announced on-market share buy-back schemes.

(7) FY23 safety data has been restated from 2.9 to 3.2 due to a correction.

7. Executive remuneration for FY24

7.1 Changes to Managing Director & CEO terms of employment commencing FY24

As announced to the ASX on 3 August 2023, Mr Testrow's employment agreement was varied with effect from 1 July 2023. A description of the material changes relating to fixed and variable remuneration is provided below.(1)

Topic	Description of term
Variation Period	From 1 July 2023 to 30 June 2027 (ie FY24 to end FY27).
Total fixed remuneration (TFR)	Increased to $1.25m per annum (inclusive of superannuation) from $1.062m per annum. This is a permanent change to Mr Testrow's terms of employment. During the Variation Period, Mr Testrow's TFR will be reviewed annually for inflation.
Incentive	250% of TFR through participation in a short-term and long-term incentive scheme. This is a permanent change to Mr Testrow's terms of employment.
CEO STI Plan	130% of TFR for the Variation Period. A portion of the CEO STI (up to ~38% of the maximum award, calculated based on a $0.65 share price) may be payable in equity (subject to shareholder approval) unless Mr Testrow elects to take the whole of any STI award as cash. All CEO STI equity awards will vest on the earlier of release of the Company's FY27 full year results, the end of Mr Testrow's employment or a Change of Control. Any CEO STI equity awards which are not approved by shareholders will be paid in cash.
CEO LTI plan	CEO LTI plan has a one-year performance period. However, under the terms of the CEO LTI plan, all equity awards granted will vest on the earlier of release of the Company's FY27 full year results, the end of Mr Testrow's employment or a Change of Control. The CEO Plan was approved by shareholders at the 2023 AGM for three years and, accordingly, all awards under the CEO LTI plans from FY24-FY26 will be issued in equity. (2)
End of employment	If Mr Testrow's employment ends before 30 June 2027 other than due to total or permanent disability or death, Mr Testrow would receive any Rights awarded under either the CEO STI or LTI plans at the time his employment ends. Any equity incentives in respect of part years worked or not yet worked will be forfeited. If Mr Testrow's employment ends due to total or permanent disability or death the following benefits will be immediately paid or vested (as applicable): • unpaid fixed remuneration up to 30 June 2027; (3) and • maximum equity incentives available under the CEO LTI Plan approved by shareholders, which have not yet been tested or awarded (in addition to equity incentives tested and awarded).[4] During the Variation Period, Mr Testrow's employment can only be terminated in specified circumstances, such as serious misconduct, material breach of policy, bankruptcy, serious or persistent breach of employment agreement, on conviction of an indictable offence (excluding road traffic offences absent a custodial penalty) and other similarly serious circumstances.
Change of Control	If there is a Change of Control of the Company, the following will be immediately paid or vested to Mr Testrow (as applicable): • an amount equivalent to remuneration up to 30 June 2027; (3) and • maximum equity incentives available under the CEO LTI Plan approved by shareholders which have not yet been tested or awarded (in addition to equity incentives tested and awarded prior to the Change of Control). (4) Upon payment of the above amounts, the variation provides that the conditions of Mr Testrow's employment will largely revert to that of pre-variation (excluding permanent changes noted above).

(1) For a complete description of the material changes to Mr Testrow's employment arrangements, refer to the ASX announcement on 3 August 2023.

(2) As at the date of this report, approval has not been sought for the FY27 CEO LTI plan.

(3) Approved by shareholders at the Company's 2023 AGM.

(4) Shareholders approved the CEO LTI plan for three years commencing FY24 at the Company's 2023 AGM. As at the date of this report, approval has not been sought for the FY27 CEO LTI plan.

7.2 Fixed remuneration outcomes

As noted above in section 7.1, after a periodic review of Mr Testrow's performance and remuneration arrangements, and to incentivise and align Mr Testrow's ongoing commitment to the Company, various changes to Mr Testrow's employment arrangements were implemented with effect from 1 July 2023. This included a fixed remuneration increase.

Following the recommendation of the RNC in August 2023, and to ensure that the Company continues to remunerate executives fairly and appropriately, executives excluding Mr Testrow, received a 0.5% increase in their total fixed remuneration to compensate for the legislated increase in employer superannuation guarantee contributions in FY24.

Mr Testrow's fixed remuneration has been benchmarked against targeted market comparators and the Board remain comfortable with where it has been set.

Other than as described in the preceding paragraphs, no other executive received an increase in their total fixed remuneration in FY24.

7.3 Variable remuneration outcomes

In FY24, executives had both common and individual KPIs in order to align the performance of each executive with the overall success of the Company. Set out below is information regarding satisfaction of the applicable KPIs for the FY24 STI and LTI plans.

7.3.1 FY24 STI plans

The table below sets out the KPIs for the FY24 CEO STI plan and the FY24 MSTI plan and the respective weightings. In the Board's view, these KPIs align the reward of executives with the interests of shareholders. The FY24 STI plans provided for pro-rata entitlements where achievement was between the thresholds and targets.

FY24 STI KPI weightings, payment schedule and achievement

KPI	Weight	Payment schedule	Rationale	Achievement
Safety	20%	0% if the Group TRIFR (1) as at 30 June 2024 is equal to or higher than Group TRIFR as at 30 June 2023. 100% if the Group TRIFR[1] as at 30 June 2024 is 10% lower than the Group TRIFR as at 30 June 2023. Pro-rata payments between these levels. No entitlement if there is a serious, permanently disabling injury or a fatality.	The Board regularly reviews the Company's safety performance in detail and is striving to achieve a 'zero-harm' workplace at Emeco. TRIFR measures performance against this goal.	20%
Operating EBITDA (2)	60%	0% if actual FY24 Group Operating EBITDA ≤ 85% of budget FY24 Group Operating EBITDA. 100% if actual FY24 Group Operating EBITDA ≥ 105% of budget FY24 Group Operating EBITDA. Pro-rata payments between these levels.	Reflects the Company's financial performance and ability to pay STI awards.	47.2%
Personal KPIs	20%	Satisfaction of key initiatives set by the Board for each executive.	Reflects key focus areas for each executive which are central to the Company's performance, strategy and operations.	18.5-20%

(1) $\text{TRIFR} = \dfrac{\text{Number of recordable injuries x 1,000,000 hours}}{\text{Total hours worked}}$

(2) Non IFRS measures. Refer to Table 2 of the Operating and Financial Review for further detail regarding operating adjustments.

Note: Personal KPIs are outlined in detail on the following page.

Personal FY24 STI KPI weightings and achievement

KPI	Weight	Achievement
CEO STI KPIs Improving Pit N Portal performance and reducing credit, operational and commercial risk	5%	5%
Delivery of growth capex programme to meet capital business case justification	5%	5%
Completion of design element of ERP replacement project in accordance with approved timetable and cost	5%	5%
Achievement of key EOS development markers	5%	3.5%
CFO MSTI KPIs Achievement of supply chain and procurement strategy changes inclusive of targeted annualised savings	7.5%	7.5%
Completion of design element of ERP replacement project in accordance with approved timetable and cost	7.5%	7.5%
Completion of credit review and implementation of improved credit and governance processes	5%	5%

7.3.2 FY24 LTI plans

The Board approves the KPI for the current LTI plans at the start of the performance period. This allows the Board to ensure that the KPI remains appropriate and targets those areas most applicable to business performance.

As it did in the previous year, in FY24 the board set the FY24 KPI based on earnings per share (EPS) growth during the financial year, reflecting the importance of financial outcomes in overall company performance at this stage in the Company's evolution. The same EPS growth KPI applied for the FY24 performance periods under each of the open LTI plans, being the FY24 CEO LTI, year 1 of the FY24 MLTI, year 2 of the FY23 LTI and year 3 of the FY22 LTI.

The FY24 LTI KPI was set such that 0% would be payable if FY24 EPS growth is equal to or less than 0%; and 100% would be payable if FY24 EPS growth is equal to or greater than 8%. There would also be pro rata payments between these levels.

In light of the Company's overall performance, the EPS growth outcome exceeded the level required to satisfy the EPS growth KPI with EPS growth at 28%. Accordingly, a 100% award will be made for the FY24 performance period under each of the open LTI plans, being the FY24 CEO LTI, year 1 of the FY24 MLTI, year 2 of the FY23 LTI and year 3 of the FY22 LTI.

For the FY25 performance period, the KPIs for the open LTI plans will be EPS growth and TSR growth, bringing increased alignment between the shareholder experience and remuneration outcomes.

7.3.3 Incentive outcomes

STI

As set out above, the FY24 STI KPIs focused on safety, earnings and executive-specific personal targets. Pleasingly, the Company's earnings improved significantly and the TRIFR improved from 3.2 in FY23 to 2.8 in FY24. This, combined with high performance against personal STI targets resulted in partial STI awards.

The following table outlines the proportion of maximum incentive opportunity that was earned (i.e awarded following testing) or forfeited (i.e not awarded following testing) in relation to the FY24 STI plans.

Executive	Maximum STI (% of TFR)	STI awarded (% of Maximum STI)	STI forfeited (% of Maximum STI)
Ian Testrow	130%	85.7%	14.3%
Theresa Mlikota	80%	87.2%	12.8%

LTI

As noted above, the EPS growth KPI applicable to all of the LTI plans on foot was met. Accordingly, each executive will be awarded their maximum equity entitlement under each plan they participate in.

FY24 CEO LTI outcomes

Executive	**Maximum LTI** (% of TFR)	**LTI awarded** (1) (% of Maximum LTI)	**LTI forfeited** (% of Maximum LTI)
Ian Testrow	120%	100%	0%

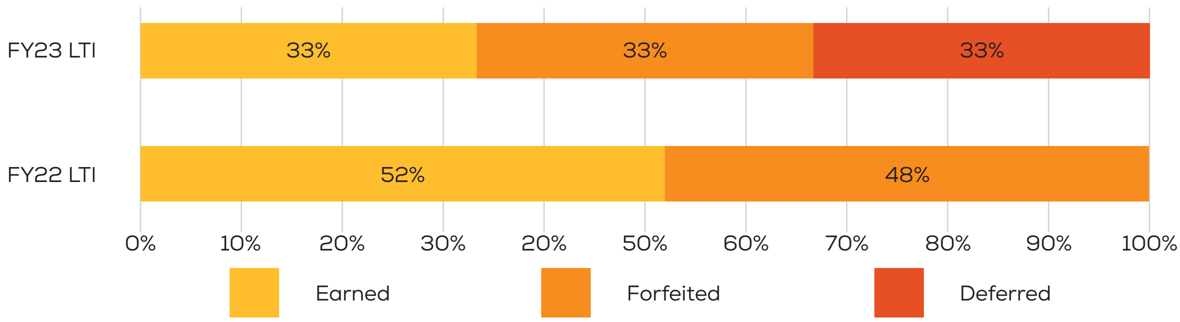
(1) Awards under the FY24 CEO LTI plan were approved by shareholders at the 2023 AGM. Awards under the CEO LTI plan will vest on release of Emeco's FY27 full year results unless Mr Testrow's employment ends earlier or there is a Change of Control.

FY24 MLTI outcomes

Executive	**Maximum LTI** (% of TFR)	**LTI tested and awarded in FY24** (% of Maximum LTI available over 3 year period)	**LTI tested and forfeited in FY24** (% of Maximum LTI available over 3 year period)	**LTI to be tested across FY25 & FY26** (% of Maximum LTI available over 3 year period)
Theresa Mlikota	75%	33%	0%	67%

As noted in section 7.3.2 above, the EPS growth KPI also applied to the FY24 performance period under the FY22 LTI plan and FY23 LTI plans. As such, for executives participating in the FY22 and FY23 plans, there has been a maximum award under those plans for the FY24 performance period.

Awards under prior year LTI plans



Graphic notes:

(1) Expressed as a percentage of maximum LTI available over the 3-year period.

(2) Mr Testrow is a participant of the FY22 and FY23 LTI plans. Ms Mlikota is not a participant of these earlier plans.

(3) As detailed above, the KPI for the FY24 performance period is the same under all plans and the outcomes are therefore the same. Outcomes for prior performance periods under the FY22 and FY23 LTI plans are detailed in the FY22 and FY23 annual reports.

The FY21 LTI plan vested after release of the Company's FY23 full year results. Overall performance under that plan resulted in awards of approximately 50% of maximum entitlement.

As noted above, due to the EPS KPI being met in respect of the FY24 performance period, there has been 100% award to executives under prior year plans in which they participate. Under these plans, assessment against KPIs is progressive over a three-year period with one-third of the maximum incentive being tested each year. Accordingly, a maximum of one-third of an executive's FY22 and FY23 award was available to be earned in FY24.

The FY22 LTI plan has now been fully tested across the three years and an overall award of approximately 52% of a participating executive's maximum entitlement has been made across the plan. The FY23 LTI has been tested across two years of the performance period (testing two thirds of the maximum potential entitlement), with one year (or one-third of the maximum potential entitlement) remaining to be tested in FY25.

The number of Rights which have or, subject to shareholder approval, will be awarded to KMP's under these plans is set out in section 10 below.

Any deferred components will be tested against their applicable KPIs in subsequent years.

Statutory Executive KMP remuneration

The following table sets out total remuneration for executive KMP in FY24 and FY23, calculated in accordance with statutory accounting requirements.

Statutory executive KMP remuneration

KMP		Short-term employee benefits			Post-employment benefits			Share-based payments		
		Salary & fees [1]	Short-term bonus payments [2]	Non-monetary	Superannuation	Other long-term benefits [3]	Termination benefits	Long-term equity incentives [4]	Total statutory remuneration	% of remuneration performance related
Executive director										
Ian Testrow [5] [6]	FY24	1,429,982	1,394,250	597,641	27,500	81,026	-	2,245,113	5,775,512	63%
	FY23	1,361,700	152,981	217,176	27,500	32,336	-	1,111,502	2,903,195	44%
Other executives										
Theresa Mlikota	FY24	650,351	477,287	-	27,500	13,950	-	316,515	1,485,603	53%
	FY23	95,974	-	-	3,702	-	-	-	99,676	-
Thao Pham [7]	FY24	-	-	-	-	-	-	-	-	-
	FY23	534,521	46,078	-	24,327	15,764	-	334,925	955,615	40%
TOTAL KMP remuneration	**FY24**	**2,080,333**	**1,871,537**	**597,641**	**55,000**	**94,976**	**-**	**2,561,628**	**7,261,115**	**61%**
	FY23	1,992,195	199,059	217,176	55,529	48,100	-	1,446,427	3,958,486	42%

(1) These figures include annual leave accrual adjustments.

(2) The FY24 figure includes awards under the FY24 STI as approved by the Board in August 2024. These awards will be received in FY25.

(3) Long service leave accruals are revalued where an employee's remuneration increases. Figures also include certain on-costs which may be re-calculated from time to time.

(4) The FY24 figures include Rights granted (for accounting purposes) by the Company in FY19 to FY24, however no Rights under the FY24 LTI plan were issued in FY24.

(5) Mr Testrow's salary & fees for FY23 include an interest expense reimbursement of $314,846 (inclusive of FBT) on a personal loan provided by a subsidiary of the Company to Mr Testrow (refer to note 10 of the financial statements for further information). The interest expense reimbursed was $166,868, with an estimated FBT liability of $147,978.

(6) The non-monetary benefit for Mr Testrow reflects the zero-interest component of the loan provided by a subsidiary of the Company of $316,748 (FY23: $115,103) plus estimated FBT of $280,893 (FY23: 102,073) totalling $597,641 (FY23: $217,176). Refer to note 10 of the financial statements for further information.

(7) Ms Pham ceased to be a KMP on 7 May 2023.

8. Executive contracts

FY24 remuneration arrangements for executives are formalised in their employment agreements. The employment agreements are for an indefinite term unless terminated by either the Company or the executive. The termination provisions under the executives' employment agreements during FY24 are as follows:

Executive	Resignation	Termination for cause	Termination payment (1)
Managing Director & CEO notice period (by company or executive)	12 months' notice	No notice (2)	See section 7.1 (3)
CFO notice period (by company or executive)	6 months' notice	No notice	Nil

(1) Other than salary in lieu of notice and accrued statutory leave entitlements.

(2) Until the end of the Variation Period (30 June 2027), Mr Testrow's employment can only be terminated in specified circumstances, such as serious misconduct, material breach of policy, bankruptcy, serious or persistent breach of employment agreement, on conviction of an indictable offence (excluding road traffic offences absent a custodial penalty) and other similarly serious circumstances.

(3) At the 2023 AGM, shareholders approved the termination payments that would be payable to Mr Testrow should his employment end prior to the end of the Variation Period (30 June 2027).

9. Non-executive director remuneration

Fees for non-executive directors are fixed and are not linked to the financial performance of the Company. The Board believes this is necessary for non-executive directors to maintain their objectivity and avoid any perceived bias in their decision-making.

Non-executive director fees are usually reviewed annually in August. The Board may consider advice from external consultants when undertaking the annual review process.

The ASX listing rules specify that the non-executive directors fee pool shall be determined from time to time by a general meeting. The Company's constitution has provided for an aggregate fee pool of $1,200,000 per year since its listing on the ASX.

The Board will not seek any increase for the non-executive directors fee pool at the 2024 AGM.

Structure

The allocation of fees to non-executive directors within this cap has been determined after consideration of a number of factors including the time commitment of directors, the size and scale of the Company's operations, the skill sets of board members, the quantum of fees paid to non-executive directors of comparable companies and participation as chair or in board committee work.

During FY24, in accordance with the recommendation of the Remuneration and Nomination Committee:

- the non-executive director fees were increased by 3% effective 1 October 2023.
- the legislated increase in superannuation guarantee contributions of 0.5% was applied on top of remuneration for non-executive directors effective from 1 July 2023.
- directors were paid a fee for each committee they were a member from 1 August 2023.

The table below summarises the non-executive directors fee policy for FY24 (inclusive of superannuation):

Board fees	**30 June 2024**	**30 June 2023**
Chair	$178,869	$172,796
Directors	$113,038	$109,200
Committee fees	**30 June 2024**	**30 June 2023**
Committee Chair	$15,071	$14,560
Committee Member	$11,303	$10,920

Non-executive directors do not receive retirement or termination benefits, nor do they participate in any short or long term incentive programme.

The remuneration of non-executive directors for FY24 and FY23 is detailed in the table below.

Statutory non-executive director remuneration

Non-executive directors		**Short-term employee benefits**	**Post-employment benefits**	**Long-term benefits**	**Total**
		Salary and fees	**Superannuation benefits**	**Long-term equity incentives**	
Peter Frank	FY24	105,314	11,575	-	116,889
	FY23	100,486	10,410	-	110,896
Peter Kane	FY24	122,737	13,491	-	136,228
	FY23	107,708	11,168	-	118,876
James Walker III	FY24	104,096	11,440	-	115,536
	FY23	5,853	615	-	6,468
Sarah Adam-Gedge (1)	FY24	91,196	10,032	-	101,228
	FY23	-	-	-	-
Peter Richards (2)	FY24	169,512	18,630	-	188,143
	FY23	167,507	17,419	-	184,926
Keith Skinner (3)	FY24	-	-	-	-
	FY23	107,525	11,145	-	118,670
TOTAL	**FY24**	**592,855**	**65,168**	**-**	**658,023**
	FY23	489,079	50,757	-	539,836

(1) Ms Adam-Gedge commenced as a director on 1 October 2023.
(2) Mr Richards retired as a director on 31 May 2024.
(3) Mr Skinner retired as a director on 13 June 2023.

10. Additional disclosures relating to share-based payments

Grants and vesting of equity-settled awards made during FY24 to executives in connection with the Company's open long-term incentive plans are set out in the next table.

All grants are rights (or an entitlement to receive rights) to receive one fully paid ordinary Emeco share. The vesting of rights is subject to satisfaction of vesting conditions. Once vested, a participant has a period within which to exercise the right (at zero cost) and receive shares.

Summary of executive KMP allocated, vested or lapsed equity

Executive		Grant date (1)	Number granted (2)	% vested to the date of this report	% forfeited to the date of this report (3)	Vesting date (4) (5)	Fair value per share/ right at grant date (6)
Ian Testrow [A]							
2019	MIP (Year 4)	15/11/2018	1,000,000	100%	-	24/08/2023	$3.30
2021	LTI (Year 1)	18/11/2021	377,020	100% [D]	-	25/08/2023	$1.06
	LTI (Year 2)	17/11/2022	218,275	100% [D]	-	25/08/2023	$0.68
	LTI (Year 3) [E]	-	-	-	100%	-	-
2022	LTI (Year 1)	17/11/2022	194,485	-	-	22/08/2024	$0.70
	LTI (Year 2) [E]	-	-	-	100%	-	-
	LTI (Year 3) [B]	-	-	-	-	Aug-2024	-
2023	LTI (Year 1) [E]	-	-	-	100%	-	-
	LTI (Year 2) [B]	-	-	-	-	Aug 2025	-
	LTI (Year 3)	-	-	-	-	Aug 2025	-
2024	CEO LTI	29/11/2023	2,307,693	-	0%	Aug-2027	$0.71
Theresa Mlikota [F]							
2024	MLTI (Year 1)	19/12/2023	271,881 [c]	-	0%	Aug-2026	$0.64
2024	MLTI (Year 2)	19/12/2023	271,881 [c]	-	-	Aug-2026	$0.64
2024	MLTI (Year 3)	19/12/2023	271,881 [c]	-	-	Aug-2026	$0.64

[A] Mr Testrow's grant of awards under: (i) FY19 MIP were approved by shareholders on 15 November 2018; (ii) FY21 LTI (Year 1) was approved by shareholders on 18 November 2021; (iii) FY21 LTI (Year 2) and FY22 LTI (Year 1) was approved by shareholders on 17 November 2022; (iv) no grant was made in respect of FY21 LTI (Year 3), FY22 LTI (Year 2) and FY23 LTI (Year 1).

[B] Mr Testrow may, subject to shareholder approval, be granted 353,607 Rights in respect of Year 3 of the FY22 LTI and 479,192 Rights in respect of Year 2 FY23 LTI.

[C] This figure represents maximum entitlement under the FY24 LTI plan across each year in the three-year performance period and does not reflect the number of Rights that may be issued in each year across the performance period after testing of the relevant KPIs. Refer to table below for more information regarding Rights held by KMPs.

[D] Rights under the FY21 LTI plan vested on 24 August 2023, becoming vested performance rights. These vested performance rights were exercised into ordinary shares in accordance with their terms on 25 August 2023. Further details regarding the FY21 LTI plan is set out in the FY21 remuneration report.

[E] There was no award for the 2023 performance period under the FY21, FY22 or FY23 LTI plan due to failure to satisfy the KPI.

[F] Ms Mlikota commenced her role in May 2023 and is eligible to participate in the STI and LTI plans from FY24.

(1) Grant date in this table relates to the grant of the long-term incentive for accounting purposes only and, in respect of the FY21 FY22, FY23 and FY24 MLTI incentive plans, differs from the date Rights may be issued over the course of the life of the plan.

(2) Figures for Mr Testrow are stated following assessment of the relevant KPI by the Board and shareholder approval. Figures for other executives represent the maximum entitlement under the relevant plans and are stated prior to assessment of the relevant KPI.

(3) Includes amounts for FY22 LTI (Year 3) and FY23 LTI (Year 2) and FY24 CEO LTI and FY24 MLTI (year 1) following the assessment of the FY24 KPI by the Board after the end of the FY24 financial year.

(4) Vesting of Rights are subject to satisfaction of vesting and performance conditions and, in some circumstances, may be earlier than the date stated above (see section 5, 'What happens if an executive leaves?' in respect of the FY24 LTI plan). A participant has a period of time after the vesting date in which to exercise any vested rights into shares. The minimum total value of the grants for future financial years is zero if the service condition is not satisfied. An estimate of the maximum possible total value in future financial years is the fair value at grant date multiplied by the number of equity instruments awarded. See section 7 for details of the KPI applicable to awards under the FY24 LTI. Full details of the vesting conditions for all prior year equity settled grants to executives are included in the remuneration report for the relevant year.

(5) Where exact vesting dates are not noted, the vesting date will follow release of the Company's full year results.

(6) For the long-term incentive awards, the fair value of awards granted in the year is the fair value of those rights calculated at grant date using a Black-Scholes option-pricing model. For all securities, the fair value is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the Statutory executive KMP remuneration table is the portion of the fair value of the securities recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the relevant period. The fair value of all securities is not related to or indicative of the benefit (if any) that an executive may ultimately realise if the equity instruments vest.

KMP Rights

Details of Rights held by KMP, including their personally related entities, for FY24 are as follows:

KMP	Rights [(1)]	Holding at 1 July 2023	Rights issued in FY24 [(2)]	Rights vested in FY24 [(3)]	Holding at 30 June 2024	Potential future Rights [(4)]
Executive director						
Ian Testrow	Rights / performance shares	1,000,000	-	1,000,000	-	-
	Rights / performance shares	789,780	-	595,295 [A]	194,485	3,619,684
Other executives						
Theresa Mlikota [(5)]	Rights / performance shares	-	-	-	-	815,643

(1) A 'performance share' is a right to one fully paid ordinary Emeco share currently on issue. A 'performance right' is a right to receive one fully paid ordinary Emeco share. The vesting of performance shares and performance rights is subject to satisfaction of vesting conditions. On satisfaction of those conditions, ordinary shares will be received by the holder of the performance share on the vesting date. A performance right will, on vesting, become exercisable into ordinary shares at the election of the holder within the exercise period.

(2) There was no LTI award for the FY23 performance period due to failure to satisfy the LTI KPI.

(3) Rights vested in FY24 includes awards under the FY19 MIP and the FY21 LTI incentive plans.

(4) Maximum remaining possible entitlement to Rights under the FY22, FY23 and FY24 LTI plans.

(5) Ms Mlikota commenced as CFO in May 2023 and is eligible to participate in the MLTI plan from FY24.

[A] 595,295 performance rights issued under the FY21 LTI plan vested after release of the Company's FY23 full year results and were exercised into ordinary shares on 25 August 2023.

KMP Shareholding

Details of shares held by KMP, including their personally related entities, for FY24 are as follows:

KMP	Holding at 1 July 2023	Shares received as a result of rights vesting in FY24	Shares otherwise issued in FY24	Net other changes	Holding at 30 June 2024
Non-executive directors					
Peter Richards [A]	11,044	-	-	-	11,044
Peter Frank	-	-	-	-	-
Peter Kane	10,288	-	-	-	10,288
James Walker III	-	-	-	-	-
Sarah Adam-Gedge	-	-	-	-	-
Executives					
Ian Testrow	13,581,238	1,595,295	-	-	15,176,533
Theresa Mlikota	-	-	-	-	-

[A] Mr Richards retired as a director on 31 May 2024.

11. Loans to key management personnel and their related parties

As approved by shareholders at the 2022 AGM, a zero-interest loan for a principal amount of $4,948,640.55 was provided by a subsidiary of the Company to Mr Ian Testrow. The principal amount was advanced to Mr Testrow in February 2023 and is repayable on the earlier of: 30 June 2027; within 6 months in the event of Mr Testrow's death or total and permanent disability; or prior to the amendment of the loan described below, within 3 months of Mr Testrow ceasing to be employed by the Emeco Group.

This loan was designed to incentivise Mr Testrow to retain his equity investment in the Company at current levels. The proceeds of the loan were used to discharge a third-party interest-bearing loan taken out by Mr Testrow to assist in funding personal tax liabilities arising from shares in the Company received by Mr Testrow under the management incentive plan (as approved by shareholders in 2017 at the time of the Company's recapitalisation).

As announced on the ASX on 3 August 2023, and to further incentivise Mr Testrow to remain with the Company for at least the next four years, the terms of the loan to Mr Testrow have been varied with effect from FY24 to provide that if Mr Testrow were to resign and his employment end before 30 June 2027:

- the loan will attract an interest rate of 12% per annum from the date the loan was drawn until the date the loan is repaid in full (loan previously interest free in all circumstances); and
- the loan becomes due on the date Mr Testrow's employment ends (previously three months after Mr Testrow's employment ends).

Further details regarding this loan and amounts paid during the year are set out in Statutory executive KMP remuneration table above and in note 10 of the notes to the financial statements.

12. Other transactions and balances with key management personnel and their related parties

Except for the loan and reimbursement arrangement with Mr Testrow described above, there are no other transactions and balances with key management personnel and their related parties.

Signed in accordance with a resolution of the directors.

Ian Testrow
Managing Director

Dated at Perth, 21st day of August 2024

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The Board of Directors
Emeco Holdings Limited
Level 3, 133 Hasler Road
Osborne Park WA 6017

21 August 2024

Dear Board Members

Auditor's Independence Declaration to Emeco Holdings 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 Emeco Holdings Limited.

As lead audit partner for the audit of the financial report of Emeco Holdings Limited for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

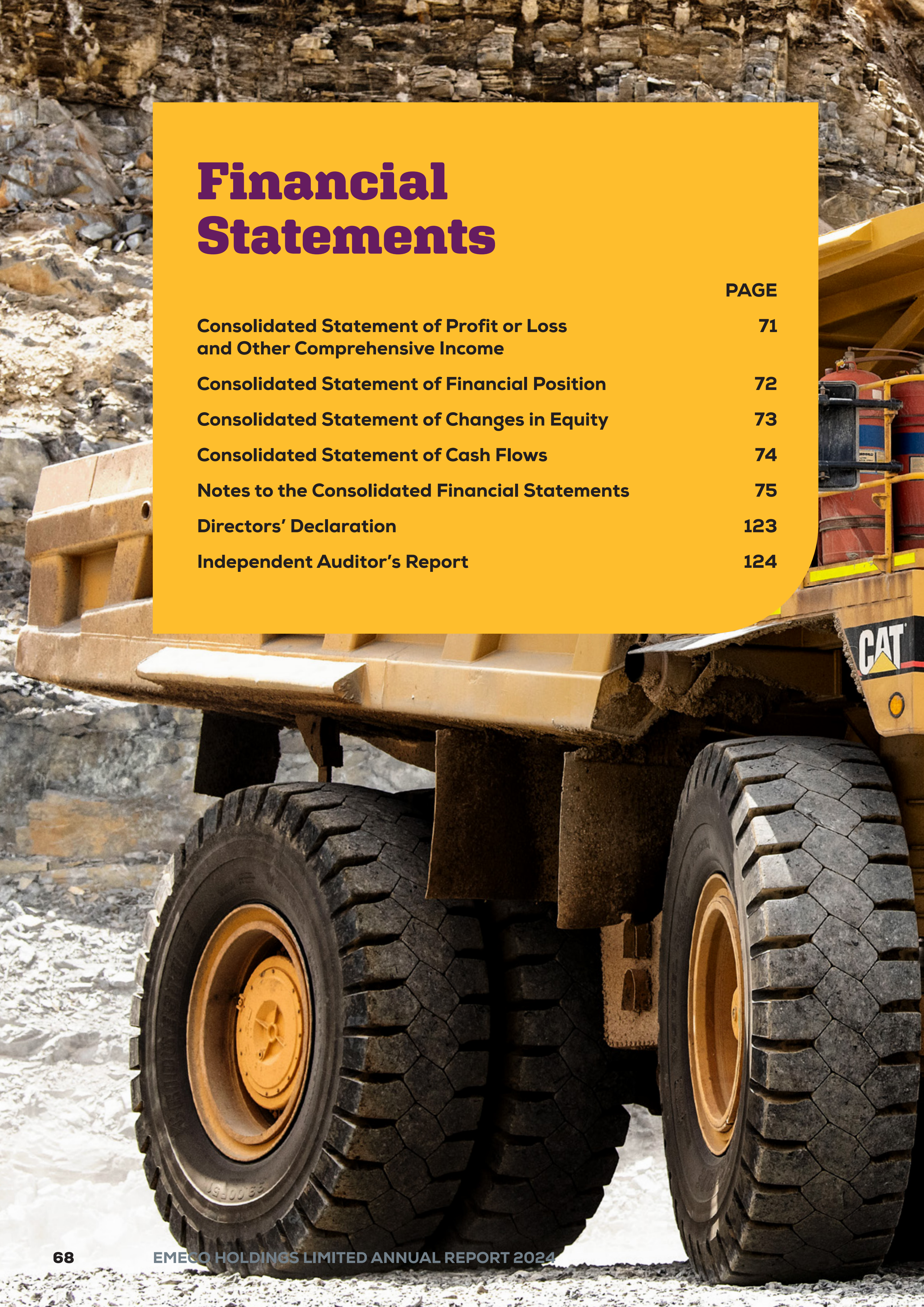
(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants



Financial Statements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The financial statements cover Emeco Holdings Limited ("the Company" or "the Parent") as a consolidated entity (referred to hereafter as "the Group") consisting of Emeco Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is the functional and presentation currency of the Company.

Emeco Holdings Limited is a public company limited by shares, incorporated, and domiciled in Australia. The Group is a for-profit entity.

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 consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB). The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

The consolidated financial statements were authorised for issue by the board of directors on 21 August 2024.

An accounting policy, critical accounting estimate, assumption, or judgement specific to a note is disclosed within the note itself.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Revenue	1	822,728	874,917
Other income	3	3,689	4,087
Repairs and maintenance		(140,058)	(152,704)
Employee expenses	4	(107,958)	(151,200)
External mining and maintenance services		(188,533)	(223,938)
Cartage and fuel		(27,690)	(21,606)
Depreciation and amortisation expense	4	(155,192)	(145,821)
Impairment of tangible assets	4	(16,345)	(981)
Other expenses	4	(89,215)	(80,594)
Trade receivables written-off	9	-	(23,013)
Finance income	4	1,795	670
Finance costs	4	(27,393)	(27,928)
Net foreign exchange loss	4	(223)	(52)
Profit before tax expense		75,605	51,837
Tax expense	5	(22,945)	(10,506)
Profit after tax		52,660	41,331
Other comprehensive income/(loss)			
Items that are or may be reclassified to profit and loss:			
Foreign currency translation differences (net of tax)		211	169
Total other comprehensive income for the year		211	169
Total comprehensive income for the year		52,871	41,500
Profit attributable to:			
Owners of the Company		52,660	41,331
Profit for the year		52,660	41,331
Total comprehensive profit attributable to:			
Owners of the Company		52,871	41,500
Total comprehensive income for the year		52,871	41,500

	Note	2024 cents	2023 cents
Profit per share:			
Basic earnings per share	6	10.20	7.99
Diluted earnings per share	6	10.04	7.85

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

Consolidated Statement of Financial Position As at 30 June 2024

	Note	2024 $'000	Restated 2023 $'000
Current assets			
Cash and cash equivalents	8	78,265	46,673
Trade and other receivables	9	139,231	157,765
Inventories and work in progress	11	41,635	46,584
Assets held for sale	12	15,738	1,165
Other current assets	9	19,132	16,890
Total current assets		294,001	269,077
Non-current assets			
Intangible assets	17	8,754	9,657
Property, plant and equipment	15	783,680	752,632
Right-of-use assets	16	83,661	75,527
Other financial assets	10	4,662	4,677
Total non-current assets		880,757	842,493
Total assets		1,174,758	1,111,570
Current liabilities			
Trade and other payables	13	130,485	170,292
Interest bearing liabilities	19	53,551	23,746
Provisions	14	11,780	15,645
Total current liabilities		195,816	209,683
Non-current liabilities			
Interest bearing liabilities	19	305,185	298,901
Provisions	14	725	696
Deferred tax liabilities	5	35,791	12,846
Total non-current liabilities		341,701	312,443
Total liabilities		537,517	522,126
Net assets		637,241	589,444
Equity			
Share capital	20	1,148,838	1,149,254
Reserves	20	(4,433)	(6,474)
Accumulated losses		(507,164)	(553,336)
Total equity attributable to equity holders of the Company		637,241	589,444

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

Consolidated Statement of Changes in Equity For the year ended 30 June 2024

	Share capital $'000	Share based payment reserve $'000	Foreign currency translation reserve $'000	Treasury shares $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2023	1,149,254	24,087	(169)	(30,392)	(553,336)	589,444
Total comprehensive income for the year						
Profit for the year	-	-	-	-	52,660	52,660
Other comprehensive income						
Foreign currency translation differences	-	-	211	-	-	211
Total comprehensive income for the year	-	-	211	-	52,660	52,871
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
On market share buy-back	(416)	-	-	-	-	(416)
Dividends paid	-	-	-	-	(6,488)	(6,488)
Shares vested during the year	-	(4,127)	-	4,127	-	-
Shares purchased by trust	-	-	-	(1,700)	-	(1,700)
Share-based payment transactions	-	3,530	-	-	-	3,530
Total contributions by and distributions to owners	(416)	(597)	-	2,427	(6,488)	(5,074)
Balance at 30 June 2024	1,148,838	23,490	42	(27,965)	(507,164)	637,241

	Share capital $'000	Share based payment reserve $'000	Foreign currency translation reserve $'000	Treasury shares $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022	1,155,856	28,475	-	(35,469)	(581,641)	567,221
Total comprehensive income for the year						
Profit for the year	-	-	-	-	41,331	41,331
Other comprehensive income						
Foreign currency translation differences	-	-	(169)	-	-	(169)
Total comprehensive income for the year	-	-	(169)	-	41,331	41,162
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
On-market share buy-back	(6,602)	-	-	-	-	(6,602)
Dividends paid	-	-	-	-	(13,026)	(13,026)
Shares vested during the year	-	(5,805)	-	5,805	-	-
Shares purchased by trust	-	-	-	(728)	-	(728)
Share-based payment transactions	-	1,417	-	-	-	1,417
Total contributions by and distributions to owners	(6,602)	(4,388)	-	5,077	(13,026)	(18,939)
Balance at 30 June 2023	1,149,254	24,087	(169)	(30,392)	(553,336)	589,444

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

Consolidated Statement of Cash Flows For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Cash receipts from customers		897,909	915,963
Cash paid to suppliers and employees		(635,986)	(683,760)
Cash generated from operations		261,923	232,203
Finance income received		1,548	572
Finance costs paid		(26,301)	(26,387)
Net cash generated by operating activities	7	237,170	206,388
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		13,514	3,485
Payment for property, plant and equipment		(214,947)	(179,411)
Loan issued to related party	10	-	(4,949)
Net cash used in investing activities		(201,433)	(180,875)
Cash flows from financing activities			
Dividends paid to Company's shareholders		(6,488)	(13,026)
Payments for shares bought back including brokerage		(416)	(6,602)
Purchase of own shares		(1,700)	(728)
Proceeds from borrowings		95,000	56,806
Repayment of borrowings		(66,217)	(52,781)
Repayment of lease liabilities and other financing		(24,311)	(22,664)
Net cash used in financing activities		(4,132)	(38,995)
Net increase/(decrease) in cash and cash equivalents		31,605	(13,482)
Cash and cash equivalents at beginning of the year		46,673	60,158
Effects of exchange rate fluctuations on cash held		(13)	(3)
Cash and cash equivalents at the end of the financial year		78,265	46,673

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

Notes to the Consolidated Financial Statements

A Results

The Group has three (2023: three) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and were managed separately because they require different operational strategies for each geographic region. For each of the strategic business units, the Managing Director and board of directors review internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Emeco Rental

Provides a wide range of earthmoving equipment solutions to customers in Australia. Additional technology platforms have been developed to enable customers to improve earthmoving efficiencies of their rental machines.

Force Workshops

Provides maintenance, equipment and component rebuild services to customers in Australia.

Emeco Underground

Provides a range of underground equipment rental services solutions and associated services to customers in Australia. This segment changed its name to Emeco Underground, formerly Pit n Portal (PnP), which previously included revenue from mining services. Refer to note 12 for further information.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and income tax as included in the internal management reports that are reviewed by the Group's Managing Director and board of directors. Segment earnings before interest, income tax, depreciation and amortisation is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Major customers

For the year ended 30 June 2024, the Group had three (2023: three) major customers comprising 10% or more of total Group revenue across the segments as indicated below:

	2024 $'000	2023 $'000
Emeco Rental	187,961	87,981
Force Workshops	88,557	104,443
Emeco Underground	-	108,722

1. Operating Segments

Information about reportable segments

	Emeco Rental $'000	Force Workshops $'000	Emeco Underground $'000	Total $'000
Year ended 30 June 2024				
Segment revenue	544,749	282,412	111,768	938,929
Intersegment revenue	-	(116,201)	-	(116,201)
Revenue from external customers	**544,749**	**166,211**	**111,768**	**822,728**
Other income	920	31	2,120	3,071
Restructuring costs	-	-	(2,410)	(2,410)
Segment earnings before interest, tax, depreciation and amortisation	**288,223**	**15,773**	**18,704**	**322,700**
Impairment of tangible assets	(669)	-	(15,676)	(16,345)
Depreciation and amortisation	(131,798)	(6,394)	(15,587)	(153,779)
Segment result (EBIT)	**155,756**	**9,379**	**(12,559)**	**152,576**
Corporate overheads				(51,150)
EBIT				**101,426**
Net finance expense				(25,598)
Net foreign exchange loss				(223)
Net profit before tax				**75,605**
Tax expense				(22,945)
Net profit after tax				**52,660**
Total assets for reportable segments	**928,360**	**53,046**	**114,276**	**1,095,682**
Unallocated assets				79,076
Total Group assets				**1,174,758**
Net capital expenditure	**188,761**	**3,698**	**8,974**	**201,433**
Total liabilities for reportable segments	**101,127**	**51,939**	**15,302**	**168,368**
Unallocated liabilities				369,149
Total Group liabilities				**537,517**

	Emeco Rental $'000	Force Workshops $'000	Emeco Underground $'000	Total $'000
Restated Year ended 30 June 2023				
Segment revenue	499,636	246,658	223,638	969,932
Intersegment revenue	(4,819)	(90,196)	-	(95,015)
Revenue from external customers	**494,817**	**156,462**	**223,638**	**874,917**
Other income	2,504	-	1,235	3,739
Trade receivables written-off	-	-	(23,013)	(23,013)
Segment earnings before interest, tax, depreciation and amortisation	**259,744**	**11,776**	**(5,796)**	**265,724**
Impairment of tangible assets	(981)	-	-	(981)
Depreciation and amortisation	(120,489)	(4,520)	(17,483)	(142,492)
Segment result (EBIT)	**138,274**	**7,256**	**(23,279)**	**122,251**
Corporate overheads				(43,104)
EBIT				**79,147**
Net finance expense				(27,258)
Net foreign exchange loss				(52)
Net profit before tax				**51,837**
Tax expense				(10,506)
Net profit after tax				**41,331**
Total assets for reportable segments	**831,836**	**55,968**	**168,392**	**1,056,196**
Unallocated assets				55,374
Total Group assets				**1,111,570**
Net capital expenditure	**162,871**	**2,432**	**10,623**	**175,926**
Total liabilities for reportable segments	**130,766**	**53,010**	**37,848**	**221,624**
Unallocated liabilities				300,502
Total Group liabilities				**522,126**

2 Revenue

The Group disaggregates revenue from its contracts with customers through three strategic business units, Emeco Rental, Force Workshops and Emeco Underground. This appropriately depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Group's fleet is commodity agnostic, and decision making relating to the sale of goods and services is driven by the economic factors affecting each business unit. For further information regarding revenue earned by reportable segments, refer to note 1.

Revenue is disclosed based on the type of good or service provided.

Rental revenue

Revenue from the rental of both open cut and underground equipment is recognised in profit or loss over time based on the number of hours the machines operate each month. The rental of each machine is considered to be a separate performance obligation with the transaction price generally set at a rate per hour. Customers are billed monthly.

Mining services

Mining services relate to the provision of equipment, equipment operator, technology and engineering solutions and the provision and maintenance of onsite infrastructure (electrical, ventilation, pumping, lighting services and special purpose vehicles). Mining services revenue is recognised over time on the basis of the work completed and billed to the customer as the customer receives the benefit. Customer contracts are generally based on a schedule of rates or a cost-plus basis.

Maintenance services

Maintenance services relate to the provision of both major component and full equipment rebuilds for both internal and external customers and the provision of mobile workshop services and infrastructure to support both Emeco and external customers' equipment. Revenue from services rendered is recognised in profit or loss over time in proportion to the stage of completion of the transaction at the reporting date, and customers are billed monthly. The Group's obligation to repair or make-good faulty works under the standard warranty terms is recognised as a provision.

Certain contracts with customers include a variable element which is subject to the Group meeting either certain cost targets or material movement Key Performance Indicators ("KPIs"). Variable consideration is recognised when it is highly probable that a significant reversal of revenue will not occur in a subsequent period.

3 Other Income

	2024 $'000	2023 $'000
Net profit on sale of Rental non-current assets (1)	1,034	1,428
Profit on sale of PnP non-current assets (2)	1,344	-
Sundry income	1,311	2,659
	3,689	4,087

(1) Included in net profit on sale of Rental non-current assets is the sale of rental equipment, including those non-current assets classified as held for sale. The gross proceeds from the sale of this equipment was $13,514,000 (2023: $3,485,000).

(2) Included in net profit on sale of PnP non-current assets is the sale of infrastructure assets and light vehicles to Macmahon as part of the sale of PnP mining services contracts. The gross proceeds from the sale of these assets was $6,736,000 (2023: nil).

4 Expenses

Profit before tax expense includes the following specific expenses:

	Note	2024 $'000	2023 $'000
Profit before income tax expense has been arrived at after charging/(crediting) the following items:			
Impairment of tangible assets:			
- PnP inventory		2,125	(2)
- PnP property, plant and equipment		13,601	-
- Rental property, plant and equipment		619	983
		16,345	981
Employee expenses:			
- salaries, wages and superannuation		104,428	149,783
- employee share plan expenses		3,530	1,417
		107,958	151,200
Other expenses:			
- motor vehicles		3,368	3,506
- safety, staff training and amenities		5,445	5,234
- travel and subsistence expense		13,140	12,613
- workshop consumables, tooling and labour		6,228	6,487
- insurance		4,102	5,103
- property and office expenses		6,935	10,616
- telecommunications and IT		4,307	4,401
- restructuring and redundancies		2,410	-
- corporate, accounting and legal		5,513	4,253
- hired-in equipment and services		29,784	22,423
- other expenses		7,983	5,958
		89,215	80,594
Depreciation of property, plant and equipment:			
- buildings		54	46
- plant and equipment		132,612	121,864
- office equipment		677	1,080
- motor vehicles		1,697	1,756
- leasehold improvements		318	218
- sundry plant		1,655	1,553
	15	137,013	126,517
Depreciation of right-of-use asset	16	17,563	17,855
Total depreciation		154,576	144,372
Amortisation of intangible assets:			
- contract intangible		568	790
- software		48	659
	17	616	1,449
Total depreciation and amortisation		155,192	145,821

	2024 $'000	2023 $'000
Finance costs:		
- interest expense	25,245	25,016
- amortisation of debt establishment costs using effective interest rate	1,091	1,366
- other facility costs	1,057	1,546
Finance costs[1]	27,393	27,928
Finance income:		
- interest income	(1,795)	(670)
Finance income	(1,795)	(670)
Foreign exchange loss/(gain):		
- net realised foreign exchange loss	146	1
- net unrealised foreign exchange loss	77	51
Net foreign exchange loss	223	52

(1) Refer to note 19 for further details associated with these finance costs.

Amortisation and impairment

An asset recognised is amortised to direct costs on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. An impairment loss is recognised in direct costs in the profit or loss, to the extent that the carrying amount of the contract asset exceeds the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- discount on repurchased debt;
- the net gain or loss on financial assets at fair value through profit or loss;
- the foreign currency gain or loss on financial assets and liabilities;
- withholding tax;
- amortisation of the loan receivable from related party (refer to note 10 for further information)
- amortisation of borrowing costs capitalised using the effective interest method; and
- fees on supply chain financing facilities.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

5 Tax

a) Income tax expense

	2024 $'000	2023 $'000
Deferred tax expense		
Origination and reversal of temporary differences and tax losses in the current year	22,945	10,506
Tax expense	22,945	10,506

b) Current and deferred tax expense / (benefit) recognised directly in equity

	2024 $'000	2023 $'000
Foreign exchange expense/(benefit)	(28)	218
	(28)	218

c) Numerical reconciliation of income tax expense and tax at the statutory rate

	2024 $'000	2023 $'000
Tax at the statutory rate of 30%	22,682	15,551
Increase/(decrease) in income tax expense due to:		
Derecognition of foreign tax losses	73	35
Other non-deductible expenses	150	58
Prior year error - debt deductions	-	(2,299)
Additional tax losses arising from amended interest deductions	-	(3,635)
Under provided in prior years	40	796
Tax expense	22,945	10,506

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	-	-	(125,429)	(132,739)	(125,429)	(132,739)
Intangibles	-	-	(255)	(470)	(255)	(470)
Receivables	-	-	(790)	(614)	(790)	(614)
Right-of-use contracts	1,091	17,387	-	-	1,091	17,387
Other financial assets	-	-	(739)	(178)	(739)	(178)
Inventories	-	-	(2,139)	(2,256)	(2,139)	(2,256)
Payables	1,099	741	-	-	1,099	741
Interest bearing loans and borrowings	-	-	-	(209)	-	(209)
Unearned revenue	-	-	869	(25)	869	(25)
Business costs	186	516	-	-	186	516
Provisions	3,751	11,688	-	-	3,751	11,688
Borrowing costs	-	-	-	-	-	-
Employee share costs	-	-	321	(228)	321	(228)
Tax losses carried forward	86,244	93,541	-	-	86,244	93,541
Tax assets/(liabilities)	92,371	123,873	(128,162)	(136,719)	(35,791)	(12,846)
Set off of tax	(92,371)	(123,873)	92,371	123,873	-	-
Net tax assets/(liabilities)	-	-	(35,791)	(12,846)	(35,791)	(12,846)

Movement in deferred tax balances

	Balance 1 July 2023 $'000	Reclass [1] $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Balance 30 June 2024 $'000
Property, plant and equipment	(132,739)	17,915	(10,605)	-	(125,429)
Intangible assets	(470)	-	215	-	(255)
Receivables	(614)	-	(176)	-	(790)
Right-of-use contracts	17,387	(17,915)	1,619	-	1,091
Other financial assets	(178)	-	(561)	-	(739)
Inventories	(2,256)	-	117	-	(2,139)
Payables	741	-	328	30	1,099
Interest bearing loans and borrowings	(209)	-	209	-	-
Unearned revenue	(25)	-	894	-	869
Business costs	516	-	(330)	-	186
Provisions	11,688	-	(7,937)	-	3,751
Employee share costs	(228)	-	549	-	321
Tax losses carried forward	93,541	-	(7,297)	-	86,244
	(12,846)	-	(22,975)	30	(35,791)

(1) Reclassification of deferred tax balances related to reclassification of equipment between property, plant and equipment and right-of-use assets.

	Balance 1 July 2022 $'000	Reclass [1] $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Balance 30 June 2023 $'000
Property, plant and equipment	(114,501)	(8,936)	(9,302)	-	(132,739)
Intangible assets	(470)	-	-	-	(470)
Receivables	(289)	-	(325)	-	(614)
Right-of-use contracts	13,021	8,936	(4,570)	-	17,387
Other financial assets	(168)	-	(10)	-	(178)
Inventories	(1,574)	-	(682)	-	(2,256)
Payables	1,050	-	(91)	(218)	741
Interest bearing loans and borrowings	-	-	(209)	-	(209)
Unearned revenue	(25)	-	-	-	(25)
Business costs	847	-	(331)	-	516
Provisions	4,582	-	7,106	-	11,688
Borrowing costs	4,739	-	(4,739)	-	-
Employee share costs	(434)	-	206	-	(228)
Tax losses carried forward	91,100	-	2,441	-	93,541
	(2,122)	-	(10,506)	(218)	(12,846)

(1) Reclassification of deferred tax balances related to reclassification of equipment between property, plant and equipment and right-of-use assets.

Unrecognised deferred tax assets

	2024 $'000	2023 $'000
The following deferred tax assets have not been brought to account as assets:		
Tax losses	82,498	82,425

Unutilised tax losses are in Chile, Indonesia, the United Kingdom, United States and Europe and are not expected to be utilised by the Group.

Use of estimates and judgements

Recognition of tax losses

In accordance with the Company's accounting policies for deferred taxes, a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise these losses. This includes estimates and judgements about future profitability, capital structure and tax rates. Changes in these estimates and assumptions could impact on the amount and probability of unused tax losses and accordingly the recoverability of deferred tax assets. Operating profits have continued to be generated in the current period, with tax losses of $26,664,000 being utilised in the current year, taking the recognised losses to $86,244,000 as at 30 June 2024 (2023: $93,541,000). The Company expects to fully utilise these Australian tax losses as the Group is expected to continue to trade profitably.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised and increased to the extent unrecognised tax losses are now considered probable.

(iii) Tax exposures

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 16 December 2004 and are therefore taxed as a single entity from that date. The entities acquired during the period were added to the tax consolidated group on the date of acquisition. The head entity of the tax consolidated group is Emeco Holdings Limited.

(iv) Tax consolidation

Amounts payable or receivable under the tax funding arrangement between the Company and the entities in the tax consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group.

This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred and does not tax effect transactions that have no tax consequences to the Group.

The same basis is used for tax allocation within the tax-consolidated group.

The Company has adopted the AASB 112 amendments related to the Organisation for Economic Co-operation and Development Pillar two tax reforms and has performed an assessment of its potential exposure to the profit and tax liability.

6 Earnings Per Share

Basic earnings per share

The calculation of basic earnings per share for the year ended 30 June 2024 was based on the profit attributable to ordinary shareholders of $52,660,000 (2023: $41,331,000) and a weighted average number of ordinary shares outstanding less any treasury shares for the year ended 30 June 2024 of 516,388,000 (2023: 517,322,000).

Profit attributed to ordinary shares (basic)

	2024 $'000	2023 $'000
Profit for the year	52,660	41,331

Weighted average number of ordinary shares

	2024 '000	2023 '000
Issued ordinary shares at 1 July	515,594	522,104
Effect of vested employee share plans	1,123	1,033
Effect of on-market share buy-back during the year	(329)	(5,815)
Weighted average number of ordinary shares (basic) at 30 June	516,388	517,322

	cents	cents
Profit per share:		
Basic earnings per share	10.20	7.99

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 June 2024 was based on the profit attributable to ordinary shareholders of $52,660,000 (2023: $41,331,000) and a weighted average number of ordinary shares outstanding less any treasury shares during the financial year ended 30 June 2024 of 524,283,000 (2023: 526,247,000).

Profit attributed to ordinary shareholders (diluted)	2024 $'000	2023 $'000
Profit attributed to ordinary shareholders (basic)	52,660	41,331

Weighted average number of ordinary shares (diluted)

	2024 '000	2023 '000
Issued ordinary shares at 1 July	515,594	522,104
Effect of vested employee share plans	1,123	1,033
Effect of unvested employee share plans	7,895	8,925
Effect of on-market share buy-back during the year	(329)	(5,815)
Weighted average number of ordinary shares (diluted) at 30 June	524,283	526,247

	cents	cents
Profit per share:		
Diluted earnings per share	10.04	7.85

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. Shares have no par value.

In the event of a company's liquidation, ordinary shareholders rank behind all other creditors and are only entitled to any remaining proceeds after all secured, unsecured, and preferential creditors have been paid.

B Cash Flow Information

7 Reconciliation of Profit After Income Tax to Net Cash from Operating Activities

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	2024 $'000	2023 $'000
Net profit after tax		52,660	41,331
Add/(less) items classified as investing/financing activities:			
Profit on sale of non-current assets	3	(2,378)	(1,428)
Add/(less) non-cash items:			
Depreciation and amortisation	4	155,192	145,821
Amortisation of borrowing costs using effective interest rate	4	1,091	1,366
Net foreign exchange loss	4	223	52
Impairment losses on tangible assets	4	16,345	981
Trade receivables written-off	9	-	23,013
Equity settled share-based payments	4	3,530	1,417
Income tax expense	5	22,945	10,506
Net cash from operating activities before change in assets/(liabilities)		249,608	223,059
Change in operating assets and liabilities, net of effects from purchase of controlled entity:			
Decrease/(increase) in trade and other receivables		3,831	(22,501)
(Increase) in inventories		(112)	(965)
(Decrease)/increase in trade and other payables		(12,318)	5,680
(Decrease)/increase in provisions		(3,839)	1,115
Net cash from operating activities		237,170	206,388

C Working Capital

8 Cash and Cash Equivalents

	2024 $'000	2023 $'000
Cash at bank	78,265	46,673

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 subject to an insignificant risk of changes in value.

9 Trade and Other Receivables and Other Current Assets

	2024 $'000	2023 $'000
Current		
Trade and other receivables		
Trade receivables	111,860	112,262
Accrued revenue	18,184	33,862
Less: Allowance for expected credit losses	(308)	(190)
	129,736	145,934
VAT/GST receivable	-	511
Other receivables	9,179	11,058
Deferred employee benefits expense(1)	316	262
	139,231	157,765
Other current assets		
Prepayments	5,085	4,703
Contract assets	14,047	12,187
	19,132	16,890

(1) Deferred employee benefits expense relates to expected employee benefits to be recognised in the consolidated statement of profit or loss and other comprehensive income on a loan to a related party over the next 12 months. Refer to note 10 for further information.

The fair value of trade and other receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual and interim reporting date.

The movement in the allowance for expected credit losses ("ECL") in respect of trade receivables and accrued revenue during the period was as follows:

	2024 $'000	2023 $'000
Opening loss allowance	190	189
Collective expected credit losses recognised during the year (1)	-	1
Loss allowance on trade receivables arising during the year	118	23,013
Loss allowance on trade receivables written off during the year	-	(23,013)
Closing loss allowance	308	190

(1) The collective ECL is calculated using a combination of historical losses and economic conditions that are representative of those expected to exist during the life of the receivable. This is based on historical loss rates, ageing of debtors and economic factors that include commodity prices. The Group considers blue-chip and insured customers as no risk, and only assesses uninsured and underinsured customers that have breached their trading terms in the ECL calculation. The Group also reviews specific customer receivables deemed a higher recoverability risk.

The Group's exposure to credit risks, currency risks and impairment losses associated with trade and other receivables are disclosed in note 18.

Contract costs

Costs incurred to prepare assets for work on a specific contract (or specific anticipated contract) that can be separately identified, such as mobilisation of earthmoving equipment to customer sites and modifying assets to meet customer specifications, are recognised as a contract cost asset and amortised to direct costs over the term of the contract. The Group's policy is that an anticipated contract is a contract where it is, more likely than not, that the contract will be obtained. In determining the contract asset value, the following is taken into account:

- costs of obtaining a contract: the incremental costs of obtaining a contract with a customer are recognised as an asset if the entity expects to recover those costs; and
- costs of fulfilling a contract: costs that are required to be incurred in order to fulfil contract obligations that are not already costs accounted for under other accounting standards i.e. inventory or property, plant and equipment.

Costs that relate directly to a contract (or a specific anticipated contract) include any of the following:

- direct labour;
- direct materials;
- allocations of costs that relate directly to the contract or to contract activities;
- costs that are explicitly chargeable to the customer under the contract; and
- other costs that are incurred only because an entity entered into the contract.

10 Other Financial Assets

Loan issued to related party

At the Company's 2022 AGM held on 17 November 2022, the provision of a zero-interest loan by a subsidiary of the Company to Mr Testrow (Managing Director and Chief Executive Officer) was approved by Shareholders. The principal amount of the loan of $4,948,640.55 was drawn on 17 February 2023.

An amount of $166,868 was reimbursed to Mr Testrow for interest expense incurred during 2023 on a personal loan drawn with a third party Australian financial institution. The FBT liability associated with the interest expense reimbursement provided to Mr Testrow is $147,978, resulting in a total cost of interest reimbursement of $314,846.

A non-monetary employee benefits expense of $316,748 (2023: $115,103) has been recognised in the Statement of Profit or Loss or Other Comprehensive Income, reflecting the zero-interest component of the loan provided to Mr Testrow. The estimated FBT liability associated with the zero-interest component of the unsecured loan provided to Mr Testrow is $280,893 (2023: $102,073), resulting in a total zero-interest loan benefit of $597,641 (2023: $217,176). The non-monetary benefit and FBT liability for 2023 and 2024 has been determined using an assumed interest rate of 7.77%, based on the Australian Taxation Office benchmark interest rate for the FBT year ending 31 March 2024.

The total cost of the interest expense reimbursement and zero-interest component of the unsecured loan provided to Mr Testrow for the year ended 30 June 2024, inclusive of FBT was $597,641 (2023: $532,022).

The current portion of the loan of $316,748 (2023: $262,000) is recorded in other receivables (refer to note 9), reflecting the expected employee benefits expense to be recognised over the next 12 months for the zero-interest loan provided to Mr Testrow, while the remaining loan receivable of $4,662,000 (2023: $4,677,000) is recorded as an "other financial asset" in the Statement of Financial Position.

On 3 August 2023, the Group announced material changes to Mr Testrow's terms of employment, resulting in the loan attracting an interest rate of 12% per annum, only in the event that Mr Testrow resigns and his employment ends before 30 June 2027 (calculated from the date the loan was drawn until repayment date). The loan is also repayable on the date Mr Testrow's employment ends (previously three months after employment ends).

The loan was drawn to fund tax liabilities arising from the vesting of Management Incentive Plan ("MIP17") Shares granted in March 2017. The intention of the zero-interest loan is to incentivise Mr Testrow to retain his equity investment in the Company.

Subsidiaries

Loans are made between wholly owned subsidiaries of the Group for corporate purposes.

Loans outstanding between the different wholly owned entities of the Company have no fixed date of repayment. Loans made between subsidiaries within a common taxable jurisdiction are interest free.

Ultimate parent entity

Emeco Holdings Limited is the ultimate parent entity of the Group.

11 Inventories

	2024 $'000	Restated [2] 2023 $'000
Work in progress - at cost [1]	23,797	25,221
Consumables, equipment & spare parts - at cost	12,590	18,001
Total at cost	36,387	43,222
Equipment and parts - at net realisable value	5,248	3,362
Total inventory	41,635	46,584

(1) During the year ended 30 June 2024, $2,125,000 impairment of inventories on sale of PnP was recognised in the consolidated statement of profit or loss and other comprehensive income (2023: $2,000).

(2) Refer to note 29 for details on prior year restatement.

Inventories consist of equipment and parts and are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

12 Assets Held for Sale

During the year $34,209,000 (2023: $1,869,000) of assets were transferred from property, plant and equipment into assets held for sale. Assets classified during the period as held for sale were impaired by $14,220,000 (2023: $983,000) to their fair value less cost to sell based on market prices of similar equipment.

As at 30 June 2024, assets held for sale comprised of $15,738,000 (2023: $1,165,000). Level 3 fair value hierarchy has been used in determining the fair value with reference to an independent valuation utilising observable market valuations less estimated costs to sell. The Group is actively marketing these assets and they are expected to be disposed of within 12 months.

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment loss on a disposal group is allocated to the assets and liabilities on a pro rata basis, except for inventories, financial assets, deferred tax assets, employee benefit assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

	2024 $'000	2023 $'000
Assets classified as held for sale		
Property, plant and equipment - Emeco Rental	7,217	1,165
Property, plant and equipment - Pit N Portal	8,521	-
Net assets classified as held for sale	15,738	1,165

On 19 December 2023, the Group executed an agreement to sell Pit N Portal's contracting business, effective 1 January 2024, which included certain mining contracts, assets, inventory and the transfer of employee liabilities. Emeco retains the majority of the underground mining fleet in order to continue to provide rental services. This transaction was completed on 2 February 2024, and assets considered surplus to the requirements of the ongoing business were impaired during the reporting period, resulting in total impairments of $15,676,000 (property, plant and equipment and inventory) recognised in the Emeco Underground segment.

Property, plant and equipment including light vehicles with a book value of $5,392,000 was sold for proceeds of $6,736,000, resulting in a gain on sale of $1,344,000. Contracts with a nil book value were sold for proceeds of $500,000 resulting in a gain of $500,000. Inventory with a book value of $4,790,000 was sold at book value and employee liabilities of $3,199,000 were transferred to Macmahon.

In exchange for Pit N Portal's contracting business, Emeco received surface and underground mining equipment valued at $10,175,000.

Impairment tests for cash generating units

The Group performed annual impairment testing at 30 June 2024, and considered the following factors as indicators that its cash generating units (CGU's) may be impaired:

- The carrying amount of the net assets of the Group were more than its market capitalisation at 30 June 2024; and
- Market interest rates have increased during the current and preceding periods, resulting in higher discount rates used to calculate the CGU's recoverable amount.

An impairment assessment was performed for the Group's key cash generating units (CGUs), being Emeco Rental, Force Workshops and Emeco Underground, with no impairment identified.

The Group has prepared value-in-use models for the purpose of impairment testing as at 30 June 2024, using a five-year discounted cash flow model for Emeco Underground and ten-year discounted cash flow model for Emeco Rental and Force Workshops. Cash flows beyond the forecast period are extrapolated using a terminal value growth rate. Key areas of judgement relate to the forecast utilisation rates, pricing for the fleet, repairs and maintenance expenditure, other operating costs, capital expenditure and discount rates.

In performing its detailed impairment assessment, the Group has considered:

- long-term commodity prices and therefore the demand for earthmoving equipment and associated services;
- independent fair market value of its property, plant and equipment;
- supply chain risks and therefore the impact on the ability of the Group to deliver its products and services;
- the equipment utilisation of Emeco Underground rental;
- the likelihood of any continued disruption to the operations of the Group's customers, as a result of commodity price volatility and labour shortages; and
- the impact of decarbonisation and ESG related impacts on operations and asset life.

The post-tax discount rate used in the calculations is 10.2% (2023: 9.8%). The rate reflects the underlying cost of capital adjusted for market and asset specific risks. For the future cash flows of the CGU's, the revenue growth in the first year of the business reflects the best estimate for the coming year, taking account of macroeconomic, business model, strategic and market factors. Growth rates depend on the level of tendering activity and the Group's conversion rate and for subsequent years were based on Emeco Rental's ten-year, and Emeco Underground's five-year outlook taking into account all available information at this current time and are subject to change over time.

The forecast cash flow estimates used in assessments for all CGU's were based on Board approved budgets for the year ending 30 June 2025. A revenue compound annual growth rate (CAGR) of 2.2% for Emeco Rental and Force Workshops and 9.7% for Emeco Underground was used over the remaining forecast years. The terminal value growth rate represents the long-term forecast consumer price index (CPI) of 2.5% (2023: 2.0%) for all CGUs. The recoverable amounts of all of the Group's CGUs continued to exceed their carrying amounts at 30 June 2024, with no reasonably possible changes to key assumptions giving rise to a risk of impairment in the Emeco Rental and Force Workshop CGUs.

The recoverability of the Emeco Underground CGU is sensitive to reasonably possible changes in key assumptions. Specifically, the recoverability of the CGU is dependent on maintaining equipment utilisation at levels applied in the revised forecast and EBITDA within the underground rental business on a sustained basis to achieve a revenue CAGR of at least 7.7% over the forecast period.

In addition to determining the recoverable value through the value-in-use models, the Group obtained an external valuation (on a fair value basis) of the plant and equipment held by the Group which supported the carrying value of that plant and equipment as at 30 June 2024.

During the period, assets classified as held for sale were impaired by $14,220,000 (FY22: $983,000) to their fair value less cost to sell based on market prices of similar equipment.

13 Trade and Other Payables

	2024 $'000	Restated (1) 2023 $'000
Current		
Trade payables	39,316	80,723
Interest accrual	7,477	7,561
Other payables and accruals	83,692	82,008
	130,485	170,292

(1) Refer to note 29 for details on prior year restatement.

The Group's exposure to currency and liquidity risk associated with trade and other payables is disclosed in note 18.

Trade and other payables are stated at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid at the reporting date.

To manage the cash flow conversion cycle on some goods and services procured by the Group, and to ensure that suppliers receive payment in a timely manner, the Group offers some suppliers supply chain financing. At 30 June 2024, the balance of the supply chain finance programmes was $33,592,000 (2023: $25,517,000). The supply chain financing programmes attract fees in the range of 1.15% - 2.04% of the transaction value and are repaid on 60-day terms.

The Group evaluates supplier arrangements against a number of indicators to assess if the payable continues to have the same characteristics of a trade payable or should be classified as borrowings.

These indicators include whether the payment terms exceed customary payment terms in the industry, the extent to which the rights and obligations (if any) under the contractual relationships attached to the original liability have been modified, and whether there are any additional credit enhancements arising from the supply chain financing arrangements.

At 30 June 2024, the Group has concluded the payables subject to supply chain financing arrangements did not meet all of the characteristics to be classified as borrowings and accordingly the balances remain in trade payables.

The Company has also entered into a deed of cross guarantee with certain subsidiaries as described in note 27. Under the terms of the deed, the Company has guaranteed the repayment of all current and future creditors in the event any of the entities party to the deed are wound up. Details of the consolidated financial position of the Company and subsidiaries party to the deed are set out in note 27.

14 Provisions

	2024 $'000	2023 $'000
Current		
Employee benefits:		
- annual leave	8,931	12,813
- long service leave	2,849	2,832
	11,780	15,645
Non-current		
Employee benefits - long service leave	725	696
	725	696

Movement in provisions

	2024 $'000	2023 $'000
Balance at 1 July	16,341	15,228
Arising during the year	10,181	17,550
Transfer of liabilities on PnP sale	(3,199)	-
Utilised	(10,818)	(16,437)
Balance at 30 June	12,505	16,341

Defined contribution superannuation funds

The Group makes contributions to defined contribution superannuation funds. The expense recognised for the year was $17,828,000 (2023:$19,904,000).

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 on high quality corporate bonds at the reporting date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

D Fixed Assets

15 Property, Plant and Equipment

Set out below are the carrying amounts of property, plant and equipment recognised and movements for the period:

				$'000				
	Land & buildings	Leasehold improvements	Plant & equipment	CWIP [1]	Office equipment	Motor vehicles	Sundry plant	Total
At-cost at 30 June 2024	3,000	7,845	1,611,449	56,179	2,270	10,153	18,584	1,709,480
Accumulated depreciation and impairments at 30 June 2024	(1,499)	(5,355)	(896,898)	-	(1,321)	(7,798)	(12,929)	(925,800)
	1,501	2,490	714,551	56,179	949	2,355	5,655	783,680
At-cost at 30 June 2023	2,915	7,645	1,484,149	59,375	6,200	13,891	15,484	1,589,659
Accumulated depreciation and impairments at 30 June 2023	(1,444)	(5,037)	(805,703)	-	(4,965)	(8,310)	(11,568)	(837,027)
	1,471	2,608	678,446	59,375	1,235	5,581	3,916	752,632

(1) CWIP-Capital work in progress

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

				2024 $'000				
	Land & buildings	Leasehold improvements	Plant & equipment	CWIP [1]	Office equipment	Motor vehicles	Sundry plant	Total
Carrying amount at the beginning of the year	1,471	2,608	678,446	59,375	1,235	5,581	3,916	752,632
Additions	84	200	8,961	201,469	665	174	3,394	214,947
Transfer from CWIP to plant & equipment	-	-	204,665	(204,665)	-	-	-	-
Depreciation	(54)	(318)	(132,612)	-	(677)	(1,697)	(1,655)	(137,013)
Disposals	-	-	(12,677)	-	-	-	-	(12,677)
Movement from/(to) assets held for sale	-	-	(32,232)	-	(274)	(1,703)	-	(34,209)
Carrying amount at the end of the year	1,501	2,490	714,551	56,179	949	2,355	5,655	783,680

(1) CWIP-Capital work in progress

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	2023 $'000							
	Land & buildings	**Leasehold improvements**	**Plant & equipment**	**CWIP (1)**	**Office equipment**	**Motor vehicles**	**Sundry plant**	**Total**
Carrying amount at the beginning of the year	1,329	911	619,729	68,372	1,372	7,417	4,534	703,664
Additions	188	1,915	6,783	168,455	947	74	1,049	179,411
Transfer from CWIP to plant & equipment	-	-	177,443	(177,443)	-	-	-	-
Depreciation	(46)	(218)	(121,864)	-	(1,080)	(1,756)	(1,553)	(126,517)
Disposals	-	-	(2,044)	(9)	(4)	-	-	(2,057)
Movement from/(to) assets held for sale	-	-	(1,601)	-	-	(154)	(114)	(1,869)
Carrying amount at the end of the year	1,471	2,608	678,446	59,375	1,235	5,581	3,916	752,632

(1) CWIP-Capital work in progress

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major equipment components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Expenditure on major overhauls and refurbishments of equipment is capitalised in property, plant and equipment as it is incurred, where that expenditure is expected to provide future economic benefits.

The costs of the day-to-day servicing of property, plant and equipment and ongoing repairs and maintenance are expensed as incurred, with the exception of contract costs.

Contract costs are incurred to prepare assets for work on a specific contract (or specific anticipated contract) that can be separately identified, such as freight of earthmoving equipment to customer sites and modifying assets to meet customer specifications, are recognised as a contract cost asset and amortised to direct costs over the term of the contract.

Depreciation on buildings, leasehold improvements, furniture, fixtures and fittings, office equipment, motor vehicles and sundry plant is calculated on a straight-line basis. Depreciation on plant and equipment is calculated on a units of production method and charged on machine hours worked over their estimated useful life.

The Group manages depreciation at an individual componentisation of asset level. Depreciation is calculated based on a standard machine hour usage basis. The estimated useful lives are as follows:

Buildings and leasehold improvements	15 years
Plant and equipment	3 – 15 years
Office equipment	3 – 10 years
Motor vehicles	5 years
Sundry plant	7 - 10 years

The Group's assets are subject to a fixed and floating charge under the terms of the Company's financing arrangements. Refer to note 19 for further details

16 Right-of-use Assets

Set out below are the carrying amounts of right of use assets recognised and movements for the year:

As at 30 June 2024	**Buildings $'000**	**Motor vehicle $'000**	**Equipment $'000**	**Total $'000**
Opening balance as at 1 July 2023	49,787	17,220	48,343	115,350
Opening balance adjustment	(2,262)	-	-	(2,262)
Additions	5,433	4,561	26,301	36,295
Lease modification	(4,681)	(5,046)	(2,913)	(12,640)
Total cost	48,277	16,735	71,731	136,743
Accumulated depreciation				
Accumulated depreciation	(17,790)	(7,964)	(27,328)	(53,082)
Total accumulated depreciation	(17,790)	(7,964)	(27,328)	(53,082)
Net carrying amount	30,487	8,771	44,403	83,661

As at 30 June 2023	**Buildings $'000**	**Motor vehicle $'000**	**Equipment $'000**	**Total $'000**
Opening balance as at 1 July 2022	36,039	10,364	42,289	88,692
Additions	18,782	8,096	9,580	36,458
Termination of lease	(8,493)	(1,240)	(3,526)	(13,259)
Lease modification	3,459	-	-	3,459
Total cost	49,787	17,220	48,343	115,350
Accumulated depreciation				
Accumulated depreciation	(13,897)	(6,575)	(19,351)	(39,823)
Total accumulated depreciation	(13,897)	(6,575)	(19,351)	(39,823)
Net carrying amount	35,890	10,645	28,992	75,527

	2024 $'000	2023 $'000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	17,563	17,855
Interest expense on lease liabilities	4,337	3,274
Expense relating to short term leases	2,081	1,403
Expense relating to leases of low value assets	254	88
	24,235	22,620

The Group's right-of-use assets relate to property, motor vehicles and heavy earth moving equipment.

The remaining average lease term is 4.25 years (2023: 4.42 years).

The corresponding lease liability analysis is presented in note 19.

17 Intangible Assets and Goodwill

	2024 $'000	2023 $'000
Goodwill	8,005	8,005
	8,005	8,005
Contract intangible	3,737	3,737
Less: Accumulated amortisation	(3,068)	(2,500)
	669	1,237
Software - at cost	7,897	8,184
Less: Accumulated amortisation	(7,817)	(7,769)
	80	415
Total intangible assets	8,754	9,657

Goodwill and customer contracts

Goodwill of $8,005,000 was recognised on the acquisition of Matilda Equipment Holdings Pty Ltd (Matilda) in FY19 and represents the residual value of the purchase price of the company over the fair value of the identifiable assets and liabilities acquired. The goodwill is allocated to the Emeco Rental operating segment. Goodwill is measured at cost, less accumulated impairment losses.

On the acquisition of Borex Pty Ltd in FY22, a customer intangible was recognised. This represented the residual value of the purchase price of the company over the fair value of the identifiable assets and liabilities acquired. The customer intangible is being amortised over the determined life of the intangible.

Software

Software that is acquired and internally developed by the Group and has finite useful lives is measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation and impairment of intangible assets

The amortisation charge and impairment of intangible assets are recognised in the following line item in the income statement:

	2024 $'000	2023 $'000
Amortisation expense		
- Contract Intangible	568	790
- Software	48	659
Total expense for the year	616	1,449

E Risk

18 Financial Risk Management

Overview

The Group has exposure to the following risks from use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the audit and risk management committee (Committee), which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive controlled environment in which all employees understand their roles and obligations.

The Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee is assisted in its oversight role by the internal audit function.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument or financial asset fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
		2024	2023
	Note	$'000	$'000
Cash and cash equivalents	8	78,265	46,673
Trade receivables	9	111,860	112,262
Accrued revenue	9	18,184	33,862
Other receivables	9	9,179	11,058
Other financial assets	10	4,662	4,677
		222,150	208,532

The carrying value of each of these items approximates fair value.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group sets individual counterparty limits and where possible insures its income within Australia and generally operates on a 'cash for keys' policy for the sale of equipment and parts. The Group has also increased its internal review and authorisation procedures that are applied to new clients and in the ongoing strengthening of appropriate credit limits for existing customers.

Both insured and uninsured debtors are subject to the Group's credit policy. The Group's credit policy requires each new customer to be analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer according to the external rating and are approved by the appropriate management level dependent on the size of the limit. In the instance that a customer fails to meet the Group's creditworthiness and the Group is unable to secure credit insurance, future transactions with the customer will only be assessed on a case-by-case basis and where possible, prepayment or appropriate security such as a bank guarantee or letter of credit will be requested.

Where commercially available, the Group aims to insure the majority of customers including blue-chip customers or subsidiaries of blue-chip companies. Blue-chip customers are determined as those customers who have a market capitalisation of greater than $1,000,000,000 (2023: $1,000,000,000). The Group held insurance for the entire financial year ended 30 June 2024.

	Gross 2024 $'000	Impairment 2024 $'000	Gross 2023 $'000	Impairment 2023 $'000
Not past due	93,114	-	96,511	-
Past due 0-30 days	14,086	-	8,006	-
Past due 31-60 days	2,468	-	259	-
Past due 61 days	2,192	(308)	7,486	(190)
	111,860	(308)	112,262	(190)

Using the expected credit loss model (ECL), the Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. To effectively apply the ECL, the Group has categorised its trade receivables as follows:

- Blue-chip customers: defined as having a market capitalisation of greater than $1,000,000,000. The Group aims to insure this category;
- Insured customers: those that are trading within terms and their trade receivable exposure is under the insured limit;
- Underinsured: those that have not been granted sufficient credit limits by the insurer to cover sales within credit terms;
- Uninsured customers: all other customers that are not recognised in the above category.

The Group's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount 2024 $'000	Carrying amount 2023 $'000
Blue-chip (including subsidiaries)	61,056	47,324
Insured	43,205	47,164
Underinsured	2,131	6,647
Uninsured	5,468	11,127
	111,860	112,262

The Group considers blue-chip and insured customers as no risk. The Group only assesses uninsured customers and underinsured customers in an ECL calculation.

The Group uses a combination of historical losses recognised for receivables in the above classifications and takes a view on the economic conditions that are representative of those expected to exist during the life of the receivable. This is based on the historical loss rates, ageing of debtors and economic factors that include commodity prices.

Economic data

It is anticipated that a movement in key economic data i.e. commodity prices, impacts the expected credit loss as it may drive the way the Groups' customers run their operations or achieve profitability and cash flows to pay their receivables. As part of this assessment, the Group has considered the potential impact of commodity demand and prices.

The Group determined potential scenarios primarily driven by changes in commodity prices, which have been weighted by probability to determine the expected credit loss provision.

Loss history

Ther Group utilises loss history from FY20 for this assessment.

Based on the factors outlined above, the Group has calculated an expected credit loss of $308,000 based on historical loss trends and economic factors (2023: $190,000). During the period, no allowances for specific customers were identified as doubtful and subsequently nothing was written off by the Group (2023: $23,013,000).

The movement in the credit loss allowance in respect of trade receivables during the year was as follows:

	Impairment 2024 $'000	Impairment 2023 $'000
Opening loss allowance as at 1 July	190	190
Loss allowance on trade receivables arising during the year	118	23,013
Loss allowance on trade receivables recovered/written-off during the year	-	(23,013)
Loss allowance as at 30 June	308	190

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of the underlying customers' credit ratings.

Credit-impaired financial assets

The Group will assess if a financial asset is impaired when amounts are past due by more than 120 days. An allowance for impairment will be recognised unless the Group has reasonable and supportable information that an impairment is not required to be recognised.

Cash

The Group held cash and cash equivalents of $78,265,000 at 30 June 2024 (2023: $46,673,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated greater than AA-.

Collateral

Collateral is held for customers that are assessed to be a higher risk. At 30 June 2024 the Group held nil bank guarantees (2023: nil) and nil of advance payments from customers (2023: nil).

Guarantees

Financial guarantees are generally only provided to wholly owned subsidiaries or when entering into a premise rental agreement or asset lease liability. Details of outstanding guarantees are provided in note 22. At 30 June 2024, $3,183,000 guarantees were outstanding (2023: $3,509,000).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors working capital limits and employs maintenance planning and life cycle costing models to price its rental contracts. These processes assist it in monitoring cash flow requirements and optimising cash returns in its operations. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes

The Group has issued secured fixed interest notes to the value of $250,000,000 which mature on 10 July 2026. The nominal fixed interest rate is 6.25%. Refer to note 19 for further details.

Revolving Credit Facility

The Group has a Revolving Credit Facility (RCF) facility of $100,000,000, which matures in December 2025, which has two sub facilities consisting of a Loan Note Agreement Facility (LNA) of $95,000,000 (30 June 2023: $95,000,000) and a Bank Guarantee Facility of $5,000,000 (30 June 2023: $5,000,000). The tenor of the facility being three years, with an option to extend for a further two years to December 2027 at the Group's election. The bank guarantee facility attracts a fee of up to 1.57% on the unutilised portion of the facility, and a fee of 3.5% on the outstanding balance of guarantees on issue. The nominal interest rate on the LNA is equal to the aggregate of the bank bill swap rate (BBSY) plus a margin of between 2.75% and 3.75% dependent on the portion of the facility utilised and credit agency ratings (2.75% if less than 25% drawn and credit agency ratings of Ba2/BB or higher; 3.75% if greater than or equal to 25% drawn and credit agency ratings lower than B1/B+).

The facilities require the Group to maintain a collateral coverage ratio greater than 2.0x and a fixed charge coverage ratio greater than 1.5x. At 30 June 2024, the Group had $30,000,000 drawn of the LNA and had utilised $3,183,000 of the bank guarantee facility.

The Group has a facility agreement comprising a credit card facility with a limit of $200,000 which is secured via a cash cover account.

To manage the cash flow conversion cycle on goods and services procured by the Group, and to ensure that suppliers receive payment in a timely manner, the Group offers some suppliers supply chain financing. The Group's supply chain financing facilities totalled $33,592,000 as at 30 June 2024 (2023: $25,517,000).

The Group has lease facilities totalling $76,349,000 (2023: $70,721,000) which have various maturities up to June 2033.

The following gross outflows represent the contractual, undiscounted cash flow maturities of the Group's financial liabilities (including estimated interest payments):

30 June 2024	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Non-derivative financial liabilities							
Secured notes issue	250,000	289,064	7,813	7,813	15,625	257,813	-
Lease liabilities	76,349	86,816	13,644	10,305	18,693	32,993	11,182
Trade and other payables(1)	123,008	123,008	123,008	-	-	-	-
Financial liabilities	3,042	3,324	712	688	1,306	618	-
	452,399	502,212	145,177	18,806	35,624	291,424	11,182

Restated 30 June 2023	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Non-derivative financial liabilities							
Secured notes issue	250,000	304,689	7,813	7,813	15,625	273,438	-
Lease liabilities	70,721	78,821	10,474	13,956	14,867	23,577	15,946
Trade and other payables[1]	162,731	162,731	162,731	-	-	-	-
Financial liabilities	4,259	4,818	758	735	1,400	1,925	-
	487,711	551,059	181,776	22,504	31,892	298,940	15,946

(1) Trade and other payables excludes deferred revenue and interest accruals. Estimated interest payments are included within "secured notes issue". Refer to note 19 for further information.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The functional currency of the Company is the Australian dollar (AUD). The Group is not exposed to any material currency risk.

Interest rate risk

In accordance with the Board's policy, the Group is required to maintain an appropriate exposure to changes in interest rates on borrowings on a fixed rate basis, taking into account assets with exposure to changes in interest rates. This is achieved by entering into fixed interest notes.

Profile

At the end of the reporting period, the interest rate profile of the Group's interest-bearing financial instruments was:

	Note	2024 $'000	2023 $'000
Variable rate instruments:			
Cash at bank	8	78,265	46,673
		78,265	46,673
Fixed rate instruments:			
Interest bearing liabilities (AUD notes)	19	(250,000)	(250,000)
Interest bearing liabilities (Loan Note Agreement)	19	(30,000)	-
Interest bearing finance leases	19	(76,349)	(70,721)
		(356,349)	(320,721)

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

		2024		Restated 2023	
	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Assets carried at amortised cost					
Cash and cash equivalents	8	78,265	78,265	46,673	46,673
Trade and other receivables	9	139,231	139,231	157,765	157,765
Other financial assets	10	4,662	4,662	4,677	4,677
		222,158	222,158	209,115	209,115
Liabilities carried at amortised cost					
Secured notes issue	19	(250,000)	(250,000)	(250,000)	(250,000)
Loan Note Agreement	19	(30,000)	(30,000)	32	32
Lease liabilities	19	(76,349)	(86,816)	(70,721)	(78,821)
Trade and other payables	13	(130,485)	(130,485)	(170,292)	(170,292)
		(486,834)	(497,301)	(490,981)	(499,081)

To comply with the provisions of AASB 13 Fair Value Measurement, the Group incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements.

Capital management

Underpinning Emeco's strategic framework is consistent value creation for shareholders. Central to this is the continual evaluation of the Company's capital structure to ensure it is optimised to deliver value to shareholders. The board's policy is to maintain diversified, long-term sources of funding to maintain investor, creditor and market confidence and to support the future growth of the business.

Historically, the board maintained a balance between higher returns possible with higher levels of borrowings and the security afforded by a sound capital position. However, given current market conditions, the board seeks to increase levels of cash held to maintain a strong capital position.

The Company's primary return metric is return on capital (ROC), which the Group defines as earnings before interest and tax (EBIT) divided by average invested capital, which is defined as the average over the year of equity, plus interest bearing liabilities, less cash and intangibles. The Group's ROC for the year was 11.5% (2023: 9.6%).

The Group's return on invested capital at the end of the reporting period was as follows:

	2024 $'000	2023 $'000
EBIT	101,426	79,147
Average invested capital (1)	882,361	826,459
EBIT return on capital at 30 June	11.5%	9.6%

(1) Average invested capital is average over the period of equity, plus interest bearing liabilities, less cash and intangibles.

F Debt and Equity

19 Interest Bearing Liabilities

	2024 $'000	2023 $'000
Current		
Amortised cost		
Lease liabilities	20,649	21,431
Loan Note Agreement	30,000	-
Other financing	1,685	1,098
Financial liability (1)	1,217	1,217
	53,551	23,746
Non-current		
Amortised cost		
AUD notes - secured	250,000	250,000
Debt raising costs (2)	(2,340)	(3,431)
Lease liabilities	55,700	49,290
Financial liability (1)	1,825	3,042
	305,185	298,901

(1) A current financial liability of $1,217,000 (2023: $1,217,000) and non-current financial liability of $1,825,000 (2023: $3,042,000) was recognised, relating to the sale and leaseback of equipment.

(2) Carried at amortised cost. The movement from prior year is due to amortisation recorded in the Statement of Profit or Loss and Other Comprehensive Income for the year.

Secured notes issue

On 2 July 2021, the Company successfully completed the issuance of $250,000,000 in notes in the AMTN market (AUD Notes). The notes have a fixed coupon of 6.25%, payable semi-annually, and have a maturity date of 10 July 2026.

The AUD Notes include restrictions on issuing additional debt if leverage (net debt divided by operating EBITDA) is greater than 1.75x and shareholder distributions if leverage is greater than 2.0x. The notes include a call premium of 1.5625% which is payable on the notes if the notes are redeemed prior to 10 July 2025. No call premium is payable after this date. There are no restrictions on capital expenditure in the AUD notes. The effective interest rate of these notes is 6.76%, which is inclusive of the capitalised borrowing costs and annual coupon.

Working capital facilities

The Group has a credit card facility with a limit of $200,000 (2023: $150,000). The facility is secured via a cash cover account.

Lease liabilities

At 30 June 2024, the Group held lease facilities totalling $76,349,000 (2023: $70,721,000) which have various maturities up to June 2033. Lease terms are negotiated on an individual basis and include a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Lease liabilities of the Group are payable as follows:

Lease Liabilities

	2024 $'000	2023 $'000
Opening balance as at 1 July	70,721	54,648
Opening balance adjustment	(2,625)	-
New leases	35,665	32,011
Interest expense	4,595	3,274
Principal repayments	(25,054)	(22,672)
Lease modification	(6,953)	3,460
Balance at 30 June	76,349	70,721
Current	20,649	21,431
Non-current	55,700	49,290
	76,349	70,721

The Group's lease liabilities are secured by the leased assets of $83,661,000 (2023: $75,527,000). In the event of default, the leased assets revert to the lessor.

Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are those for which cash flows were or will be classified in the Group's consolidated statement of cash flows. The following table details cash and non-cash movements in the Group's liabilities arising from financing activities:

	1 July 2023 $'000	Financing cash flows $'000	Financial expense* $'000	Net debt acquired/ (retired) $'000	30 June 2024 $'000
AUD notes	250,000	-	-	-	250,000
Loan Note Agreement	-	30,000	-	-	30,000
Lease liabilities	70,721	(25,054)	4,595	26,086	76,349
Debt raising costs	(3,431)	-	1,091	-	(2,340)
Financial liabilities	4,259	(1,217)	-	-	3,042
Other financing	1,098	(3,455)	84	3,958	1,685
	322,647	274	5,770	30,044	358,736

*inclusive of amortisation expense

	1 July 2022 $'000	Financing cash flows $'000	Financial expense* $'000	Net debt acquired/ (retired) $'000	30 June 2023 $'000
AUD notes	250,000	-	-	-	250,000
Lease liabilities	54,648	(22,662)	3,275	35,460	70,721
Debt raising costs	(4,548)	-	1,117	-	(3,431)
Financial liabilities	-	(781)	234	4,806	4,259
Other financing	965	(4,360)	100	4,393	1,098
	301,065	(27,803)	4,726	44,659	322,647

*inclusive of amortisation expense

Financing arrangements

The Group has the ability to access the following lines of credit:

2024	Available facility $'000	Facility utilised at reporting date $'000	Facility not utilised at reporting date $'000
AUD notes (1)	250,000	250,000	-
Loan Note Agreement (2)	95,000	30,000	65,000
Bank guarantee facility (2)	5,000	3,183	1,817
Lease liabilities	76,349	76,349	-
	426,349	359,532	66,817

2023	Available facility $'000	Facility utilised at reporting date $'000	Facility not utilised at reporting date $'000
AUD notes (1)	250,000	250,000	-
Loan Note Agreement (2)	95,000	-	95,000
Bank guarantee facility (2)	5,000	3,509	1,491
Lease liabilities	70,721	70,721	-
	420,721	324,230	96,491

(1) The facility of $250,000,000 was fully drawn at 30 June 2024. Refer to note 19 for further details.

(2) The Revolving Credit Facility has a limit of $100,000,000. The Revolving Credit Facility consists of the Loan Note Agreement of $95,000,000 and bank guarantee of $5,000,000.

20 Equity - Issued Capital and Reserves

	2024 $'000	2023 $'000
Share capital		
518,374,757 (2023: 519,002,615) ordinary shares, fully paid	1,224,725	1,225,141
acquisition reserve	(75,886)	(75,887)
	1,148,839	1,149,254

Terms and conditions

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. Shares have no par value.

In the event of a company's liquidation, ordinary shareholders rank behind all other creditors and are only entitled to any remaining proceeds after all secured, unsecured, and preferential creditors have been paid.

Movements in ordinary share capital

Details	Date	Shares	Issue price ($)	$'000
Balance	1 July 2023	519,002,615		1,225,141
On market share buy-back (1)	21 December 2023	(212,329)	0.65	(138)
On market share buy-back (1)	22 December 2023	(415,529)	0.67	(278)
Balance	**30 June 2024**	**518,374,757**		**1,224,725**
Less: treasury shares		(4,031,493)		
Issued capital		**514,343,264**		

(1) During the year ending 30 June 2024, Emeco purchased 627,858 shares through an on-market share buy-back at an average share price of $0.66 totalling $415,000 (30 June 2023: 7,663,420 shares were purchased at an average share price of $0.86 totalling $6,602,000).

Treasury shares

The treasury shares comprise of shares purchased on-market to satisfy the vesting of shares and rights under the employee share plans. Rights that are forfeited under the Company's employee share plans due to employees not meeting the service vesting requirement will remain in the reserve. As at 30 June 2024 the Company held 4,031,493 treasury shares (2023: 3,408,327), in satisfaction of the employee share plans.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share-based payment reserve

The share-based payment reserve comprises the expenses incurred from the issue of the Company's securities under its employee share/option plans.

Under the Emeco long-term incentive plans (LTI) and the legacy management incentive plan (MIP), certain executives have been granted rights (Rights) to receive fully paid ordinary shares (Shares) in the Company, the award and vesting of which is subject to varying performance and or service conditions. There is no entitlement to dividends (or shadow dividends) on Rights.

Under the LTI plans, Rights are issued based on the performance of the executive and the Company over a three-year period, with one-third of the maximum LTI entitlement being tested each year. Issued Rights vest at the end of the three-year performance period. If Emeco terminates the executive's employment for misconduct or other breach of the executive's employment contract, the Board may lapse some or all of the Rights issued to the executive. Rights issued under the LTI will otherwise vest. The fair value of Rights issued are measured using the Black Scholes pricing model. The grant date in respect of the LTI Plans, for all eligible employees excluding the Managing Director & Chief Executive Officer ("MD"), was the day the plan was approved by the Board. Any issue of awards to the MD under the LTI plans are subject to shareholder approval. The fair value of rights granted are expensed over the three-year period from grant date to vesting date based on the maximum LTI available in each year. At the completion of the annual testing, when the final number of rights are approved with respect to the specific financial year, the expense is adjusted in the year of approval to align with the actual Rights approved which may be less than the maximum Rights available for that financial year. With respect to the MD and upon approval by the shareholders the fair value of the rights will be remeasured at the date of the shareholder meeting (being grant date) at which point they will be treated consistently to the other employees. If the reward to the MD by shareholders is not approved, the previously recognised expense will be reversed.

On 3 August 2023, the Group announced material changes to the terms of employment of the MD, whereby LTI plans in respect of FY24 to FY27 (inclusive) will have a one-year performance period. All equity awards granted will vest on the earlier of release of the Group's FY27 full year results and the end of the MD's employment. All awards will be in equity. Where Shareholder approval for an award is not obtained, the award will be paid in cash.

Under the MIP, Rights granted to participants are subject to service conditions. These have various vesting dates ranging up to 5 years. The fair values of these Rights are based on Volume Weighted Average Price ("VWAP") and are expensed evenly over the period from grant date to vesting date.

In the event of death, total and permanent disability, retrenchment or retirement of the participant, Rights granted under the MIP may vest on an accelerated basis. Rights granted under the MIP will lapse if the executive ceases employment for any other reason.

Dividends

For the year ended 30 June 2024, no dividend was declared.

On 22 August 2023, the Board resolved to pay a final fully franked dividend for the year ended 30 June 2023 of 1.25 cents per share, representing a total cash payment of $6,488,000. The dividend was paid on 29 September 2023.

Franking Account

	The Company	
	2024 $'000	**2023 $'000**
Dividend franking account		
30% franking credits available to shareholders of Emeco Holdings Limited for subsequent financial years	69,488	72,268

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

a) franking credits that will arise from the payment of current tax liabilities and recovery of current tax receivables;

b) franking debits that will arise from the payment of dividends recognised as a liability at the year end;

c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end;

d) franking credits that the entity may be prevented from distributing in subsequent years; and

e) franking credits acquired through business combinations.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the Australian tax consolidated group has also assumed the benefit of $69,488,000 (2023: $77,268,000) franking credits.

G Unrecognised Items

21 Commitments

a) Short-term and low value leases

	2024 $'000	2023 $'000
Future non-cancellable short-term and low-value leases not provided for in the finanical statements and payable:		
Less than one year	1,058	842
	1,058	842

Short-term and low value lease expenditure for FY24 and FY23 is disclosed in note 16.

b) Capital commitments

The Group has nil commitments arising subsequent to 30 June 2024 for purchases of fixed assets (2023: $18,700,000).

22 Contingent Liabilities

Guarantees

The Group has provided bank guarantees in the amount of $3,183,000 (2023: $3,509,000) in relation to obligations under operating leases and rental premises.

H Other Information / Group Structure

23 Controlled Entities

	Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Parent entity			
Emeco Holdings Limited			
Controlled entities			
Pacific Custodians Pty Ltd as trustee for Emeco Employee Share Ownership Plan Trust	Australia	100	100
Emeco Pty Limited	Australia	100	100
Emeco International Pty Limited	Australia	100	100
EHL Corporate Pty Ltd	Australia	100	100
Emeco Parts Pty Ltd	Australia	100	100
Emeco Finance Pty Ltd	Australia	100	100
Andy's Earthmovers (Asia Pacific) Pty Ltd	Australia	100	100
Orionstone Holdings Pty Ltd	Australia	100	100
Orionstone Pty Ltd	Australia	100	100
Ironstone Group Pty Ltd	Australia	100	100
Orion (WA) Pty Ltd	Australia	100	100
RPO Australia Pty Ltd	Australia	100	100
Force Equipment Pty Ltd	Australia	100	100
Matilda Equipment Holdings Pty Ltd	Australia	100	100
Matilda Equipment Pty Ltd	Australia	100	100
Pit N Portal Mining Services Pty Ltd	Australia	100	100
Emeco Underground Pty Ltd	Australia	100	100
Emeco Equipment (USA) LLC	USA	100	100
Emeco (UK) Limited	United Kingdom	100	100
Emeco International Europe BV	Netherlands	100	100
Emeco Holdings South America SpA	Chile	100	100
Enduro SpA	Chile	100	100
Emeco Europe BV	Netherlands	100	100
Emeco BV	Netherlands	100	100
PT Prima Traktor IndoNusa	Indonesia	100	100

24 Compensation of Key Personnel

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Non-executive directors	
Peter Frank	
Peter Kane	
Sarah Adam-Gedge	Appointed as a director of the Company on 1 October 2023
Peter Richards	Resigned as Chair and Director of the Company on 31 May 2024
James Walker	
Executive directors	
Ian Testrow	Managing Director & Chief Executive Officer
Other executives	**Position**
Theresa Mlikota	Chief Financial Officer

Key management personnel compensation

The key management personnel compensation is as follows:

In AUD	2024	2023
Short term employee benefits	4,544,725	2,680,334
Other long term benefits	94,976	48,100
Other non-monetary benefits	597,641	217,176
Post-employment benefits	120,168	106,285
Equity compensation benefits	2,561,628	1,446,427
	7,919,138	4,498,322

Remuneration of key management personnel by the Group

The compensation disclosed above represents an allocation of the key management personnel's compensation from the Group in relation to their services rendered to the Company.

Individual directors and executives compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the remuneration report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Equity Instruments

Rights over equity instruments granted as compensation under management incentive plan (MIP)

The Company has a management incentive plan in which rights to shares have been granted to certain employees of the Company. Rights awarded under the MIP will vest at the end of the applicable vesting period, subject to the employee remaining employed by the Company. Rights that do not vest will lapse.

Rights over equity instruments granted as compensation under long-term incentive plan (LTI)

The Company has a retention incentive plan that rewards executives for their contribution to the achievement of certain KPIs over a three-year period. KPIs are reviewed annually, but achievement is assessed over a three-year period with one third of the minimum entitlement being tested each year.

Assessing achievements annually also ensures that executives are rewarded for their performance in each year over the three-year period. By assessing outcomes in this manner, consistent high performance over each year within the three-year performance period is required in order to achieve maximum award. Awards under the LTI plan are made in the form of Rights.

Other key management personnel transactions

Key management persons, or their related parties, hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. There were no transactions, other than as disclosed in note 10, between the Group and these related entities during the year (FY23: nil)

25 Share-Based Payments

During the year the Company issued Rights to key management personnel and senior employees of the Group under its employee incentive plans.

Vested Plans

Grant date/employees entitled	Number of instruments	Vesting Conditions	Contractual life of rights/ performance share rights
MIP			
Rights/performance share rights 2019	1,000,000	5 years' service	5 years
LTIP			
Rights/performance share rights 2020	70,308	3 years' service	3 years
Rights/performance share rights 2021	824,535	2 years' service	2 years
Rights/performance share rights 2022	84,430	1 year service	1 year
	1,979,273		

Unvested Plans

Grant date/employees entitled	Number of instruments	Vesting Conditions	Contractual life of rights/ performance share rights
LTIP			
Rights/performance share rights 2020	70,436	3 years' service	3 years
LTIP			
Rights/performance share rights 2021	172,920	3 years' service	3 years
LTIP			
Rights/performance share rights 2022	800,062	3 years' service	3 years
LTIP			
Rights/performance share rights 2023	1,773,990	3 years' service	3 years
LTIP			
Rights/performance share rights 2024	5,077,647	3 years' service	3 years
	7,895,055		

The movements of Rights on issue during the year were as follows:

	Number of rights/ performance share rights 2024	Number of rights/ performance share rights 2023
Outstanding at 1 July	8,925,177	8,604,782
Granted during the year	5,694,589	4,440,329
Exercised during the year	(1,979,273)	(2,148,862)
Forfeited during the year	(4,745,438)	(1,971,072)
Outstanding at 30 June	7,895,055	8,925,177

The fair value of Rights granted during the year is measured using the Black Scholes model resulting in a fair value of $0.67 (FY23: $0.65). The Black Scholes model requires inputs including the risk-free rate, volatility and dividend yield. For Rights granted during the year, the risk-free rate was determined by reference to the Reserve Bank of Australia's 3-year government bond rate. Volatility was derived from historical share price movements over a period similar to the life of the Rights granted, and dividend yield is reflective of the Company's share price at year end and historical dividends paid.

The weighted average share price for Rights exercised during the year was $0.66 (FY23: $0.77).

The following applies to Rights:

- there is no entitlement to dividends or shadow dividends on unvested rights; and
- in the event of absolute change in control (i.e. the acquisition by a third party and its associates >50% of Emeco shares), rights awarded will vest.

Employee expenses

In AUD	2024	2023
Performance shares/rights	3,530,469	1,416,873
Total expense recognised as employee costs (1)	3,530,469	1,416,873

(1) Should an employee be made redundant, the remaining share-based payment expense for the vesting period will be accelerated and recognised in the period the employee was made redundant.

26 Remuneration of Auditors

The auditor of Emeco Holdings Limited is Deloitte Touche Tohmatsu Australia.
Amounts paid or payable for services provided by Deloitte Touche Tohmatsu are as follows:

In AUD	**2024**	**2023**
Audit services		
Auditors of the Company		
Deloitte Touche Tohmatsu Australia:		
- audit and review of financial reports	738,175	777,362
	738,175	777,362
Other assurance and agreed upon procedures		
Auditors of the Company		
Deloitte Touche Tohmatsu Australia:		
- other assurance services	57,820	203,700
Overseas Deloitte Firms:		
- other assurance services	33,071	34,104
- taxation services	19,055	9,758
	109,946	247,562
	848,121	1,024,924

The Company has engaged with Deloitte Touche Tohmatsu Australia and overseas for the provision of audit as well as other specific assurance. No other advisory or consulting services were provided by Deloitte during the year.

27 Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, Emeco International Pty Ltd is relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports. It is a condition of the class order that the Company and each of the subsidiaries enter into a deed of cross guarantee.

The effect of the deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the deed are:

- Emeco Pty Ltd
- Emeco International Pty Limited
- Andy's Earthmovers (Asia Pacific) Pty Ltd
- Orionstone Holdings Pty Ltd
- Orionstone Pty Ltd
- Force Equipment Pty Ltd

Subsidiaries removed from the deed during the year:

- Matilda Equipment Pty Ltd
- Matilda Equipment Holdings Pty Ltd
- Pit N Portal Mining Services Pty Ltd
- Emeco Underground Pty Ltd

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the deed of cross guarantee, for the year ended 30 June 2024 is set out as follows:

	2024	2023
	$'000	$'000
Revenue	692,126	874,917
Cost of sales	(472,540)	(574,463)
Gross profit	219,586	300,454
Operating expense	(118,828)	(222,857)
Other income	478	2,659
Finance income	1,291	670
Finance costs	(27,062)	(27,928)
Unrealised FX	(224)	(62)
Impairment of assets	(669)	(939)
Impairment of investments	(20,597)	(20,388)
Profit before tax	53,975	31,609
Tax expense	(16,372)	(10,506)
Net profit after tax	37,603	21,103
Other comprehensive income	211	(169)
Total comprehensive income for the year	211	(169)
Retained losses at beginning of year	(549,960)	(570,894)
Opening balance adjustment	25,532	
Retained losses at end of year	(486,614)	(549,960)
Attributable to:		
Equity holders of the Company	(486,614)	(549,960)
Profit for the year	37,603	21,103

	2024 $'000	Restated 2023 $'000
Current assets		
Cash and cash equivalents	67,358	46,673
Trade and other receivables	116,129	157,765
Prepayments	18,453	16,890
Inventories	39,049	46,584
Assets held for sale	7,217	1,165
Total current assets	248,206	269,077
Non-current assets		
Intangible assets	8,652	9,657
Property, plant and equipment	735,689	752,632
Right-of-use asset	63,477	75,527
Other financial assets	4,662	4,677
Total non-current assets	812,480	842,493
Total assets	1,060,686	1,111,570
Current liabilities		
Trade and other payables	119,171	170,292
Interest bearing liabilities	51,996	23,746
Provisions	11,170	15,645
Total current liabilities	182,337	209,683
Non-current liabilities		
Interest bearing liabilities	304,311	298,901
Provisions	725	696
Deferred tax liabilities	37,165	12,846
Total non-current liabilities	342,201	312,443
Total liabilities	524,538	522,126
Net assets	536,148	589,444
Equity		
Issued capital	1,148,839	1,149,254
Reserves	(126,077)	(9,850)
Retained losses	(486,614)	(549,960)
Total equity attributable to equity holders of the parent	536,148	589,444

28 Parent Entity Disclosure

As at and throughout the financial year ending 30 June 2024 the parent entity (the **'Company'**) of the Group was Emeco Holdings Limited.

	Company	
	2024	**2023**
	$'000	**$'000**
Result of the parent entity		
Profit/(loss) for the year (1)	20,500	18,666
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	20,500	18,666
Financial position of parent entity at year end		
Current assets	73	73
Non-current assets	428,790	413,360
Total assets	428,863	413,433
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Total equity of the parent entity comprising of:		
Share capital	1,148,839	1,149,254
Share based payment reserve	23,491	24,087
Profit reserve	17,877	3,865
Reserve for own shares	(27,965)	(30,394)
Retained losses	(733,379)	(733,379)
Total equity	428,863	413,433

(1) Profit includes dividends received from wholly owned subsidiaries which are eliminated on group consolidation.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are disclosed in note 27.

29 Other Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The accounting policies are consistent with those disclosed in the prior period financial statements, except for the impact of new and amended standards and interpretations, effective 1 July 2023. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not elected to early adopt any new or amended standards or interpretations that are issued but not yet effective.

Accounting Standards and Interpretations not effective for the Group at 30 June 2024 or early adopted

A number of new standards, amendments of standards and interpretations are effective for annual periods beginning from 1 July 2023 and earlier application is permitted, however, the Group has not early adopted these standards in preparing these consolidated financial statements. The Group has reviewed these standards and interpretations and has determined that none of these new or amended standards and interpretations will significantly affect the Group's accounting policies, financial position, or performance.

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 orientated entities. These financial statements also comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). The consolidated financial statements provide comparative information in respect of the previous period. For consistency with the current year's presentation, where required, comparative information has been reclassified. The financial statements have been prepared under the historical cost basis, except for contingent consideration and certain other financial assets and financial liabilities, which are measured at fair value.

Comparative financial information – restatement and reclassification

The presentation of certain items in the financial statements have been amended during the period to simplify the presentation and aid understanding. Where applicable, comparative amounts have been reclassified to ensure comparability.

On the face of the Consolidated Statement of Financial Position for the Group and for the Deed of Cross Guarantee group, both "inventories and work in progress" and "trade and other payables" have been restated by $23,149,000, to accurately reflect the nature of balances at the end of the prior year (refer to notes 11 and 13 for further information). At 30 June 2023, the Company incorrectly recorded an elimination journal to offset $23,149,000 of work in progress against other payables and accruals. As the 30 June 2023 balances were understated, they have now been corrected and restated in the current year. There was no impact on net assets, profit or loss or cash flow as a result of this restatement. Comparatives have been restated accordingly as outlined in the table below:

	Reported 30 June 2023 $'000	Comparative period adjustment $'000	Restated 30 June 2023 $'000
Inventories and work in progress	23,435	23,149	46,584
Trade and other payables	147,143	23,149	170,292

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are included in the respective notes to the financial statements: Note 2 – revenue recognition: estimate of variable consideration, Note 5 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

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 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Emeco Holdings Limited as of 30 June 2024 and the results of all subsidiaries for the year then ended. Emeco Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries

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. Entities are deconsolidated from the date that control ceases.

Transactions eliminated on consolidation

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Emeco Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars 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 the reporting date exchange rates of monetary assets, and liabilities denominated in foreign currencies, are recognised in the profit or loss.

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 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 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. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Goods and Services Tax (GST)

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.

Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) 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 Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

30 Subsequent Events

The Board resolved to continue the suspension of the Group's capital management programme for FY25, in favour of net debt reduction. There have been no other significant events subsequent to the year ended 30 June 2024.

Consolidated Entity Disclosure Statement As at 30 June 2024

This Consolidated Entity Disclosure Statement has been prepared in accordance with the Corporations Act 2001 and includes required information for each entity that was part of the consolidated entity as at the end of the financial year. Section 295 (3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

			Body Corporate	Tax Residency	
	Country of incorporation	Entity type	Ownership 2024 %	Australian / Foreign	Foreign Jurisdiction
Parent entity					
Emeco Holdings Limited	Australia	Body corporate		Australia[c]	N/A
Controlled entities					
Pacific Custodians Pty Ltd as trustee for Emeco Employee Share Ownership Plan Trust [b]	Australia	Trust	100	Australia[c]	N/A
Emeco Pty Limited [a]	Australia	Body corporate	100	Australia[c]	N/A
Emeco International Pty Limited [a]	Australia	Body corporate	100	Australia[c]	N/A
EHL Corporate Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Emeco Parts Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Emeco Finance Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Andy's Earthmovers (Asia Pacific) Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Orionstone Holdings Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Orionstone Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Ironstone Group Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Orion (WA) Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
RPO Australia Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Force Equipment Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Matilda Equipment Holdings Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Matilda Equipment Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Pit N Portal Mining Services Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Emeco Underground Pty Ltd [a]	Australia	Body corporate	100	Australia[c]	N/A
Emeco Equipment (USA) LLC [a]	USA	Body corporate	100	Foreign	USA
Emeco (UK) Limited [a]	United Kingdom	Body corporate	100	Foreign	United Kingdom
Emeco International Europe BV [a]	Netherlands	Body corporate	100	Foreign	Netherlands
Emeco Holdings South America SpA [a]	Chile	Body corporate	100	Foreign	Chile
Enduro SpA [a]	Chile	Body corporate	100	Foreign	Chile
Emeco Europe BV [a]	Netherlands	Body corporate	100	Foreign	Netherlands
Emeco BV [a]	Netherlands	Body corporate	100	Foreign	Netherlands
PT Prima Traktor IndoNusa [a]	Indonesia	Body corporate	100	Foreign	Indonesia

(a) Participant in Emeco Holdings Limited which is consolidated in the consolidated financial statements.

(b) Pacific Custodian Pty Ltd as Trustee for Emeco Employee Share Ownership Plan Trust which are both not consolidated in the consolidated financial statements.

(c) This entity is part of a tax-consolidated group under Australian taxation law, for which Emeco Holdings Limited is the head entity.

Directors' Declaration

In the opinion of the directors of Emeco Holdings Limited (the 'Company'):

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) the consolidated financial statements and notes thereto are in accordance with the requirements of the Corporations Act 2001 (Corporations Act), including the requirements that:

(i) they comply with the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(ii) they give a true and fair view of the financial position and performance of the Company and its controlled entities for the full year ended 30 June 2024; and

(iii) note 29 to the financial statements confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;

(c) the directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2024.

(d) the consolidated entity disclosure statement on page 122 is true and correct; and

(e) there are reasonable grounds to believe that the Company and each of its subsidiaries that are party to the Deed of Cross Guarantee dated 5 May 2008 (as varied from time to time) (Cross-Guarantee) will be able to meet any obligations or liabilities to which they are, or may become, subject because of the Cross-Guarantee.

Dated at Perth, 21 August 2024

Signed in accordance with a resolution of the directors:

Ian Testrow
Managing Director

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Independent Auditor's Report to the members of Emeco Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Emeco Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information and other explanatory information, the directors' declaration and the consolidated entity disclosure statement.

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 2024 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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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Recoverability of non-current assets of the Underground Rental cash generation unit ('CGU')
 	
As disclosed in note 12, the Group executed an agreement to sell Pit N Portal's contracting business with the Group retaining the majority of the underground mining fleet effectively transitioning the Pit N Portal business to an underground rental business.
 	
As a result of this transaction certain other assets were transferred to held for sale as disclosed in note 12 and an impairment of $15.7 million was recognised in relation to those assets following an assessment of the fair value less costs to sell.
 	
Our focus was on the assessment of the impairment charge recorded in the year and the recoverability of the remaining Underground Rental (formerly Pit N Portal) CGU as disclosed in note 12.
 	
The assessment of the recoverable value requires judgement in respect of assumptions and estimates in preparing a value in use model ('VIU'). The significant judgements included but were not limited to:
• forecast revenue including forecast utilisation rates, operating costs and the resulting forecast EBITDA;
• sustaining capital forecasts;
• terminal growth rate; and
• discount rate.
	Our procedures included, but were not limited to:
	
	In relation to the impairment charge recorded:
	• assessing the fair value less costs to sell of the assets transferred to assets held for sale during the year through:
	    • considering external and internal valuations;
	    • assessing the qualifications and experience of management's external valuation expert; and
	    • obtaining evidence of realised sale prices for assets sold in the year.
	
	In relation to the Underground Rental CGU:
	• assessing management's historical budgeting accuracy for the Underground Rental CGU;
	• assessing budgets and forecasts for reasonableness compared to historical actual performance;
	• in conjunction with our valuation specialists:
	    • testing the mathematical accuracy of management's value-in-use model;
	    • evaluating the appropriateness of the discount rate applied;
	• assessing the risk of impairment by performing independent breakeven analysis on management's value-in-use model for a range of changes in the key assumptions based on parameters; and
	• assessing whether a reasonably possible change in key assumptions would result in an impairment.
	
	We also assessed the adequacy of the disclosures in note 12 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do 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 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, 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.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group, 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 the 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 are 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 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.

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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 48 to 66 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Emeco Holdings Limited, for the year ended 30 June 2024, 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

A T Richards

Partner
Chartered Accountants
Perth, 21 August 2024

Financial Calendar

The annual general meeting of Emeco Holdings Limited will be held on Wednesday, 20 November 2024.

Event	Date*
Annual general meeting	20 November 2024
Half year	31 December 2024
Half year profit announcement	February 2025
Year end	30 June 2025

*Timing of events is subject to change and Board discretion.

Shareholder statistics

Substantial shareholders

Details regarding the substantial holders of the Company's ordinary shares as at 2 August 2024 and their relevant interest, as disclosed in the substantial holding notices given to the Company, are as follows:

Name	Ordinary shares	% Issued capital
Black Diamond Capital Management LLC Black Diamond Credit Strategies Master Fund Ltd BDCM Opportunity Fund IV LP BDCM Opportunity Fund III LP BDCM Strategic Capital Fund I, L.P.	199,634,797	38.51
Paradice Investment Management Pty Ltd	52,602,397	9.669*

* calculated based on ordinary shares on issue of 544,055,134 as at the date of the substantial shareholder notice on 9 February 2021.

Distribution of ordinary shareholders

As at 2 August 2024, there were 5,646 holders of the Company's ordinary shares. The distribution as at 2 August 2024 was as follows:

Range	Investors	Ordinary shares	% Issued capital
100,001 and Over	155	480,652,853	92.72
10,001 to 100,000	918	28,274,100	5.45
5,001 to 10,000	561	4,305,298	0.83
1,001 to 5,000	1,599	4,224,438	0.82
1 to 1,000	2,413	918,068	0.18
Total	**5,646**	**518,374,757**	**100.00**

There were 1,823 shareholders holding less than a marketable parcel of 607 ordinary shares (share price of $0.825 on 2 August 2024).

20 Largest Shareholders

The names of the 20 largest holders of the Company's ordinary shares as at 2 August 2024 are:

Rank	Name	Ordinary shares	% Issued capital
1	J P Morgan Nominees Australia Pty Limited	165,328,127	31.89
2	Citicorp Nominees Pty Limited	123,000,167	23.73
3	HSBC Custody Nominees (Australia) Limited	43,699,796	8.43
4	BNP Paribas Nominees Pty Ltd	26,992,265	5.21
5	Pacific Custodians Pty Limited	13,988,997	2.70
6	Washington H Soul Pattinson and Company Limited	13,750,000	2.65
7	First Samuel Ltd	8,192,884	1.58
8	HSBC Custody Nominees (Australia) Limited	7,629,372	1.47
9	Mr Peter David Wilkinson & Mrs Jennifer Louise Wilkinson	7,366,000	1.42
10	Precision Opportunities Fund Ltd	6,000,000	1.16
11	Sandhurst Trustees Ltd	4,129,955	0.80
12	Pacific Custodians Pty Limited	4,007,287	0.77
13	Buttonwood Nominees Pty Ltd	3,299,473	0.64
14	ZThree Pty Ltd	2,500,000	0.48
15	Steven Edwin Versteegen	2,415,459	0.47
16	NCH Pty Ltd	1,677,585	0.32
17	Elphinstone Holdings Pty Ltd	1,563,357	0.30
18	Jode Super Pty Ltd	1,442,623	0.28
19	HSBC Custody Nominees (Australia) Limited – A/C 2	1,304,500	0.25
20	G Harvey Nominees Pty Limited	1,149,100	0.22

Voting rights of ordinary shares

Voting rights of shareholders are governed by the Company's constitution. The constitution provides that on a show of hands every member present in person or by proxy has one vote and on a poll every member present in person or by proxy has one vote for each fully paid ordinary share held by the member.

Under the terms of the performance rights issued in respect of the Company's current employee long term incentive plans, holders of performance rights have no voting entitlements.

Unquoted equity securities

As at 2 August 2024, there were 509,273 performance rights on issue to 10 participants pursuant to the Company's employee incentive plans. The distribution as at 2 August 2024 was as follows:

Range	Participants	Performance rights	% Performance rights
100,001 and Over	1	194,485	38.19%
10,001 to 100,000	8	305,104	59.91%
5,001 to 10,000	1	9,684	1.90%
1,001 to 5,000	-	-	-
1 to 1,000	-	-	-
Total	**10**	**509,273**	**100.00%**

On-market security purchases

During FY24, Pacific Custodians Pty Limited in its capacity as trustee of the Emeco Employee Share Ownership Plans Trust purchased 1,367,535 ordinary shares on-market, at an average price of $0.73 per share, to be used to satisfy upcoming entitlements of participants under the Company's employee incentives scheme to receive ordinary fully-paid shares.

On-market share buy-back

The Company undertook an on-market share buy-back during FY24, buying back 627,858 ordinary shares for a total amount of $414,000. On 20 February 2024, the Company announced its decision to suspend the capital management programme in favour of net debt reduction, consequently there is no current on-market buy-back.

Debt securities

A register of the noteholders of the 6.25% A$ notes, which have a maturity date of 10 July 2026, is kept at the office of EQT Australia Pty Ltd at Level 4, 7 Macquarie Place, Sydney NSW 2000.

EQT Australia Pty Ltd can be contacted by telephone on 1300 133 472.

Securities subject to voluntary escrow

As at 2 August 2024, there were no securities subject to voluntary escrow.

DIRECTORS

Peter Frank
Ian Testrow
Peter Kane
James Walker III
Sarah Adam-Gedge

SECRETARY

Penelope Young

REGISTERED OFFICE

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AUDITORS

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SECURITIES EXCHANGE LISTING

Emeco Holdings Limited ordinary shares are listed on the Australian Securities Exchange Ltd.
ASX code: EHL

Five-Year Financial Summary

		2024	Restated [3] 2023	2022	2021	2020
REVENUE						
Total revenue from continuing operations	$'000	822,728	874,917	754,368	620,528	540,429
PROFIT						
Operating EBITDA [1]	$'000	280,483	250,379	250,173	237,687	254,366
Operating EBIT [1]	$'000	125,292	104,558	120,732	119,110	139,410
Operating NPAT [1]	$'000	69,367	59,118	68,867	56,791	61,037
Reported profit/(loss) for the year	$'000	52,660	41,331	64,953	20,695	66,129
Basic EPS [2]	cents	10.2	8.0	12.1	4.0	19.8
BALANCE SHEET						
Total assets	$'000	1,174,758	1,111,570	1,021,513	965,544	1,088,591
Total liabilities	$'000	537,517	522,126	454,292	434,138	731,346
Shareholders' equity	**$'000**	**637,241**	**589,444**	**567,221**	**531,406**	**357,245**
Total debt	$'000	358,736	322,647	301,064	299,210	620,016
CASH FLOWS						
Net cash flows from operating activities	$'000	237,170	206,388	221,148	205,616	181,973
Net cash flows from investing activities	$'000	(201,433)	(180,875)	(169,874)	(149,558)	(169,852)
Net cash flows from financing activities	$'000	(4,132)	(38,995)	(65,687)	(179,472)	149,825
Net cash movement	**$'000**	**31,605**	**(13,482)**	**(14,413)**	**(123,414)**	**161,946**
Free cash flow before payments for acquisitions and other investments	**$'000**	**35,737**	**30,462**	**53,522**	**56,058**	**73,051**
DIVIDENDS						
Number of ordinary shares at year end [2]	'000	518,375	519,003	526,666	544,055	368,551
Total dividends declared in respect to financial year	$'000	-	12,973	13,341	6,801	-
Ordinary dividends per share declared	**cents**	**-**	**2.50**	**2.50**	**1.25**	**-**
Special dividends per share declared	**cents**	**-**	**-**	**-**	**-**	**-**
KEY RATIOS						
Average fleet utilisation	%	91.0	93.0	91.8	86.7	90.5
Operating EBIT ROC [1]	%	14.9	13.2	16.2	16.8	21.0
Leverage ratio	x	1.00	1.10	0.96	0.94	1.66

Financial information as reported in the corresponding financial year and includes operations now discontinued.

(1) Operating results are non-IFRS measures. Please refer to previous annual reports for reconciliation between Reported and Operating results.

(2) Weighted average number of shares restated at 30 June 2021 due to FY21 bonus rights issue.

(3) Refer to note 29 for details on prior year restatement.

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Emeco