ANNUAL REPORT 2024

GWA Group Limited

Making life better through innovation in everyday water experiences.

CONTENTS

FY24

> 5.4% increase in normalised Group EBIT.

> Cash conversion ratio of 110%.

> Net debt at its lowest level in five years ($97m).

> Achieved considerable progress in delivery of strategic initiatives.

FY24 PERFORMANCE HIGHLIGHTS

GWA continued its disciplined execution of its strategy to deliver a solid financial result in FY24.

While markets remained challenging, the continued execution of our customer first and profitable volume growth strategic priorities, including an absolute focus on "win the plumber", enabled the group to deliver volume growth of 2.1% for the year.

Despite challenging conditions, FY24 performance exceeded internal targets.

The GWA team, throughout FY24, demonstrated an agile approach to changing market conditions. In addition to reporting an improved financial result, we continue to evolve our strategic priorities to deliver a platform for future and sustainable growth.

TOTAL SALES OF

$413.5m

↑ **0.4%** on the prior year

NORMALISED[1] NPAT OF

$45.6m

↑ **3.4%** on the prior year

NORMALISED EBIT OF

$74.2m

↑ **5.4%** on the prior year

REPORTED NPAT OF

38.6m

↓ **10.4%** on the prior year

REPORTED EBIT OF

$64.4m

↓ **6.8%** on the prior year

NORMALISED EBIT MARGIN OF

17.9% (FY23 17.1%)

FINAL DIVIDEND OF

8.0c per share, fully franked, bringing the full-year dividend to 15.0 cents per share, fully franked

1 Normalised net profit after tax excludes Significant Items after tax for FY24 ($7.0m); FY23 ($1m).

FIVE YEAR FINANCIAL SUMMARY

Continuing operations	2019/20[6] $'000	2020/21[6] $'000	2021/22[6] $'000	2022/23[6] $'000	2023/24[6] $'000
Revenue from continuing operations	398,704	405,736	418,717	411,840	413,492
Earnings before interest, tax, depreciation, amortisation and significant items[1]	92,206	88,401	94,610	89,099	93,603
EBITDA margin (%)	23.1	21.8	22.6	21.6	22.6
Depreciation and amortisation	(20,366)	(19,919)	(19,761)	(18,648)	(19,439)
Earnings before interest, tax and significant items (EBIT)[1]	71,840	68,482	74,849	70,451	74,164
EBIT margin (%)[1]	18.0	16.9	17.9	17.1	17.9
Interest (net)	(8,644)	(8,019)	(7,233)	(8,082)	(7,690)
Normalised profit before tax[1]	63,196	60,463	67,616	62,369	66,474
Normalised profit before tax (%)	15.9	14.9	16.1	15.1	16.1
Tax expense on normalised profit	(18,273)	(18,140)	(20,351)	(18,226)	(20,852)
Normalised effective tax rate (%)	28.9	30.0	30.1	29.2	31.4
Normalised profit after tax[1]	**44,923**	**42,323**	**47,265**	**44,143**	**45,622**
Significant items after tax	(1,037)	(7,267)	(12,086)	(988)	(6,991)
Net profit after tax for the period	**43,886**	**35,056**	**35,179**	**43,156**	**38,631**
Net cash from operating activities	60,952	78,298	13,988	72,882	72,814
Capital expenditure	12,317	5,147	2,408	2,220	2,978
Net debt[2]	144,841	104,804	138,248	117,008	96,967
Shareholders' equity	279,731	296,611	303,826	305,540	304,591

Other Ratios and Statistics					
Interest cover (times)[3]	13.6	15.5	18.3	13.3	14.5
Leverage ratio[3]	1.9	1.4	1.7	1.5	1.2
Gearing: net debt/(net debt + equity) (%)[7]	28.4	21.5	26.2	23.0	19.9
Return on shareholders' equity (%)	15.7	11.8	11.6	14.1	12.7
Dividend payout ratio — Group (%)[4]	69.2	94.6	113.1	79.8	103.0
Dividend payout ratio — Normalised Continuing (%)[4]	67.6	78.1	84.2	78.3	87.2
Dividend per share (cents)[5]	11.5	12.5	15.0	13.0	15.0
Franking (%)	100	100	100	100	100
Share price (30 June) ($)	2.77	2.77	1.97	1.75	2.42
Dividend yield at 30 June share price (%)	4.2	4.5	7.6	7.4	6.2
Number of employees	629	578	550	516	504
Basic earnings per share (cents) — Group	16.6	13.3	13.3	16.3	14.6
Basic earnings per share (cents) — Continuing	16.6	13.3	13.3	16.3	14.6
Normalised basic earnings per share (cents) — Continuing	17.0	16.0	17.8	16.6	17.2

1 Normalised profit before significant items is a non-IFRS financial measure reported to provide a greater understanding of the underlying business performance of the Group. The disclosures are extracted or derived from the financial reports and have not been subject to review or audit. The non-IFRS financial measures included in this table exclude significant items that are detailed in the relevant years' financial reports.

2 Net debt reflects the Group's borrowings and bank guarantees less cash (including cash classified within assets held for sale).

3 Interest cover (times) is calculated using EBITDA excluding non-recurring other significant items divided by net interest expense.

4 Dividend payout ratio is calculated as the Dividend per share (cents) divided by the relevant Basic EPS. Basic EPS is calculated using the weighted average number of ordinary shares at 30 June.

5 Dividend per share includes ordinary and special dividends.

6 AASB16 Leases and the May 2020 IFRS Interpretation Committee decision on 'Multiple Tax Consequences of Recovering an Asset' have been adopted from 1 July 2019 (FY20), with retrospectively restatement of FY19 made.

7 Equity for the purposes of gearing excludes the retained earnings impact from the adoption of the May 2020 IFRS Interpretation Committee decision on 'Multiple Tax Consequences of Recovering an Asset'.

COMPANY PROFILE

ABOUT GWA

GWA Group Limited (GWA) listed on the Australian Securities Exchange in May 1993. GWA is a leading innovator, designer, importer and supplier of products and solutions, focused on the delivery of sustainable water solutions for bathrooms, kitchens and laundries.

We own and distribute market-leading brands and state of the art product solutions across our ranges of sanitaryware, tapware, showers, basins, baths, kitchen sinks, laundry tubs, bathroom/kitchen accessories, valves and spare parts. We have an intelligent bathroom system incorporating Internet of Things (IoT) smart water management solutions.

GWA operates a central-led business with corporate functions supporting our sustainable water solutions business. We have sale and distribution facilities across our primary end markets of Australia, New Zealand and the United Kingdom.

We are highly regarded within the plumbing and construction industry, recognised for our technological capabilities, commitment to water conservation, product reliability and quality, technical expertise, and excellent customer service.

We maintain quality and cost efficient long-term supply agreements with selected, exclusive manufacturing partners across Asia and Europe. GWA has an experienced senior management team in design, research and development, brand building, customer engagement, supply and distribution.

GWA remains committed to growing shareholder value through our focus on making everyday water experiences extraordinary within our sustainable water solutions business which has strong market positions, market-leading brands and significant growth opportunities.

GWA is a member of the ASX 300 index of listed Australian companies.

OUR PURPOSE

Making life better through innovation in everyday water experiences.

OUR STRATEGY

To be the trusted partner in the delivery of sustainable water solutions for bathrooms.

OUR CULTURAL PILLARS

We are one team.
We are customer focused.
We care for each other.

We make life better for all our stakeholders.

OUR BRANDS

CAROMA

CAROMA SMART COMMAND

METHVEN

dorf

CLARK

Deva by METHVEN

FLEXISPRAY

NEFA BY METHVEN

STRATEGY ON A PAGE

Making life better through innovation in everyday water experiences

OUR STRATEGY

To be the trusted partner in the delivery of sustainable water solutions for bathrooms

CUSTOMER FIRST ↑ PROFITABLE VOLUME GROWTH

OUR STRATEGIC FOCUS

Win the plumber | Care | Residential | Commercial

Merchants

OUR ENABLERS

Innovation | Digital | ESG | People

STRATEGIC GROWTH

OUR CULTURAL PILLARS

We are **one team** | We are **customer focused** | We **care for each other**

CHAIRMAN'S REPORT

Despite a challenging operating environment, including a New Zealand recession, GWA continued its disciplined focus to deliver an improved financial result in FY24.

The herculean effort in FY24 resulted in enhanced shareholder returns.

Your Company continues to make solid progress in implementing its strategy which provides a significant platform for future growth.

FY24 RESULTS

Group Revenue increased by 0.4% to $413.5 million, reflecting continued volume growth in the Australian and UK markets, partially offset by a decline in New Zealand due to the recession.

Continued focus on profitable volume growth supported by operational discipline resulted in normalised EBIT[1] increasing by 5.4% to $74.2 million. Normalised net profit after tax increased by 3.4% to $45.6 million.

On a reported basis which includes significant items net profit was $38.6 million compared to $43.2 million for the prior year.

STRONG FINANCIAL POSITION ENABLES 15% INCREASE IN FULL YEAR DIVIDEND

GWA remains in a strong financial position enabling the Group to manage challenging market conditions while continuing to deliver enhanced returns for shareholders.

The Board declared a final dividend of 8 cents per share, fully franked, bringing the full-year dividend to 15 cents per share, fully franked, compared to 13 cents for the prior year.

The FY24 full year dividend represents a normalised payout ratio of 87% and reported dividend payout ratio of 103% of net profit, which is above the Company's dividend policy. It is largely driven by strong operating cash flow over FY24 and FY23, resulting in low net debt. As at 30 June 2024 net debt was $97.0 million, compared to $117.0 million in June 2023. This is the lowest level of debt in the last 5 years.

The Company's Dividend Reinvestment Plan will not be offered to shareholders for the final dividend.

SAFETY AND SUSTAINABILITY

Our primary focus is on operating as a safe and sustainable business.

We incurred several minor injuries during the year which resulted in a disappointing increase in the Group's Total Injury Frequency Rate for FY24.

However, as part of the increased focus on improving incident, and hazard reporting, and corrective action management across the business, we reported a solid improvement in the Worker Insight Frequency Rate which is a key safety lead indicator.

Consistent with our commitment to sustainability, we reduced emissions from our Australian fleet through our ongoing transition to hybrid vehicles. We also continued our journey towards developing lead-free tapware, which will ensure compliance with upcoming regulatory changes.

More information regarding our sustainability progress is contained in the FY24 ESG Report.

CHANGES TO REMUNERATION

During the year, the Board conducted a review of the Company's executive remuneration framework to ensure continued alignment with shareholder value creation. Following that review, the Board implemented some changes to executive remuneration which were announced in February 2024.

These included an increase in the maximum FY24 Short Term Incentive (STI) payable as a % of fixed remuneration from 50% to 100% for the Managing Director & CEO, with other executives increasing from 40% to 50%.

STI payments remain subject to achieving Board approved targets with 75% of the successful STI allocated to financial and 25% to non-financial targets. In addition, 30% of the payment applicable to achievement of the financial target is deferred for one year and paid in cash.

The maximum Long Term Incentive (LTI) as a % of fixed remuneration for the Managing Director & CEO and other executives remains unchanged for the FY25 plan. However, the Board will change the weighting of the two existing performance measures; Earnings Per Share (EPS) growth and relative Total Shareholder Return (TSR); from 50% EPS/50% TSR to 70% EPS/30% TSR.

The Board believes this change better reflects management's ability to deliver growth, and will be implemented for FY25, subject to shareholder approval of the Managing Director & CEO's LTI grant at the Company's 2024 Annual General Meeting.

BOARD COMPOSITION

The Board implemented a renewal process over the past couple of years which included the appointment of three Non-Executive Directors during FY23.

At the conclusion of the Annual General meeting on 4 November, Mr Brett Draffen will be appointed to the Board of GWA.

With the renewal process now largely complete, I will retire from the Board at the conclusion of the Annual General Meeting in November.

I wish to acknowledge and thank my fellow Directors for their ongoing support and counsel over that time, and particularly thank you the shareholders for your ongoing support.

I also want to thank Urs, his leadership team and all our employees across GWA for their contribution to our Company.

Darryl D McDonough
Chairman

1 Normalised results exclude significant items, which in FY24 were $9.7 million pre tax including costs associated with restructuring of the New Zealand business, the implementation of the ERP programme in the UK and the enhancement of the Group's digital platforms.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Disciplined execution and focus on profitable volume delivers improved result.

GWA continued its disciplined focus on "controlling the controllables" to deliver a solid financial result in FY24.

While markets remained challenging, GWA continued to deliver volume growth in Australia and the UK reflecting the successful execution of our customer-first and profitable volume growth strategic priorities.

Despite the significant downturn in the New Zealand market, GWA delivered a slight increase in Group revenue.

Our continued strategic, operational and cost discipline resulted in an increase in Normalised Group EBIT with a corresponding lift in Normalised Group EBIT margin.

The Group continued to generate strong operating cash flow while maintaining its strong financial position.

As a result, GWA delivered enhanced returns to shareholders with a 15% increase in the full year dividend to 15.0 cents per share, fully-franked.

Meanwhile, we continued to achieve strong momentum in implementing our growth strategy, including further engagement with plumbers, the successful launch of new products and strong improvement in our customer service metrics.

I am pleased with the Group's progress over the year. In addition to delivering an improved financial result we continue to create a strong strategic platform for sustainable future growth.

HEALTH & SAFETY

GWA incurred a few minor injuries during the year which resulted in a disappointing increase in the Total Injury Frequency Rate (TIFR) for FY24 to 10.7 from 4.0 in the prior year. These were minor injuries such as back strains.

Our safety initiatives will address building capability for our people leaders to raise awareness and improve safety outcomes to identify and manage early interventions as part of our injury management.

We continue to focus on lead indicators which we believe are more relevant in preventing workplace incidents. This has led to an improvement in incident reporting with the Worker Insight Frequency Rate improving by 22% on the prior year.

GROUP FINANCIAL RESULTS

Normalised Results — excludes significant items

A$ million (normalised — Excludes Significant Items)	FY23	FY24	% change
Revenue	411.8	413.5	+0.4%
EBIT	**70.4**	**74.2**	**+5.4%**
EBIT Margin (%)	*17.1%*	*17.9%*	*+0.8ppts*
NPAT	**44.1**	**45.6**	**+3.4%**

Group revenue increased by 0.4 % to $413.5 million.

Revenue in **Australia** increased by 1.8 % for the year with volume growth of 3.8%. This growth reflects continued traction from profitable volume growth strategies including "win the plumber" and the launch of new products targeting core segments, including entry-level products for the detached housing market and maintenance plumbers.

The specialised "bundle" offer targeting maintenance plumbers continues to gain traction with sales up 8% on the prior year.

GWA's commercial forward order bank remains strong and increased by 22% in value on the start of the year which continues to create a strong platform for future growth in the commercial new build and renovation and replacement segment.

Revenue in **New Zealand**, which was in recession, declined by 16.5% on the prior year, reflecting the ongoing weak market conditions in the housing and construction sector with customers continuing to prioritise cashflow and stock management in the challenging trading environment.

In response GWA acted decisively to align its local New Zealand operations to the prevailing market conditions. The business has been simplified by streamlining brands and products and adjusting the organisational model. The Auckland-based Innovation and R&D centre has been maintained.

Revenue in the **UK** market increased by 8.6% over the prior year. Our local management team continues to execute well and added three new merchant partners during the second half.

The 0.4% increase in group revenue and disciplined cost management translated to a 5.4% improvement in normalised Group EBIT to $74.2 million.

The increase in revenue reflects the Group's continued focus on profitable volume growth supported by ongoing operational and cost discipline across the business.

This also assisted in an improvement in Normalised Group EBIT margin to 17.9% compared to 17.1% for the prior year.

Cost savings included management actions taken towards the end of the prior year to proactively align the cost base to the prevailing uncertain market conditions and lower freight costs in FY24.

These benefits were partially offset by the lower A$/US$ exchange rate in FY24 compared to the prior year.

Group Normalised EBIT in FY24 includes $6.9 million for payments of staff incentives in FY24 related to improved financial performance (FY23: $nil).

Reported Results — includes significant items

Group reported results include significant items of $9.7 million (pre tax). Included in other expenses is $5.2 million of costs made up of $1.3 million relating to UK entity's Enterprise Resource Planning, $2.2 million relating to enhancement of the Group digital platforms and $1.7 million relating to NZ restructure costs. Also included in the cost of sales is $4.5 million of NZ related inventory provision. Significant Items are consistent with the announcement made on 26 June 2024.

FY23 significant items were $1.4 million (pre tax).

A$ million (reported — includes Significant Items)	FY23	FY24	% change
Revenue	411.8	413.5	+0.4%
EBIT	**69.0**	**64.4**	**(6.8%)**
EBIT Margin (%)	*16.8%*	*15.6%*	*(1.2ppts)*
NPAT	**43.2**	**38.6**	**(10.4%)**

CONTINUED STRONG CASHFLOW GENERATION

GWA continues to generate strong operating cashflow, with cashflow from operations of $101.7 million for FY24 compared to $99.6 million for the prior year.

The Company continued to adopt a disciplined approach to working capital management.

This assisted in continued strong cashflow generation together with improved customer service delivery.

Cash conversion remains strong with a cash conversion ratio (cashflow from operations/ normalised EBITDA) of 110% for the year.

Capital expenditure and other investing activities was $3.0 million for FY24 which compared to $2.2 million for the prior year.

The Group's capital expenditure programme remains focused on growth initiatives to drive revenue growth opportunities and cost efficiencies.

FULL YEAR DIVIDEND OF 15.0 CENTS PER SHARE FULLY FRANKED

The Board declared a final dividend of 8.0 cents per share, fully-franked, bringing the full-year dividend to 15.0 cents per share, fully-franked, up 15% on the prior year.

The record date for entitlement to receive the final dividend was 23 August 2024 with the payment date of 6 September 2024. The full-year dividend represents a payout ratio of normalised net profit of 87% and reported profit of 103%.

As part of the Company's capital management approach, the Dividend Reinvestment Plan will not be offered to shareholders for the final dividend.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS (CONTINUED)

GWA'S FINANCIAL POSITION REMAINS STRONG

Net debt as at 30 June 2024 was $97.0 million, 17% lower than 30 June 2023 ($117.0 million) and reflected the reduction in working capital and improved operating cashflow.

GWA's credit metrics improved on the prior year and remain solid. The Company's gearing ratio (net debt/net debt plus equity) was 19.9% compared to 23.0% at 30 June 2023, and leverage ratio (net debt/EBITDA) was 1.2 times compared to 1.5 times at 30 June 2023.

GWA's syndicated banking facility comprises a single three-year multicurrency revolving facility of $180 million which matures in October 2026.

GWA also maintains a separate $40 million one-year multi-currency revolving bilateral facility which matures in October 2024. This will be reviewed as part of our ongoing treasury management.

SOLID PROGRESS IN GROWTH STRATEGY

GWA continued to make significant progress with our strategy during the year with a continued disciplined execution across 'Customer First' and 'Profitable Volume Growth'.

Our priority focus on 'Win The Plumber' is centred on delivering trusted and valued services and solutions to plumbers. Plumbers represent the single biggest opportunity for GWA to grow volume and share in Australia/New Zealand and extending reach and engagement with plumbers therefore represents a core element of GWA's growth strategy.

During FY24 we extended our reach with Australian/NZ plumbers with 25,000 plumbers signed up and categorised between new build and maintenance.

We are now also engaged with 18,000 plumbers in providing technical services.

In addition, we are assisting plumbers with technical training to help them meet their continuing professional development requirements with training conducted for 2,500 plumbers over the year.

We continued to develop solutions to enhance our customer experience and make it easier for customers to do business with us. Our service levels continue to improve with DIFOT in Australia/New Zealand improving to 91% from 78% previously.

GWA launched a number of new products during the period with our vitality index (% of sales from new products) tracking to over 10% for the year.

The business launched the Contura II collection during the year which has resonated strongly in the market and is the best performing new product launch in GWA's history, in terms of initial sales.

Other products launched during the year included:

- Modular prefabricated frame collection as part of our scalable bathroom offer;
- The launch of CleanFlush Urinal technology and smart connected tapware;
- The launch of stylish entry level sanitaryware and baths and affordable commercial tapware to address changing market needs; and
- Continued introduction of Lead free tapware ranges ahead of market trends.

FY25 OUTLOOK AND PRIORITIES

GWA's evolving strategy with a continued focus on 'Customer First' and 'Profitable Volume Growth' centring around 'Win the Plumber' provides a strong platform into FY25 and beyond.

While most of our market segments are facing headwinds, GWA targets specific market segments. These include commercial aged and healthcare, volume home builders, social and affordable housing/build to rent projects and maintenance plumbers and commercial office refurbishment.

GWA monitors key risks to its future prospects and implements measures to mitigate these risks, where possible, which are outlined in the Appendix to this review.

THE GWA TEAM

Over the last 12 months GWA has continued to deliver against key strategic priorities while at the same time building and improving some of the fundamental business processes. These achievements are only possible with a committed and aligned team.

I would like to acknowledge and thank my executives and the entire GWA team for their support and contribution to building a stronger GWA and demonstrating our cultural pillars, being We are One Team, We are Customer Focused and We Care for Each Other.

Urs B Meyerhans
Managing Director and Chief Executive Officer

APPENDIX — RISK MATERIALITY TABLE

Risk	Monitoring and Mitigation
A significant deterioration in building activity impacting sales growth and margins.	GWA monitors building activity and this is factored into the company's forecasting, annual budget and planning processes. Approximately 60% of GWA's revenue is generated from the Renovation and Replacement segment in Australia which is the largest segment of the overall market. GWA's forward order book for commercial projects remains solid and is growing with several major projects secured. In addition, GWA's corporate strategy incorporates opportunities for GWA to expand beyond current segments, categories and markets.
A significant movement in the Australian dollar impacting the price of imported products leading to changes in market pricing to maintain profitability.	GWA monitors foreign exchange rates closely and adopts appropriate mitigation strategies. Approximately 62% of US dollar exposure is hedged at US$0.67 for FY25. GWA's contracts with major customers include provisions for pricing changes based on significant movements in the Australian dollar.
Unforeseen disruptions impacting product supply from offshore suppliers leading to reputational damage, lower sales and loss of market share.	GWA has exclusive long-term supply partnerships with multiple proven offshore suppliers, many of whom have diverse capabilities and would be able to assist in the event of any disruption. GWA's supply chain processes include dual-sourcing strategies and access to safety stock to mitigate the risk of supplier disruption. GWA has its own employees located in Asia working directly with its supply partners and is actively diversifying its regional supply base. GWA has seen increased ocean freight pricing and volatility in container availability due to changing market conditions and government policies, armed conflict and extreme weather events. GWA's business continuity plans are updated frequently to mitigate these issues.
Security risks around external threats to the digital network, IT systems and data could potentially result in adverse operational, financial and reputational impacts through possible system failures and security/ cyber breaches.	GWA has established a formal IT security risk and governance framework to mitigate the risks being faced by GWA. In FY24 GWA's cyber strategy was focussed on network security segmentation and uplift, raising Cyber awareness and risk culture in GWA, Data Loss Prevention and Customer Privacy Information protection. During FY24 an external third party was engaged to perform Cyber penetration testing, the actions identified from this exercise are being implemented to strengthen GWA's cyber security posture. During FY24 GWA also obtained ISO27001 for the Caroma Smart Command product — 'Information security, cybersecurity and privacy protection' certification. In addition, GWA carries out disaster recovery and business continuity planning each year to test the effectiveness of its ability to respond to security and cyber risks. In FY24 this included a tabletop exercise to test GWA's business continuity plan in the context of a simulated major safety and cyber incident impacting warehouse operations.
Workplace health and safety risks could potentially result in physical injury to employees, contractors or others, or damage to the Company's reputation.	Aligned with its Cultural Pillar of "We care for each other", GWA remains committed to continuous improvement in workplace health and safety performance. GWA has implemented comprehensive safety systems and processes, communications with and training of employees, and increased diligence in identifying and removing safety risks. GWA has also increased its focus on the management of mental health issues. Group-wide WHS Operational Risks have been identified and a risk mitigation program is in place with each risk sponsored by an Executive. All GWA UK, Aust and NZ sites are certified to ISO45001:2018 (occupational health and safety management system).
Major global event (e.g., war, pandemic) impacting GWA's ability to operate, including workforce, supply chain and customer service disruptions.	GWA has comprehensive crisis management and business continuity frameworks in place for dealing with major global and domestic events. The frameworks guide GWA's response to events outside of the control of GWA and are continually reviewed to ensure they remain effective.
Adverse impact of environmental or social risks on the GWA business.	GWA is committed to managing environmental and social risks by embedding ESG principles as a foundation pillar of the corporate strategy. In addition, GWA has an ESG Steering Committee to oversee the progress and execution of GWA's ESG program. The physical risks of climate change on the GWA business are regularly assessed with risk mitigation and contingency plans in place. GWA's supply chain comprises internationally diverse manufacturing hubs, transport (shipping), storage, distribution and logistics. To mitigate the environmental risks associated with extreme weather events, GWA has implemented dual-sourcing strategies enabling it to source goods from multiple locations. GWA also carries on average between 2 and 3 months' safety stock in GWA's geographically diverse distribution centres. On the social front GWA carries out ongoing ethical sourcing and modern slavery analysis, and has engaged independent third party providers to complement its existing internal audit program on product suppliers. GWA believes the overall risk level to be low given the scope and location of GWA's operations, the maturity of its supply partner relationships and the diligence applied by GWA to identify and manage risks in the business. In November 2023, GWA's latest Modern Slavery Statement was lodged with the Australian Border Force. Refer to GWA's ESG Report for further information on GWA's initiatives supporting broader ESG value creation opportunities, and risk management of GWA's environmental and social impacts.

BOARD OF DIRECTORS

DARRYL MCDONOUGH

BBUS (ACTY), LLB (HONS), SJD, FCPA

Independent Chairman and Non-Executive Director

- **Expertise:** Experienced non-executive director
- **Special Responsibilities:** Chairman of Board and member of People and Culture and Audit and Risk Committees

Mr McDonough was appointed Chairman on 31 October 2013. He has more than 35 years' experience as a director and as a corporate lawyer. He has served as a director of several public companies.

JOHN MULCAHY

PHD (CIVIL ENGINEERING), FIE AUST

Independent Deputy Chairman and Non-Executive Director

- **Expertise:** Engineer, banker and experienced public company director
- **Special Responsibilities:** Member of the People and Culture Committee

Mr Mulcahy was appointed a Non-Executive Director of GWA Group Limited in 2010 and Deputy Chairman effective 1 November 2013. He is a Fellow of the Institute of Engineers and a Non-Executive Director of ALS Limited, Zurich Australia Limited and Orix Australia. He is the former Chairman of Mirvac Group Limited, and a former Managing Director and Chief Executive Officer of Suncorp Group Limited ("Suncorp"). Prior to joining Suncorp, he held a number of senior executive roles at the Commonwealth Bank and Lend Lease Corporation.

During the past three years Mr Mulcahy has served as a director of the following listed companies for the time periods noted:

- ALS Limited since 2012*
- Mirvac Group Limited from 2009 to 2022.

*denotes current directorship

URS MEYERHANS

FCPA

Managing Director and Chief Executive Officer

Mr Meyerhans was appointed Managing Director and Chief Executive Officer of GWA Group Limited on 1 July 2021. He was formerly the Acting Chief Executive Officer of GWA Group Limited from 1 March 2021.

Mr Meyerhans has international industry experience in manufacturing and distribution, professional services, mining, engineering and construction in Australia, Europe, USA and Asia Pacific. Mr Meyerhans served as President of Tetra Tech Asia Pacific and Chief Executive Officer of Coffey International Limited (Coffey) from 2017 to 2020.

Previous roles have included Chief Operating Officer and Finance Director of Coffey, Finance Director of Wattyl Limited as well as executive roles with United Group Limited and WMC Resources Limited.

Mr Meyerhans is a graduate of the School of Business Executive Program at Stanford University, and Fellow of CPA Australia.

BERNADETTE INGLIS

BBUS, MBA, GAICD, INSEAD GRADUATE

Independent Non-Executive Director

- **Expertise:** Extensive Commercial leadership with deep expertise in business transformation, emerging technologies and strategy development and execution
- **Special Responsibilities:** Chair of the People and Culture Committee

Ms Inglis was appointed a Non-Executive Director of GWA Group Limited on 9 November 2022. She is a highly expert executive with over 20 years' experience in financial services. Bernadette has been a successful business leader in retail banking, wealth management and insurance, and has held senior executive roles across core corporate services functions in national and regional organisations. Bernadette is currently the Group CEO of NGM Group, one of Australia's largest customer-owned, multi-brand financial institutions. Bernadette has significant experience delivering business transformation and growth to drive customer value, including through emerging technologies, execution of strategy and fostering partnerships.

Bernadette also brings non-executive director experience across a broad spectrum, including arts, education, infrastructure and charitable foundations.

PATRIA MANN

BEC, FAICD

Independent Non-Executive Director

- **Expertise:** Experienced non-executive director with extensive audit, risk management and governance experience
- **Special Responsibilities:** Chair of Audit and Risk Committee

Ms Mann was appointed a Non-Executive Director of GWA Group Limited on 1 January 2023. She has more than 20 years' board experience across various sectors. Patria is currently a non-executive director of Bega Cheese Limited and GDI Property Group Limited. She qualified as a Chartered Accountant and was a former Partner of KPMG.

During the past three years Ms Mann has served as a director of the following listed companies for the time periods noted:

- Bega Cheese Limited since September 2019*
- GDI Property Group Limited since April 2024*
- Ridley Corporation Limited from March 2008 to November 2023
- EVT Limited from October 2013 to February 2024.

*denotes current directorship

STEPHEN ROCHE

BBUS (FINANCE & BANKING), FAICD

Independent Non-Executive Director

- **Expertise:** Experienced non-executive director with extensive strategy, distribution and supply chain experience
- **Special Responsibilities:** Member of the Audit and Risk Committee

Mr Roche was appointed a Non-Executive Director of GWA Group Limited on 28 October 2022. He is an experienced director with ASX listed enterprises, family companies and not for profit organisations, and is currently a non-executive director of Baby Bunting Limited, Myer Family Investments Pty Ltd and the Adelaide Football Club. His executive experience includes Managing Director of Bridgestone Australia & New Zealand, and Managing Director & CEO of Australian Pharmaceutical Industries Limited.

During the past three years Mr Roche has served as a director of the following listed companies for the time periods noted:

- Blackmores Limited from September 2021 to August 2023
- Baby Bunting Limited since September 2021*

*denotes current directorship

RICHARD THORNTON

CA, BCOM (ACC), LLB (HONS), LLM

Non-Executive Director

- **Expertise:** Chartered Accountant with extensive governance, risk management and finance experience
- **Special Responsibilities:** Member of the Audit and Risk Committee

Mr Thornton was appointed a Non-Executive Director of GWA Group Limited in June 2022. Mr Thornton has a rich history with the Company, having first joined the Company in 2002 and previously serving as the Company Secretary between 2003 and 2022, and an Executive Director from 2009 to 2022. He is a Chartered Accountant and is experienced in accounting, taxation and finance through positions at Coopers & Lybrand, Citibank and Ernst & Young in Australia and overseas. He has extensive leadership, governance and risk management experience as a longstanding GWA senior executive.

He is a member of the founding Anderson family, and is a Director of HGT Investments Pty Ltd and Great Western Corporation, a diversified Australian private group.

DIRECTORS' REPORT
AS AT 30 JUNE 2024

The directors present their report on the consolidated entity consisting of GWA Group Limited (the **Company**) and its controlled entities at the end of, or during, the financial year ended 30 June 2024 (together, the **Group**).

DIRECTORS

The following persons were directors of the Company during the financial year and up to the date of this report, unless otherwise stated.

Director — current	Position held
Darryl McDonough	Chairman and Independent, Non-Executive Director
John Mulcahy	Deputy Chairman and Independent, Non-Executive Director
Urs Meyerhans	Managing Director and Chief Executive Officer
Bernadette Inglis	Independent, Non-Executive Director
Patria Mann	Independent, Non-Executive Director
Stephen Roche	Independent, Non-Executive Director
Richard Thornton	Non-Executive Director
Director — former	**Position held**
Jane McKellar	Independent, Non-Executive Director (until 30 October 2023)

Details of directors' qualifications, experience, special responsibilities and other directorships held in the three years prior to the end of FY24, is outlined in the director profiles in this Annual Report.

The information referred to in the director profiles forms part of this Directors' Report.

COMPANY SECRETARY

ERNIE LAGIS

BBus LLB (Hons), LLM, Cert Gov&RiskMgt

Ernie has an extensive career in legal, governance and company secretariat. Ernie previously led the company secretariat, legal and insurance functions for the Asia Pacific operations of Tetra Tech Inc, including Tetra Tech Coffey. He began his career as a lawyer with Ashurst (formerly Blake Dawson).

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001 as at the date of this report is:

Director	Ordinary Shares[1]
Darryl McDonough	200,000
John Mulcahy	40,950
Urs Meyerhans[2]	155,217
Bernadette Inglis	23,500
Patria Mann	10,000
Stephen Roche	70,000
Richard Thornton[3]	349,561
Total[4]	**849,228**

Notes:

1 The number of shares held refers to shares held either directly or indirectly by the relevant director.

2 As at the date of this report, Urs Meyerhans also holds 1,991,637 Performance Rights. For details of the Performance Rights held please refer to sections 7.2 and 7.3 of the Remuneration Report.

3 As at the date of this report, and as a former executive director of the Company until 3 June 2022, Richard Thornton also holds 27,106 Performance Rights. For details of the Performance Rights held please refer to sections 7.2 and 7.3 of the Remuneration Report.

4 Section 7.3.3 of the Remuneration Report sets out the number of shares held directly, indirectly, or beneficially by key management personnel or their related entities at balance date as prescribed in Accounting Standard AASB 124, this being 1,017,698 shares (2023: 987,232 shares).

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of Board Committees) held during FY24, and the number of meetings attended by each director is outlined in the following table:

Director	Board		Audit & Risk Committee		People & Culture Committee	
Current	**A**	**B**	**A**	**B**	**A**	**B**
Darryl McDonough	9	9	4	4	5	5
John Mulcahy	9	9	—	—	5	5
Urs Meyerhans	9	9	—	—	—	—
Bernadette Inglis	9	9	—	—	5	5
Patria Mann	9	9	4	4	—	—
Stephen Roche	9	9	4	4	—	—
Richard Thornton	9	9	4	4	—	—
Former	**A**	**B**	**A**	**B**	**A**	**B**
Jane McKellar[1]	4	4	—	—	2	2

Notes:

A Number of meetings held during the time the director held office during the year including meetings of the non-executive directors only.

B Number of meetings attended during the period the director was a member of the Board or relevant Committee.

1 Jane McKellar ceased being a non-executive director of the Company on 30 October 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the research, design, import and marketing of building fixtures and fittings to residential and commercial premises, including sanitaryware, tapware and showers, baths, intelligent water management solutions, and related kitchen, bathroom and laundry products/accessories. The Group distributes, installs, maintains and repairs various products through a range of distribution and customer channels in Australia, New Zealand and selected international markets.

There have been no significant changes in the nature of the activities of the consolidated entity during the financial year.

STATE OF AFFAIRS

There have been no significant changes in the Group's state of affairs during the financial year.

OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review for the consolidated entity during FY24 is provided in the Managing Director's Review of Operations, and forms part of this Directors' Report.

DIVIDENDS

Dividends paid or declared by the Group to shareholders since the end of the previous financial year were as follows.

DECLARED AND PAID DURING FY24

Dividends	Cents per share	Total Amount $'000	Franked Percentage	Payment Date
Final 2022/23 Ordinary	7.0	18,564	100%	5 September 2023
Interim 2023/24 Ordinary	7.0	18,564	100%	5 March 2024

Dividends declared and paid during the year were fully franked at the corporate tax rate of 30%.

DETERMINED AFTER END OF FY24

After the balance date the following dividend was determined by the directors. The dividend has not been provided and there are no income tax consequences as at 30 June 2024.

Dividends	Cents per share	Total Amount $'000	Franked Percentage	Payment Date
Final 2023/24 Ordinary	8.0	21,216	100%	6 September 2024

The financial effect of the final dividend has not been brought to account in the financial statements for FY24 and will be recognised in subsequent financial reports.

The record date for the FY24 final dividend is 23 August 2024 and the dividend payment date is 6 September 2024. The Dividend Reinvestment Plan will not be offered to shareholders for the final dividend.

EVENTS SUBSEQUENT TO REPORTING DATE

Excepting the dividend declared after the end of FY24, as described above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years.

DIRECTORS' REPORT (CONTINUED)

LIKELY DEVELOPMENTS

Likely developments and expected results of the operations of the Group are provided in the Managing Director's Review of Operations.

Further information on likely developments and expected results of the operations of the Group has not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATIONS

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS INDEMNIFICATION

The Company's constitution provides that, to the extent permitted by the law, every current (and former) director or secretary of the Group shall be indemnified out of the assets of the Group against all costs, expenses and liabilities which result directly or indirectly from facts or circumstances relating to the person serving (or having served) in their capacity as director or secretary of the Group, but excluding any liability arising out of conduct involving a lack of good faith or conduct known to the person to be wrongful or any liability to the Group or related body corporate.

In accordance with the Company's constitution, the Company has entered into a Deed of Indemnity, Insurance and Access with each of the Company's directors and company secretary. No director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the financial year.

INSURANCE PREMIUMS

The Company has paid a premium in respect of a contract insuring current and former directors, company secretaries and officers of the Company and its subsidiaries against liability that they may incur as an officer of the Company or any of its subsidiaries, including liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with certain exceptions. It is a condition of the insurance contract that no details of the premiums payable or the nature of the liabilities insured are disclosed.

NON-AUDIT SERVICES

During the year KPMG, the Group's lead auditor, did not perform any non-audit services.

The Company may decide to engage KPMG on assignments additional to their statutory audit duties where their expertise or experience with the Group is important. The Audit and Risk Committee Charter requires the Chair of the Committee to pre-approve any non-audit services.

Additionally, where applicable, the Board will consider the relevant non-audit services and be satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

Details of the amounts paid to KPMG and its network firms for audit and any non-audit services provided during the year are outlined in Note 21 of the financial statements.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration is set out in the Annual Report and forms part of the Directors' Report for FY24.

PROCEEDINGS ON BEHALF OF THE COMPANY

No application has been made under section 237 of the *Corporations Act 2001* (Cth) in respect of the Company, and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section.

ROUNDING

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the rounding of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded in accordance with that Instrument to the nearest thousand dollars, unless otherwise stated.

REMUNERATION REPORT

INTRODUCTION

The Directors of GWA Group Limited present this Remuneration Report for the period ended 30 June 2024. The Remuneration Report outlines the Group's remuneration strategy and principles, explains how the Group's FY24 performance has driven executive remuneration outcomes, and provides the details of specific remuneration arrangements that apply to Key Management Personnel (KMP) in accordance with section 300A of the *Corporations Act 2001* (Cth) (Corporations Act) and applicable accounting standards.

Sections 2 to 8 of this Remuneration Report, excluding Section 7.1.1, have been audited by the Group's External Auditor, KPMG.

The structure of the Remuneration Report is outlined below:

1. Message from the People & Culture Committee;
2. Key Management Personnel;
3. Board role in setting remuneration strategy and principles;
4. Relationship between remuneration policy and Group performance;
5. Description of non-executive director remuneration;
6. Description of executive remuneration;
7. Details of director and executive remuneration; and
8. Key terms of employment contracts.

1. MESSAGE FROM THE PEOPLE & CULTURE COMMITTEE (P&CC)

The P&CC had oversight of the performance and remuneration arrangements of the Managing Director and the other Executive Leadership Team (ELT) members during FY24, together with the Group's remuneration framework and incentive plans. The P&CC ensures that the financial reward for executives is aligned with performance and shareholders' interests.

The Company is in strong financial health due to the disciplined focus over the past 2 years on cost management and operational efficiencies.

The short-term incentive outcomes for the Managing Director and other ELT members for FY24 were realised despite depressed markets, due to relentless focus on operational excellence in the delivery of the Group's Strategy.

GWA's remuneration framework provides remuneration which is fair and equitable to attract, motivate and retain the talented individuals necessary to deliver the Group's Strategy, while aligning the interests of executives and shareholders.

At the centre of the remuneration framework are:

- challenging financial and non-financial measures to assess performance and focus executives on key operational and strategic objectives critical to GWA's long-term success;
- incentive plans that align reward for executives to shareholder wealth creation over the short and medium term;
- ability for the Board to exercise its discretion to adjust or 'claw back' executive reward where business and operational risks have not been adequately managed; and
- best practice governance in determining remuneration arrangements and outcomes that are fair and reasonable taking into consideration community and shareholder expectations.

2. KEY MANAGEMENT PERSONNEL (KMP)

KMP are as defined by the Accounting Standard AASB 124 Related Party Disclosures (AASB 124).

The KMP for FY24 remains consistent with FY23 and is reflected in the below table.

Table 1: Key Management Personnel (KMP)

Name	Position	Term as KMP
Non-Executive Directors		
D McDonough	Chairman and Non-Executive Director	Full year
J Mulcahy	Deputy Chairman and Non-Executive Director	Full year
J McKellar	Non-Executive Director	Retired 30 October 2023
R Thornton	Non-Executive Director	Full year
B Inglis	Non-Executive Director	Full year
S Roche	Non-Executive Director	Full year
P Mann	Non-Executive Director	Full year
Executive Director		
U Meyerhans	Managing Director and Chief Executive Officer	Full Year
Other Executive KMP		
M Hayes	Group General Manager, Marketing	Full year
E Lagis	Company Secretary and General Counsel	Full year
R Patel	Chief Information Officer	Full year
C Norwell	Group General Manager, Sales — Aust, UK & Asia	Full year
P Oliver	Group General Manager, People & Performance	Full year
C Scott	Group Chief Financial Officer	Full year
C Sunaryo	Group General Manager, Supply Chain & Innovation	Full year

3. BOARD ROLE IN SETTING REMUNERATION STRATEGY AND PRINCIPLES

The Board has overall responsibility for reviewing, approving, and monitoring GWA's remuneration strategy and outcomes including for directors and executives. The strategy is designed to provide remuneration that is competitive and equitable and is designed to attract, motivate, and retain directors and executives with the experience, knowledge, skills, and commitment required for success.

The Board delegates some aspects of the review and monitoring process to the People & Culture Committee. The charter for the People & Culture Committee is available on the Company's website at **www.gwagroup.com** under Corporate Governance Policies.

3.1 GWA'S REMUNERATION GOVERNANCE FRAMEWORK

GWA BOARD

- Overall responsibility for the remuneration strategy and outcomes for the Group;
- Reviews and, as appropriate, approves recommendations from the People & Culture Committee.

WITH ADVICE FROM:

PEOPLE & CULTURE COMMITTEE

Review of the:

- Group's executive remuneration and incentive policies and schemes;
- Remuneration framework for non-executive directors;
- MD's and executives' remuneration packages and performance objectives;
- Evaluation of MD's performance;
- MD's and other executives development plans;
- Group's recruitment, retention and termination policies and procedures;
- Group's superannuation arrangements;
- Diversity policy and assessing progress against objectives.

INDEPENDENT EXTERNAL ADVISERS

- Provides independent advice, information and recommendations relevant to remuneration decisions;
- The People & Culture Committee receives information from independent external advisers related to remuneration market benchmark data and analysis for the annual executive fixed remuneration review;
- There were no remuneration recommendations received from the external adviser during the year.

BASED ON:

REMUNERATION PRINCIPLES

- Align and contribute to GWA's key strategic business objectives and desired business outcomes;
- Align executive remuneration with the interests of security holders;
- Assist GWA in attracting executives and retaining the best talent required to execute the business strategy;
- Support GWA's performance based culture against business plans and shareholder returns; and
- Be fair, competitive and easy to understand.

DIRECTORS' REPORT (CONTINUED)

3.2 FY24 EXECUTIVE REMUNERATION

3.2.1 FY24 Managing Director variable remuneration structure

Remuneration specialists Guerdon Associates were engaged in October 2023 to conduct a market review of the structure of GWA's executive remuneration framework to ensure it provided sufficient incentive to align with shareholder value creation. The review concluded GWA's executive remuneration was below relevant benchmarks, with incentives being more heavily weighted to longer term performance. Following this review, the Board announced to the market in February 2024 the following changes to the executive remuneration structure, effective for the entire FY24.

The FY24 incentives structure for the Managing Director is provided in the following table:

Managing Director	Maximum STI as % of fixed remuneration	Maximum LTI as % of fixed remuneration (grant date fair value)	Maximum total performance pay as % of fixed remuneration
FY24	100%	150%	**250%**

The FY24 STI components for the Managing Director is provided in the following table:

Managing Director	Financial Targets[1] as maximum % of fixed remuneration	Critical Non-Financial KPIs[2] as maximum % of fixed remuneration	Maximum STI as % of fixed remuneration
FY24	75%	25%	**100%**

Note:

1 Following the achievement of the STI financial targets, 30% of the financial component will be deferred until the Board approves the FY25 audited financial statements to verify the integrity of achieving the results.

2 Critical non-financial KPIs have been established for the Managing Director at the beginning of each year covering key areas such as health and safety, customer first, profitable volume growth, employee engagement, ESG roadmap deliverables and strategy achievement.

3.2.2 FY24 Member of Executive team variable remuneration structure

The FY24 incentives structure for members of the executive team is provided in the following table:

Other Executives	Maximum STI as % of fixed remuneration	Maximum LTI as % of fixed remuneration (grant date fair value)	Maximum total performance pay as % of fixed remuneration
FY24	50%	60%	**110%**

The FY24 STI components for the executive team is provided in the following table:

Other Executives	Financial Targets[1] as maximum % of fixed remuneration	Critical Non-Financial KPIs[2] as maximum % of fixed remuneration	Maximum STI as % of fixed remuneration
FY24	37.5%	12.5%	**50%**

Note:

1 Following the achievement of the STI financial targets, 30% of the financial component will be deferred until the Board approves the FY25 audited financial statements to verify the integrity of achieving the results.

2 Critical non-financial KPIs have been established for the other executives at the beginning of each year covering key areas such as health and safety, customer first, profitable volume growth, employee engagement, ESG roadmap deliverables and overall strategy achievement.

3.2.3 FY24 Short-Term Incentive Plan Targets

The Board maintained the Short-Term Incentive (STI) financial targets for FY24 under the STI plan of Earnings Before Interest and Tax (EBIT) as the single financial target. In the view of the Board, EBIT is an effective basis for STI financial targets as it is a key business metric and aligned with the Group's Strategy.

The Board has the discretion to normalise the EBIT measure where it is unduly distorted by significant or abnormal events, to ensure that the measure reflects underlying trading performance. Any adjustments to normalise the EBIT measure, and the reasons for any adjustments, will be disclosed.

STI payments for non-financial KPIs will be at the Board discretion if the financial threshold is not met. 30% of the payment applicable to achievement of the financial target is deferred until the Board approves the FY25 audited financial statements to verify the integrity of achieving the results.

3.2.4 FY24 Long-Term Incentive Plan Targets

Consistent with FY23 the two FY24 measures of relative TSR and EPS were in place.

3.3 FY24 EXECUTIVE FIXED REMUNERATION

There were the following Executive Remuneration changes through the year.

The change to the Group General Manager People & Performance in August 2023 was an internal relativity adjustment.

In October 2023 GWA engaged Guerdon Associates to conduct an external Executive Remuneration benchmarking exercise. Following receipt of the report the following fixed remuneration changes were implemented. There was no change to the CEO fixed remuneration in FY24.

KMP	Name	Fixed Remuneration 1 July 2023	Fixed Remuneration change 1 August 2023	Fixed Remuneration change 1 January 2024
Chief Financial Officer	Calin Scott	$520,000	–	$550,000
Group General Manager Sales	Craig Norwell	$465,000	–	$512,000
Group General Manager Supply & Innovation	Caroline Sunaryo	$420,000	–	$465,000
Group General Manager Marketing	Melissa Hayes	$400,000	–	$410,000
Group General Manager People & Performance	Patricia Oliver	$390,000	$400,000	$410,000

4 RELATIONSHIP BETWEEN REMUNERATION POLICY AND GROUP PERFORMANCE

Remuneration is linked to performance by:

- Applying challenging financial and non-financial measures to assess performance;
- Ensuring that these measures focus executives on strategic and operational business objectives that create shareholder value while balancing short-term and medium/longer term shareholder value creation.

GWA measures performance on the following key corporate measures:

- Earnings Before Interest and Tax (EBIT);
- Total Shareholder Return (TSR); and
- Earnings Per Share (EPS) growth.

The Board has the discretion to normalise the EBIT and EPS measures where they are unduly distorted by significant or abnormal events, to ensure that the measures reflect underlying trading performance. Examples include the impact of restructuring costs or other non-recurring expenses or income, to ensure management is not discouraged from undertaking initiatives in the long-term interests of shareholders.

The EBIT for FY24 was normalised by $9.7m as detailed below.

In line with the Group's announcement to the ASX in June 2024, the total Group significant items were $9.7m (pre-tax) which comprises $1.3m relating to UK entity's Enterprise Resource Planning implementation, $2.2m relating to enhancement of the Group digital platforms, $1.7m relating to New Zealand restructure costs and $4.5m of New Zealand related inventory provision.

Remuneration for all executives varies with performance on the key EBIT, EPS and TSR measures together with achievement of their measurable individual KPI objectives, which underpin delivery of the financial outcomes, and are linked to the Group's performance review process.

The Total Shareholder Return (TSR) hurdle for the FY21 LTI grant was not met, accordingly those performance rights lapsed.

The following is a summary of key statistics for the Group over the last five years:

Financial Year	EBIT[a] ($m)	EPS[a] (cents)	Total DPS (cents)	Share Price (30 June) ($)	Market Capitalisation (30 June) ($m)
2019/20[b][c]	71.8	17.0	11.5	2.77	731.1
2020/21[b][c]	68.5	16.0	12.5	2.77	734.6
2021/22[b][c]	74.8	17.8	15.0	1.97	522.5
2022/23[b]	70.5	16.6	13.0	1.75	464.1
2023/24[b]	74.2	17.2	15.0	2.42	641.8

Notes:

(a) Excludes significant items.

(b) FY19 to FY24 includes the results of Methven Limited from the date of acquisition (10 April 2019).

(c) FY20 to FY22 performance was negatively impacted by COVID-19 resulting in business interruption from lockdown restrictions in various geographies and challenging market conditions.

The remuneration and incentive framework are designed to focus executives on sustaining short-term operating performance coupled with investment in long-term strategic growth in the markets in which the business operates. The Group's Normalised EBIT was up 5.4% year on year despite challenging market conditions, in particular the residential repair and renovation segment. This result was achieved due to disciplined execution of the Group's strategy by the Executive.

DIRECTORS' REPORT (CONTINUED)

The Group remains in a strong financial position. FY25 is expected to be a challenging year with a forecast decline across all of GWA's end markets, however the Executive Team have developed strategies to specifically target market segments that will provide maximum return to shareholders. The earnings performance for FY24 enabled the Board to pay a full year fully franked dividend of 15 cents per share for FY24 representing a dividend pay-out ratio of reported profit of 103% and normalised profit of 87%.

The Group has continued its progress in FY24 against its strategic objectives to enhance the operating performance of the business and to maximise returns to shareholders over time. The progress against the strategy is outlined in the Managing Director's Review of Operations.

The successful execution of the Group's strategy was included in executives' measurable individual goals and reflected in the financial performance targets under the STI and LTI plans for FY24; refer sections 6.3 Short-Term Incentive and 6.4 Long-Term Incentive.

The remuneration and incentive framework focused executives on proactively responding appropriately to market conditions in FY24 which saw a significant slowdown in residential repair and renovation activity as a consequence of consecutive interest rate increases by Central Banks in the markets in which we operate. It has encouraged management to respond quickly and make medium term decisions to sustain competitiveness, ensuring that the Group is well placed to maximise returns through the market cycle.

5 DESCRIPTION OF NON-EXECUTIVE DIRECTOR REMUNERATION

Fees for non-executive directors are fixed and are not linked to the financial performance of the Group to ensure that non-executive directors maintain their independence.

At the 2018 Annual General Meeting, shareholders approved an increase in non-executive director fees to an annual maximum aggregate amount of $1,350,000 including statutory superannuation. This increase was to allow for new director appointments over time in accordance with the Board succession plans.

The actual fees paid to the non-executive directors are outlined in the Remuneration Tables in section 7.1 and are based on the following:

- Board Chair $280,000 (including superannuation);
- Other non-executive directors $120,000 (including superannuation); and
- Committee Chair an additional $10,000 (including superannuation).

There have been no changes to these amounts since FY16.

Non-executive director remuneration comprises base fees and statutory superannuation, plus an additional fee for chairing a Board Committee (where applicable).

The payment of committee fees recognises the additional time commitment required by a chair of a Board committee. Non-executive directors are not eligible to participate in the executive incentive schemes.

The People & Culture Committee, from time to time, obtains market benchmarking data from an external remuneration adviser to ensure that the level and allocation of non-executive director remuneration is market based and fairly represents the responsibilities and time spent by the directors on Group matters.

Retirement benefits other than statutory superannuation are not available for non-executive directors.

The Board does not require its non-executive directors to hold GWA shares, however the holding of shares is actively encouraged. For details of the non-executive director shareholdings, please refer to section 7.3.3.

6 DESCRIPTION OF EXECUTIVE REMUNERATION

6.1 EXECUTIVE REMUNERATION STRUCTURE

Executive remuneration has a fixed component and a component that varies with performance. The variable component comprises a short-term incentive (STI) plan which provides rewards for performance over a 1-year period, and a long-term incentive (LTI) plan which provides rewards for performance over a 3-year period. The maximum total remuneration that can be provided to an executive is capped, with incentive payments expressed as a percentage of total fixed remuneration. Total fixed remuneration for the purposes of incentives includes superannuation and non-monetary benefits.

The remuneration structure implemented for executives, including the Managing Director, recognises the short-term challenges posed by operating in the cyclical housing industry, ability to sustain competitiveness, deliver value and growth in mature markets and maintain operating cash flows for dividends.

6.1.1 GWA's Executive Remuneration Structure for FY24

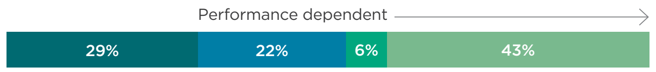
Objective	Attract and retain best talent	Reward current year performance	Reward long-term performance
	Fixed	Variable (at risk)	
Remuneration Components	Fixed Remuneration	Short Term Incentive (STI)	Long Term Incentive (LTI)
Delivery	• Base Salary • Non-monetary benefits • Superannuation	• Annual cash payment subject to performance • Portion deferred for one year and paid in cash	• Annual grant of Performance Rights vesting after three years subject to performance
FY24 Approach	• Fixed remuneration target is set at the median of benchmark companies of similar size and operational scope	**STI performance measures (at maximum):** • Gateway: EBIT measure • Financial targets (75%) EBIT • Individual targets (25%) measurable personal KPI's	**LTI performance measure:** • 3 year performance period • 2 Performance hurdles: Relative TSR (50%) EPS (50%)

The Board is of the view that EBIT is an effective basis for STI financial targets as it is a key business metric aligned with the Group's strategy.

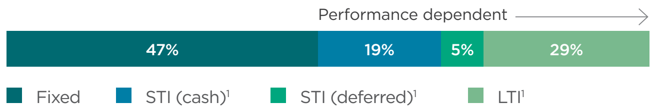
6.1.2 Managing Director and other executives' remuneration mix for FY24

The components of remuneration for the Managing Director and other Executives for FY24 are provided in the following table. Please note that the variable remuneration mix for the Managing Director and other executives' changed for FY24 due to changes in the STI and LTI plans.

FY24 Managing Director Remuneration Mix



FY24 Executives' Remuneration Mix[2]



Note:

1 STI and LTI are based on 100% vesting.

2 Includes the average remuneration Executives' excluding the Managing Director.

6.1.3 FY24 Managing Director variable remuneration structure

The FY24 incentives structure for the Managing Director is provided in the following table:

Managing Director	Maximum STI as % of fixed remuneration	Maximum LTI as % of fixed remuneration (grant date fair value)	Maximum total performance pay as % of fixed remuneration
FY24	100%	150%	**250%**

The FY24 STI components for the Managing Director are provided in the following table:

Managing Director	Financial Targets as maximum % of fixed remuneration	Individual Goals as maximum % of fixed remuneration	Maximum STI as % of fixed remuneration
FY24	75%	25%	**100%**

DIRECTORS' REPORT (CONTINUED)

6.1.4 FY24 Other Executives' variable remuneration structure

The FY24 incentives structure for other executives is provided in the following table:

Other Executives	Maximum STI as % of fixed remuneration	Maximum LTI as % of fixed remuneration (grant date fair value)	Maximum total performance pay as % of fixed remuneration
FY24	50%	60%	**110%**

The FY24 STI components for other executives are provided in the following table:

Other Executives	Financial Targets as maximum % of fixed remuneration	Individual Goals as maximum % of fixed remuneration	Maximum STI as % of fixed remuneration
FY24	37.5%	12.5%	**50%**

6.2 FIXED REMUNERATION

Fixed remuneration is the sum of base salary, non-monetary benefits, and superannuation. The level of fixed remuneration is set:

- to retain proven performers with the relevant and required executive experience and competence;
- to attract external recruits with depth and breadth of expertise usually acquired while working with larger companies;
- in recognition of the short-term challenges posed by cyclical factors and the required focus on long-term growth.

The Board targets the setting of fixed remuneration for executives at the median or higher if warranted by superior performance and relative to companies of comparable size and operational scope to GWA. The comparator companies are primarily from the Consumer Discretionary, Industrial and Material sectors.

6.3 SHORT-TERM INCENTIVE (STI)

6.3.1 STI overview

The STI plan provides for an annual payment that varies with performance measured over the Group's financial year to 30 June 2024. The STI is aligned to shareholder interests as executives will only become entitled to most payments if financial targets are achieved, with maximum incentive payments above the target level linked directly to shareholder value creation. As noted in section 6.1, the maximum STI that can be earned is capped.

Financial gateways are in place to ensure a minimum level of financial performance is achieved before any financial STI payments are awarded to executives. If the gateway has not been achieved, then the executives are not eligible for an STI payment related to financials. The Board has absolute discretion in exercising any power or discretion concerning the STI and any payments accordingly made as they relate to the Executive.

The STI payment is made in cash after finalisation of the annual audited financial statements. 30% of the financial component of the STI is deferred for executives that achieve their STI financial targets. The deferred component is subject to further testing by the Board to confirm the integrity of the achievement of the STI financial targets following finalisation of the following year's audited financial statements. If the Board is satisfied, the deferred component will be paid to executives together with nominal interest at market rates. However, if the Board is not satisfied the deferred component will be subject to forfeiture.

6.3.2 STI performance requirements

6.3.2.1 Financial Performance Targets

For FY24, STI financial performance target is based on Earnings Before Interest and Tax (EBIT) as determined by the Board. The use of EBIT as the sole basis of STI financial targets is aimed at ensuring executives are accountable for delivering profit improvements. The Board is of the view that EBIT is an effective basis for STI financial targets as it is a key business metric and aligned with the Group's strategy.

The 'gateway' and 'maximum' STI financial targets are determined by the Board at the beginning of the financial year following approval of the budget by the Board.

The budget performance levels are taken into consideration in setting the financial targets, however different targets may be set (either higher or lower than budget) that ensure management is motivated while reflecting the degree of difficulty in achieving the budget. Performance between the 'gateway' and 'maximum' levels is rewarded on a straight-line basis.

The Board retains the right to vary from policy if required. However, any variation from policy and the reasons for it will be disclosed. There was no variation from policy in setting the STI financial performance targets for FY24.

6.3.2.1.1 FY24 STI Financial Performance Outcomes

Despite the ongoing depressed market conditions throughout FY24, through disciplined execution of the strategy the business delivered operational outcomes that exceeded the financial targets, hence STI payment relating to the financial outcomes was triggered.

6.3.2.2 Individual Goals

The individual goals set for each executive include targets of key milestones to improve or consolidate the Group or business unit's strategic position. The individual goals vary with the individual's role, risks, and opportunities, and are aligned with the Group's Strategy and corporate priorities. Achievement of individual goals accounts for a maximum of 25% for the Managing Director and 12.5% of the other executives' fixed remuneration.

Strict criteria have been established by the People & Culture Committee for the setting of individual goals for them to be approved. The goals can be drawn from a number of strategic priorities specific to individual roles but must be specific, measurable, aligned, realistic and time based.

Individual goals include both measurable financial and business improvement goals. The measurable financial goals are financial outcomes which the individual aims to achieve through their effort and that of their team and influence on the wider business. Examples may include achieving working capital reductions, sales/margin targets or cost reduction targets. The measurable business improvement goals are outcomes which drive sustainable business improvement, and which may or may not have an immediate financial outcome but will improve the business in the short to medium term. Examples may include improved safety and environmental performance, enhancing sustainability, delivering customer first improvements, delivering productivity improvements or implementing a significant change or strategic initiative.

Assessment of the individual goals STI component is determined following a formal performance review process for each executive. The performance reviews for executives are conducted semi- annually by the Managing Director with the annual outcomes reviewed and approved by the Board. The individual goals for executives for the following year are reviewed and approved by the Board.

The Managing Director's performance review is conducted semi-annually by the Chairman following input from the Board and with the outcomes reviewed and approved by the Board. An assessment of key performance goals subject to STI incentive payments for FY24 is provided in section 6.3.2.2.1.

The inclusion of individual goals in the remuneration structure ensures that executives can be recognised for improved business performance, including periods where troughs in the housing industry cycle mean financial performance is consequently weaker across the sector. The reward for achievement of individual goals provides specific focus on responding to changes in the economic cycle, as well as on continuous performance improvement.

DIRECTORS' REPORT (CONTINUED)

6.3.2.2.1 Key Performance Goals and Outcomes

An assessment of key performance goals and financial targets subject to STI incentive payments for FY24 is provided in the following table:

FY24 Goals	Performance	Assessment
Individual Objectives		
Achieve leading workplace health and safety (WHS) performance **Measures:** Safety culture and initiatives Leading safety measures (worker insights, safety interactions, site inspections, actions closed)	During FY24 the Group continued its progress implementing the WHS strategy. This strategy focuses on fostering a safety culture through strong leadership at all levels, ongoing coaching, structured training and embedding of reporting through reward and recognition programs as well as risk identification and reduction programs. The Groups Safety Management System is regularly audited internally for continuous improvement and remains ISO 45001 certified. The Group has exceeded the target set in relation to reporting of Worker Insights achieving a 1,707 insights per million hours against set target of 1,550 and continues to support the health, safety, and psychological wellbeing of staff through its well-established programs and practices around WHS risk reduction, flexible work, wellbeing support, Mental Health First Aid, Training and other support and referral programs.	Above target
To continue to build on the capabilities of the Executive team and GWA staff by implementing specific learning and development programs across the company	Individual development programs for members of the ELT have been developed and implemented. Corporate Learning and Development plans have been developed and bespoke programs deployed aligned with our Leadership Competency framework at Senior Leader, frontline Leader and Self-Leadership levels. The Group developed several functional skill-build interventions including a Customer Service Training Accreditation program across ANZ.	On target
Deliver on specific strategic initiatives and key projects	Strong progress has been made across a number of key projects. **Customer First** • DIFOT (delivery in full and on time) has improved to 90% across ANZ market. • Transactional NPS (Net Promotor Scores) improved to 50+ in the course of FY24. **Win the Plumber** • Achieved registration of 25,000 plumbers during FY24 • Delivered 20,000 technical transactions in FY24. **Innovation through Design and Partnership** • NPD (new product development) speed to market improved by 5 months **Digital** • Achieved ISO27001 security certification for Caroma Smart Command.	Above target
ESG — Implementation of the ESG roadmap with measurable targets	Successfully developed and delivered GWA's inaugural ESG Report.	On target
Financial targets		
STI financial performance targets **Measures:** EBIT financial gateway	Despite the challenging market conditions, managements proactive approach to profitable volume growth and disciplined cost approach led the Managing Director and other executives to exceed the financial gateway hurdles and were therefore eligible for STI payments (both financial and individual goals) for FY24 (refer section 6.3.2.1.1). A disciplined working capital approach enabling a full dividend of 15c/share to be paid to shareholders.	Above target

6.4 LONG-TERM INCENTIVE (LTI)

6.4.1 LTI overview two hurdles — TSR and EPS for FY24

Executives participate in a LTI plan. This is an equity-based plan that provides a reward that varies with Group performance over three-year periods. Three years is defined to be the maximum time period over which financial projections and detailed business plans can reasonably be made and reflects what the Board considers to be a reasonable period to require and test the sustainability of earnings accretion from investments and given the nature of the business.

The LTI is provided as Performance Rights, with each right entitling the holder to an ordinary share in the Group, subject to meeting financial performance hurdles and remaining in employment until the nominated vesting date, unless otherwise approved by the Board.

If the vesting conditions and performance hurdles are achieved, the participants may exercise the Performance Rights at no cost before their expiry seven years after the grant date. Until that time, the participants have no right to dividends or voting rights on unvested Performance Rights. If the performance hurdles are not met, then the Performance Rights are cancelled. The LTI plan rules do not allow for re-testing of the performance hurdles after the initial performance period.

The performance hurdles for the LTI are selected by the Board. For the FY24 LTI grant, the basis of the grants of Performance Rights to executives is subject to two performance measure being:

- Total Shareholder Return (TSR) which is a relative performance requirement. TSR is a key measure on which the Group's strategic plan is focused and ensures LTI rewards are contingent on this measure is consistent with the Board's approved strategy.
- Earnings Per Share (EPS) growth (CAGR over 3-year performance period).

For the FY24 LTI grant, a participant may not dispose of the ordinary shares issued under the LTI until Board approval has been obtained and the shares are subject to a holding lock upon issue. This was to ensure that executives retain a suitable shareholding in the Group. In considering an application from a participant to dispose of the shares, the Board will consider whether the sale is in the best interests of the Group, relevant policies and regulations, the extent of the executive's Group shareholdings as a multiple of fixed remuneration, and such other factors as it considers relevant to the application. No applications from participants to dispose of the shares were received by the Board in FY24.

In accordance with the LTI plan rules, the executives are prohibited from entering into hedging transactions or arrangements which reduce or limit the economic risk of holding unvested Performance Rights.

In the event of a change of control, the Board will determine at its discretion the extent to which outstanding Performance Rights granted to executives will vest and be exercised into ordinary shares. In exercising its discretion, the Board will consider whether the vesting conditions are unlikely to be satisfied and the outstanding Performance Rights cancelled. If the Board makes the decision that not all outstanding Performance Rights will vest on a change of control, then all remaining Performance Rights will be cancelled.

For the FY24 LTI grant, the proportion of Performance Rights that can vest will be calculated when the shares vest in August 2026 subject to achieving the performance hurdle. If the performance hurdle is not met the Performance Rights will be cancelled.

The 'claw back' provisions under the LTI plan enable the Board to reduce or 'claw back' benefits under the LTI (including unvested Performance Rights, shares, proceeds of shares or cash amounts) if the Board considers that action is justified in the circumstance. This includes where an executive has committed an act of fraud, defalcation, or gross misconduct.

The maximum number of outstanding Performance Rights granted to executives must not exceed 5% of the total number of shares on issue by the Group. The total number of outstanding Performance Rights granted to executives as at 30 June 2024 was 4,301,772 which represents 1.6% of the Group's total issued shares.

6.4.2 LTI performance requirements

6.4.2.1 TSR hurdle

The TSR hurdle and the proportion of performance rights to vest if the TSR hurdle is met are summarised below:

TSR of GWA Group Limited relative to TSR of Comparator Companies	Proportion of Performance Rights to vest if TSR hurdle is met
Less than the 50th percentile	0%
50% percentile	25%
Between 50% and 75% percentile	Straight line vesting between 25% and 100%
75th percentile or higher	100%

DIRECTORS' REPORT (CONTINUED)

The group of comparator companies for the TSR hurdle includes a bespoke group of sixteen domestic ASX listed companies exposed to similar economic, market, and/or financial factors.

GWA and the comparator companies operate in different sectors (e.g., Industrial, Material, Consumer Discretionary) and the choosing of one sector or industry does not provide a comprehensive list of related companies. To ensure an adequate number of comparator companies is included for the TSR hurdle, the Board has selected companies outside the building supplies and construction materials industry, but subject to similar external influences.

The chosen peer group (16 in total) for the FY24 LTI grant is as follows (changed from 19 in FY23 due to suspension of ADBRI Limited, Boral Limited and CSR Limited prior to 30 June 2024, and their subsequent delisting from ASX): James Hardie Industries PLC, Fletcher Building Ltd, Brickworks Ltd, Super Retail Group Ltd, ARB Corp Ltd, Bapcor Ltd, Breville Group Ltd, Amotiv Ltd, Cedar Woods Properties Ltd, Decmil Group Ltd, Simonds Group Ltd, Fleetwood Ltd, Accent Group Ltd, Pact Group Holdings Ltd, Reece Ltd, Wagner Company Ltd.

The Board has discretion to adjust the comparator group to take into account events including, but not limited to, takeovers, mergers, de-mergers and similar transactions that might occur over the performance period. The Board reviews the comparator group on an annual basis to ensure they remain relevant and to ensure potential new peers are considered for inclusion.

6.4.2.2 EPS hurdle

For the FY24 LTI grant, 50% of the performance rights were subject to an EPS hurdle (50% subject to TSR as per 6.4.2.1). The performance hurdles and vesting proportions for the EPS performance measure that applies to the FY24 LTI grant is outlined in the following table:

GWA Group Limited EPS growth over three-year performance period	Proportion of Performance Rights to Vest if EPS hurdle is met
EPS less than 5% per annum	0%
EPS equal to 5% per annum	25%
EPS between 5% and 10% per annum	Straight line vesting between 25% and 100%
EPS equal to 10% or higher per annum	100%

The EPS performance hurdle is calculated by reference to the Group's audited accounts. The EPS hurdle is calculated in accordance with the Accounting Standards.

The Board has discretion to make reasonable adjustments to the profit component of the calculation where it is unduly distorted by significant or abnormal events, and in order to ensure that it reflects underlying trading performance. The use of any discretion and the reasons for it will be disclosed.

7 DETAILS OF DIRECTOR AND EXECUTIVE REMUNERATION

7.1 REMUNERATION TABLES

Details of the nature and amount of each element of remuneration for each director of the Group and other key management personnel (KMP) for the year ended 30 June 2024 are provided in the following Remuneration Tables.

		Short-term			Long-term			Post-employment					
		Salary & Fees	Non-Monetary	STI Bonus	STI Bonus — Deferred	Value of Share-Based Awards	Long Service Leave	Superannuation Benefits	Termination Benefits	Total	Proportion of remuneration performance based	STI Bonus vested in year	STI Bonus forfeited in year
		$[a]	$[c]	$[b][h]	$[b]	$[d]	$[k]	$	$	$	%[i]	%	%
Non-Executive Directors[f]													
D McDonough, Chairman	2024	280,000	—	—	—	—	—	—	—	280,000	—	—	—
	2023	273,677	—	—	—	—	—	6,323	—	280,000	—	—	—
J Mulcahy, Deputy Chairman	2024	106,800	—	—	—	—	—	13,200	—	120,000	—	—	—
	2023	116,350	—	—	—	—	—	13,650	—	130,000	—	—	—
A Barrass, Non-Executive Director (retired 28 October 2022)[m]	2024	—	—	—	—	—	—	—	—	—	—	—	—
	2023	53,700	—	—	—	—	—	6,300	—	60,000	—	—	—
S Goddard, Non-Executive Director (retired 30 June 2023)	2024	—	—	—	—	—	—	—	—	—	—	—	—
	2023	116,350	—	—	—	—	—	13,650	—	130,000	—	—	—
B, Inglis, Non-Executive Director (appointed 9 November 2022)	2024	115,700	—	—	—	—	—	14,300	—	130,000	—	—	—
	2023	69,259	—	—	—	—	—	8,125	—	77,384	—	—	—
P Mann, Non-Executive Director (appointed 1 January 2023)	2024	115,700	—	—	—	—	—	14,300	—	130,000	—	—	—
	2023	55,192	—	—	—	—	—	6,475	—	61,667	—	—	—
J McKellar, Non-Executive Director (retired 30 October 2023)	2024	35,600	—	—	—	—	—	4,400	—	40,000	—	—	—
	2023	107,400	—	—	—	—	—	12,600	—	120,000	—	—	—
S Roche, Non-Executive Director (appointed 28 October 2022)	2024	106,800	—	—	—	—	—	13,200	—	120,000	—	—	—
	2023	72,426	—	—	—	—	—	8,497	—	80,923	—	—	—
R Thornton, Non-Executive Director[j]	2024	106,800	—	—	—	—	—	13,200	—	120,000	—	—	—
	2023	107,400	—	—	—	(70,678)	—	12,600	—	49,322	—	—	—
Total — Non-Executive Directors	**2024**	**867,400**	**—**	**—**	**—**	**—**	**—**	**72,600**	**—**	**940,000**			
	2023	**971,754**	**—**	**—**	**—**	**(70,678)**	**—**	**88,220**	**—**	**989,296**			
Executive Directors													
U Meyerhans, Managing Director and Chief Executive Officer[e]	2024	945,577	2,962	775,000	225,000	532,815	—	27,500	—	2,508,854	61	100	—
	2023	1,007,115	2,528	—	—	383,033	—	27,500	—	1,420,176	27	—	100
Total — Directors remuneration[l]	**2024**	**1,812,977**	**2,962**	**775,000**	**225,000**	**532,815**	**—**	**100,100**	**—**	**3,448,854**			
	2023	**1,978,869**	**2,528**	**—**	**—**	**312,355**	**—**	**115,720**	**—**	**2,409,472**			

DIRECTORS' REPORT (CONTINUED)

		Short-term			Long-term			Post-employment					
		Salary & Fees	Non-Monetary	STI Bonus	STI Bonus — Deferred	Value of Share-Based Awards	Long Service Leave	Superannuation Benefits	Termination Benefits	Total	Proportion of remuneration performance based	STI Bonus vested in year	STI Bonus forfeited in year
		$[a]	$[c]	$[b][h]	$[b]	$[d]	$[k]	$	$	$	%[i]	%	%
Executives[g]													
M Hayes, Group General Manager — Marketing	2024	385,641	2,642	138,105	40,095	85,251	—	27,500	—	679,234	39	88	—
	2023	372,500	2,347	—	—	61,286	—	27,500	—	463,633	13	—	100
E Lagis, Company Secretary and General Counsel	2024	374,038	2,830	155,000	45,000	46,550	—	27,500	—	650,918	38	100	—
	2023	366,346	2,420	—	—	22,585	—	27,500	—	418,851	5	—	100
A Larson, Chief Information Officer (resigned 19 December 2022)	2024	—	—	—	—	—	—	—	—	—	—	—	—
	2023	179,372	2,402	(42,105)	—	(92,794)	—	12,646	—	59,521	—	—	100
C Norwell, Group General Manager — Sales	2024	475,255	1,717	189,294	54,956	99,104	21,970	27,500	—	869,796	39	100	—
	2023	426,769	1,445	9,178	—	20,115	7,749	27,500	—	492,756	4	—	100
P Oliver, Group General Manager — People & Performance	2024	397,207	2,283	156,937	45,463	83,527	—	27,500	—	713,017	40	100	—
	2023	376,708	2,709	—	—	59,753	—	25,292	—	464,462	13	—	100
R Patel, Chief Information Officer (appointed 17 April 2023)	2024	375,678	2,654	155,000	45,000	16,317	—	27,399	—	622,048	35	100	—
	2023	73,175	524	—	—	—	—	15,115	—	88,814	—	—	100
C Scott, Group Chief Financial Officer	2024	528,413	3,226	207,312	60,188	110,825	—	27,400	—	937,364	40	100	—
	2023	498,855	3,142	—	—	79,671	—	35,145	—	616,813	13	—	100
C Sunaryo, Group General Manager — Supply & Innovation	2024	438,392	2,649	171,469	49,781	82,740	17,010	27,399	—	789,440	39	100	—
	2023	387,671	3,124	4,441	—	45,439	20,202	26,138	—	487,015	9	—	100
Total — Executives Remuneration[l]	**2024**	**2,974,624**	**18,001**	**1,173,117**	**340,583**	**524,314**	**38,980**	**192,198**	**—**	**5,261,817**			
	2023	**2,681,396**	**18,113**	**(28,486)**	**—**	**196,055**	**27,951**	**196,836**	**—**	**3,091,865**			
Total — Directors and Executives Remuneration[l]	**2024**	**4,787,601**	**20,963**	**1,948,117**	**565,583**	**1,057,129**	**38,980**	**292,298**	**—**	**8,710,671**			
	2023	**4,660,265**	**20,641**	**(28,486)**	**—**	**508,410**	**27,951**	**312,556**	**—**	**5,501,337**			

Notes to the Remuneration Tables:

(a) Salary and fees represent base salary and includes the movement in annual leave provision.

(b) Despite the challenging market conditions, particularly in H2, offset by disciplined execution of customer first and profitable volume growth initiatives, the Managing Director and other executives met the financial gateway hurdles and were therefore eligible for STI payments (both financial and individual goals) for FY24. Refer to Section 6.3.1 for details on the deferred STI component.

(c) The short-term non-monetary benefits include insurance and other minor benefits including any applicable fringe benefits tax.

(d) The Long-Term Incentive (LTI) plan was approved by shareholders at the 2008 Annual General Meeting. The outstanding Performance Rights as at 30 June 2024 were granted to executives in FY22, FY23 and FY24 (as applicable) and are subject to vesting conditions and the achievement of specified performance hurdles over the three year performance periods. The fair values of the Performance Rights granted in FY22, FY23 and FY24 were calculated using Black Scholes Model (ROFE and EPS hurdle) and Monte Carlo Simulation (TSR hurdle) valuation methodologies and allocated to each financial year evenly over the three-year performance period. If the specified performance hurdles are not achieved, then no benefits will be received by the executives under the LTI plan, and the Performance Rights are cancelled. During FY24, 0% of the Performance Rights granted to executives in respect of the FY21 LTI grant vested, and the reversal is included in the table above where applicable if the service condition related to the FY21 LTI grant was not satisfied.

(e) For details of Mr. Urs Meyerhans' remuneration arrangements as Managing Director, please refer to section 8.1.

(f) Non-executive director remuneration has remained frozen since FY16 (excluding the pay reduction of 20% during Q4 FY20 to assist in managing costs during COVID-19). The total non-executive director remuneration is within the annual aggregate maximum amount approved by shareholders. For details of non-executive director remuneration, please refer to section 5.

(g) For the actual remuneration received by the executives for FY24, please refer to the table in section 7.1.1.

(h) Short term bonus is inclusive of the accounting accrual for the retention bonus scheme as disclosed in FY23 Remuneration Report for Mr. Alex Larson (reversal of prior year accrual), Mr. Craig Norwell and Ms. Caroline Sunaryo.

(i) Performance based remuneration does not include the retention bonus scheme.

(j) Mr. Richard Thornton's was Executive Director and Company Secretary to 3 June 2022, and Non-Executive Director from 3 June 2022.

(k) Long service leave remuneration is based on the movement in long service leave provision.

(l) Total Directors remuneration and Total Executive Remuneration reported has increased largely in FY24 due to STI payment accruals (Nil FY23 STI).

(m) In FY23 Ms. Alison Barrass received an ex-gratia payment equivalent to 2 months fees in recognition of her past service.

DIRECTORS' REPORT (CONTINUED)

7.1.1 Actual remuneration received by executives.

The following table sets out the actual value of remuneration received by executives for FY24, derived from the various components of their remuneration during FY24. This table differs from the more detailed statutory remuneration disclosures in the Remuneration Tables in section 7.1 due to the exclusion of LTI amounts not vested and the reversal of accounting expenses associated with LTI grants, accruals for the retention bonus scheme, and movements in leave entitlements, and is therefore unaudited.

FY24		Fixed Remuneration $[a]	Short Term Incentive $	Long Term Incentive (Earned) $[b]	Total $
U Meyerhans, Managing Director and Chief Executive Officer[c]	2024	1,002,962	1,000,000	—	2,002,962
	2023	1,002,528	—	—	1,002,528
M Hayes, Group General Manager — Marketing	2024	396,681	178,200	—	574,881
	2023	402,347	—	—	402,347
E Lagis, Company Secretary and General Counsel	2024	402,830	200,000	—	602,830
	2023	383,959	—	—	383,959
A Larson, Chief Information Officer (resigned 19 December 2022)	2024	—	—	—	—
	2023	189,068	—	—	189,068
C Norwell, Group General Manager — Sales	2024	490,217	244,250	—	734,467
	2023	466,445	58,125	—	524,570
P Oliver, Group General Manager — People & Performance	2024	406,450	202,500	—	608,950
	2023	392,709	—	—	392,709
R Patel, Chief Information Officer (appointed 17 April 2023)	2024	402,654	200,000	—	602,654
	2023	82,575	—	—	82,575
C Scott, Group Chief Financial Officer	2024	538,226	267,500	—	805,726
	2023	523,142	—	—	523,142
C Sunaryo, Group General Manager — Supply & Innovation	2024	445,149	221,250	—	666,399
	2023	405,624	28,125	—	433,749
Total	**2024**	**4,085,169**	**2,513,700**	**—**	**6,598,869**
	2023	**3,848,397**	**86,250**	**—**	**3,934,647**

Notes:

(a) Fixed remuneration represents amounts actually paid to executives and includes base salary, non- monetary benefits, and superannuation.

(b) The performance hurdles for the FY21 LTI grant were tested during FY24 and 0% vested; refer section 7.2.1 Performance Rights. Excludes the value of any unvested LTI grants expensed or reversed during FY24.

(c) For details of Mr. Urs Meyerhans' remuneration arrangements as Managing Director refer to section 8.1.

7.2 SHARE BASED PAYMENTS

7.2.1 Performance Rights

The following table shows details of the Performance Rights granted to key management personnel during the year ended 30 June 2024 and in prior years that affects compensation in this or future reporting periods.

	Year of grant	Number of rights granted	Grant date*	% Vested in year	% Lapsed in year	Fair value of rights at grant date $[a]	Issue price used to determine number of rights granted
Executive Directors							
U Meyerhans, Managing Director	2024	742,574	30 October 2023	—	—	815,346	1.76
	2023	707,547	28 October 2022	—	—	1,020,990	2.12
	2022	541,516	6 December 2021	—	—	725,631	2.77
R Thornton, Non-Executive Director (Executive Director to 3 June 2022)	2024	—	—	—	—	—	—
	2023	—	—	—	—	—	—
	2022	88,709	6 December 2021	—	—	118,870	2.77
	2021	43,723	7 December 2020	—	64%	83,074	2.81
Executives							
M Hayes, Group General Manager — Marketing	2024	118,812	30 October 2023	—	—	130,456	1.76
	2023	113,208	28 October 2022	—	—	163,359	2.12
	2022	86,643	6 December 2021	—	—	116,102	2.77
E Lagis, Company Secretary and General Counsel	2024	118,812	30 October 2023	—	—	130,456	1.76
	2023	113,208	28 October 2022	—	—	163,359	2.12
	2022	—	—	—	—	—	—
C Norwell, Group General Manager — Sales	2024	138,119	30 October 2023	—	—	151,655	1.76
	2023	131,604	28 October 2022	—	—	189,905	2.12
	2022	100,722	6 December 2021	—	—	134,967	2.77
	2021	49,644	7 December 2020	—	100%	94,324	2.81
P Oliver, Group General Manager — People & Performance	2024	118,812	30 October 2023	—	—	130,456	1.76
	2023	110,377	28 October 2022	—	—	159,274	2.12
	2022	84,477	6 December 2021	—	—	113,199	2.77
R Patel, Chief Information Officer (appointed 17 April 2023)	2024	118,812	30 October 2023	—	—	130,456	1.76
	2023	—	—	—	—	—	—
C Scott, Group Chief Financial Officer	2024	154,455	30 October 2023	—	—	169,592	1.76
	2023	147,170	28 October 2022	—	—	212,366	2.12
	2022	112,635	29 June 2022	—	—	150,931	2.77
C Sunaryo, Group General Manager — Supply & Innovation	2024	124,752	30 October 2023	—	—	136,978	1.76
	2023	118,868	28 October 2022	—	—	171,527	2.12
	2022	75,812	6 December 2021	—	—	101,588	2.77
	2021	12,011	7 December 2020	—	100%	22,821	2.81

Note:

(a) The issue price used to determine the number of Performance Rights offered to key management personnel during FY24 was $1.76 being the volume weighted average price of the Group's shares calculated over the 10 trading days from the Group's FY23 results release on 14 August 2023. The grant dates and corresponding fair values per right in the table have been determined in accordance with Australian Accounting Standards. Fair values have been calculated using the Black Scholes Model valuation methodology for the ROFE and EPS hurdle and Monte Carlo simulation for the TSR hurdle. The fair value of rights issued during the year under the EPS hurdle was $1.37 and under the TSR hurdle was $0.82 per right.

All the rights carry an exercise price of nil. The rights granted on 6 December 2021, 28 October 2022 and 30 October 2023, will vest on the date of the release to the Australian Securities Exchange of the Group's annual audited financial statements for the years 30 June 2024, 2025, and 2026 respectively, subject to the achievement of the performance hurdles.

The rights granted to Mr. Thornton and Mr. Meyerhans were approved by shareholders at the 2021, 2022 and 2023 Annual General Meetings (as applicable) in accordance with ASX Listing Rule 10.14.

Rights were forfeited when an employee ceased employment with the Group during the year in accordance with the rules of the LTI plan.

The number of rights outstanding as at 30 June 2024 represents the balance yet to be tested.

7.2.2 Status and key dates of LTI awards

The following table shows the status and key dates for Performance Rights granted to key management personnel under the LTI plan.

Grant Date	Valuation Per Right[1]	Performance Testing Windows	Expiry Date (if hurdle not met)	Performance Status[2]
6 December 2021[3]	Tranche A (TSR) $1.34	29 October 2021 to August 2024 (Tranche A)	August 2024	Performance testing not yet commenced.
28 October 2022	Tranche A (TSR) $1.20	1 July 2022 to 30 June 2025 (Tranche A)	August 2025	Performance testing not yet commenced.
	Tranche B (EPS) $1.69	1 July 2022 to 30 June 2025 (Tranche B)		
28 October 2023	Tranche A (TSR) $0.82	1 July 2023 to 30 June 2026 (Tranche A)	August 2026	Performance testing not yet commenced.
	Tranche B (EPS) $1.37	1 July 2023 to 30 June 2026 (Tranche B)		

Notes:

1 The value of performance rights at grant date calculated in accordance with AASB 2 Share-based Payments. Valuations were performed by a third party, Deloitte.

2 To ensure an independent TSR measurement, GWA engages the services of an external organisation, Deloitte, to assist with determining performance under the TSR hurdle.

3 Due to the uncertainty in the market from the COVID-19 pandemic, the Board decided that the performance measure for the FY21 and FY22 LTI grant would be solely based on TSR. Refer section 6.4 Long-Term Incentive for further details.

7.3 KEY MANAGEMENT PERSONNEL TRANSACTIONS

7.3.1 Loans to key management personnel and their related parties

No loans were made to key management personnel or their related parties during the year ended 30 June 2024 (2023: nil).

7.3.2 Other key management personnel transactions with the Group or its controlled entities

There were no other key management personnel transactions with the Group or its controlled entities during the year ended 30 June 2024 (2023: nil).

From time to time, key management personnel of the Group or its controlled entities, or their related entities, may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees and are trivial or domestic in nature.

7.3.3 Movements in shares

The movement during the reporting period in the number of ordinary shares in GWA Group Limited held, directly, indirectly, or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2023	Granted as compensation	Purchases	Sales	Held at 30 June 2024
Non-Executive Directors					
D McDonough	170,000	—	30,000	—	200,000
J Mulcahy	40,950	—	—	—	40,950
B Inglis	—	—	23,500	—	23,500
P Mann	10,000	—	—	—	10,000
J McKellar (retired 31 October 2023)	13,034	—	—	—	n/a*
S Roche	70,000	—	—	—	70,000
R Thornton	349,561	—	—	—	349,561
Executive Director					
U Meyerhans	155,217	—	—	—	155,217
Executives					
M Hayes	—	—	—	—	—
E Lagis	4,100	—	—	—	4,100
C Norwell	150,663	—	—	—	150,663
P Oliver	—	—	—	—	—
R Patel	—	—	—	—	—
C Scott	13,707	—	—	—	13,707
C Sunaryo	—	—	—	—	—

* J McKellar retired 31 October 2023 and therefore no longer key management personnel at 30 June 2024

The relevant interest of each director in the share capital of the Group as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the *Corporations Act 2001* as at 30 June 2024 is listed in the Directors' Report under Directors' Interests.

During FY24, nil shares vested to key management personnel as compensation (2023: nil). The aggregate number of shares held by key management personnel or their related parties as at 30 June 2024 was 1,017,698 (2023: 987,232, includes S Goddard who held 10,000 shares at 30 June 2023 and no longer key management personnel from 1 July 2023).

DIRECTORS' REPORT (CONTINUED)

7.3.4 Movements in performance rights

The movement during the reporting period in the number of performance rights in GWA Group Limited held by each key management person is as follows:

	Held at 1 July 2023	Granted during the year	Vested during the year	Lapsed during the year[2]	Held at 30 June 2024
Non-Executive Director					
R Thornton[1]	55,040	–	–	(27,934)	27,106
Executive Director					
U Meyerhans	1,249,063	742,574	–	–	1,991,637
Executives					
M Hayes	199,851	118,812	–	–	318,663
E Lagis	113,208	118,812	–	–	232,020
C Norwell	281,970	138,119	–	(49,644)	370,445
P Oliver	194,854	118,812	–	–	313,666
R Patel (appointed 17 April 2023)	n/a	118,812	–	–	118,812
C Scott	259,805	154,455	–	–	414,260
C Sunaryo	206,691	124,752	–	(12,011)	319,432

1 All performance rights held by Mr. Richard Thornton relate to his role up to 3 June 2022 as Executive Director and Company Secretary.

2 Performance rights that lapsed during the year were granted during the financial year ended 30 June 2021.

8 KEY TERMS OF EMPLOYMENT CONTRACTS

8.1 MANAGING DIRECTOR REMUNERATION

The remuneration arrangements for Mr. Urs Meyerhans as Managing Director and Chief Executive Officer were advised to the market on 29 June 2021[(i)]. The arrangements were determined by the Board following the provision of market data from an independent external adviser, Guerdon Associates. Based on the benchmark data, Mr. Meyerhans' total remuneration was aligned with the market median in relation to a group of 18 peer companies of comparable operational scope and size to GWA. The following is a summary of Mr. Meyerhans' remuneration package for FY24:

- Total Fixed Remuneration (TFR) of $1,000,000 comprising salary, superannuation, and all other benefits other than incentive plans and minor fringe benefits;
- Participation in GWA's Short-Term Incentive (STI) plan:
  - STI opportunity of 100% of TFR based on Mr. Meyerhans meeting Board approved Key Performance Indicator (KPI) objectives, including both financial and critical non-financial KPIs.
- Participation in GWA's Long-Term Incentive (LTI) plan:
  - LTI opportunity of 150% of TFR over a three-year performance period and subject to achievement of two performance hurdles of relative Total Shareholder Return (TSR) and Earnings Per Share (EPS).

(i) Refer to section 3.2 for further details.

8.2 NOTICE AND TERMINATION PAYMENTS

The specified executives in the Directors' Report including the Managing Director, Mr. Urs Meyerhans, are on open-ended contracts.

The employment contract for Mr. Meyerhans provides that if either the Group or Mr. Meyerhans wishes to terminate employment for any reason, no less than one year's written notice of termination is required. The Group retains the right to immediately terminate the employment contract of Mr. Meyerhans by making payment equal to twelve months' salary in lieu of providing notice.

For the other specified executives, the Group or the executives are required to give no less than six months' notice of termination of employment for any reason. The Group retains the right to immediately terminate the employment contracts of the executives by making payment equal to six months' salary in lieu of providing notice.

The executives are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The termination arrangements for the executives are specified in their employment contracts and any other termination payments require approval of the Board. Shareholder approval is required for termination payments in excess of twelve months' salary.

DIRECTORS' REPORT (CONTINUED)

8.3 TREATMENT OF INCENTIVES ON TERMINATION

The following table shows the treatment of incentives on termination of employment in the various circumstances shown.

Circumstances	Short term incentive[1]	Long term incentive — unvested Performance Rights
Immediate termination for cause	No STI payable and 'claw back' provisions may apply (including deferred STI)	Performance Rights are forfeited
Resignation	Board discretion to award STI on a pro-rata basis (including deferred STI)	Performance Rights are forfeited unless Board determines otherwise
Notice by Company, good leaver, retirement, redundancy, death, or permanent disability	Board discretion to award STI on a pro-rata basis (including deferred STI)	Board discretion to allow awards to vest or remain subject to performance hurdles after termination on a pro-rata basis
Change of control	STI will be paid on a pro-rata basis	The Board has discretion to allow awards to vest on a change of control of GWA (e.g., a takeover or merger).

Notes:

1. Any STI payments will be paid according to the normal annual STI payment time frame (i.e., payment timing will not be accelerated).

The Directors' Report is made out in accordance with a resolution of the directors:

Darryl D McDonough
Chairman

Urs B Meyerhans
Managing Director

19 August 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of GWA Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of GWA Group Limited for the financial year ended 30 June 2024 there have been:

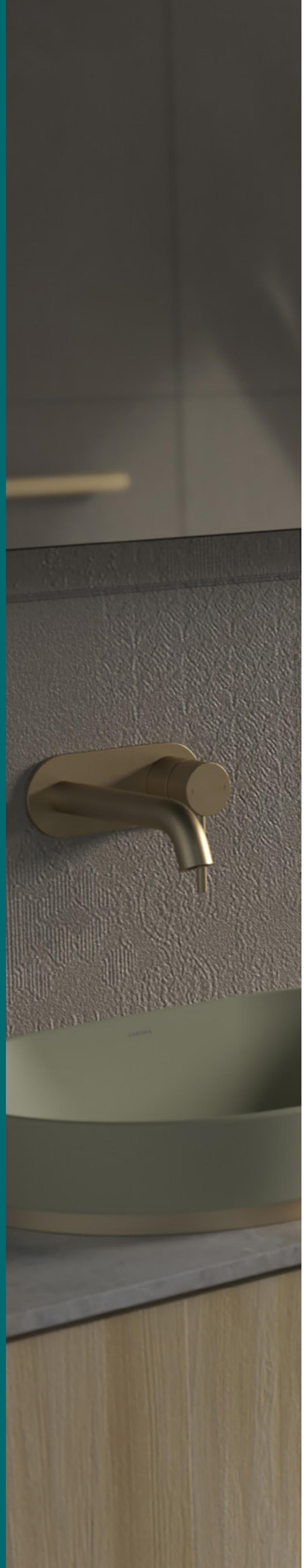
i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Trent Duvall
Partner
Sydney
19 August 2024

FINANCIAL REPORT



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June	Note	2024	2023
In thousands of AUD			
Profit or loss			
Continuing operations			
Sales revenue	3(a)	413,492	411,840
Cost of sales(i)	3(c)(d)	(251,143)	(253,653)
Gross profit		162,349	158,187
Other income	3(b)	798	1,349
Selling expenses		(49,070)	(47,304)
Administrative expenses		(44,136)	(41,547)
Other expenses(i)	3(d)	(5,499)	(1,636)
Operating profit		64,442	69,049
Finance income	3(f)	1,397	668
Finance expenses	3(f)	(9,087)	(8,750)
Net financing costs		(7,690)	(8,082)
Profit before tax		56,752	60,967
Income tax expense	4	(18,121)	(17,812)
Profit from continuing operations		38,631	43,155
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of financial assets, net of tax		(360)	(1,720)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries, net of tax		(24)	1,407
Cashflow hedges, net of tax		(2,613)	(4,069)
Other comprehensive income, net of tax		(2,997)	(4,382)
Total comprehensive income for the period		35,634	38,773
Earnings per share (cents)			
Total			
— Basic	5	14.6	16.3
— Diluted	5	14.4	16.1

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

(i) In line with June 2024 announcement, the total Group significant items are $9.7m (pre-tax); Included in other expenses is $5.2m of costs made up of $1.3M relating to UK entity's Enterprise Resource Planning, $2.2M relating to enhancement of the Group digital platforms and $1.7m relating to NZ restructure costs. Also included in the cost of sales is $4.5m of NZ related inventory provision. Refer to Note 2 for further details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Note	30 June 2024	30 June 2023
In thousands of AUD			
Current assets			
Cash and cash equivalents	6	42,008	43,443
Trade and other receivables	7	47,362	60,458
Inventories	8	95,782	88,136
Derivative financial instruments	18	—	206
Other		4,134	3,418
Total current assets		189,286	195,661
Non-current assets			
Deferred tax assets	9	4,698	3,149
Property, plant and equipment	10	10,951	14,515
Intangible assets	11	417,901	418,409
Right-of-use assets	12	34,113	42,303
Derivative financial instruments	18	2,936	5,691
Financial asset at fair value	18	—	520
Total non-current assets		470,599	484,587
Total assets		659,885	680,248
Current liabilities			
Trade and other payables	13	56,444	45,574
Loans and borrowings	16	35,000	35,000
Employee benefits	14	5,606	5,495
Income tax payable	4	4,501	3,567
Lease liabilities	12	11,932	11,709
Derivative financial instruments	18	475	—
Provisions	15	2,276	4,509
Total current liabilities		116,234	105,854
Non-current liabilities			
Deferred tax liability	9	91,720	93,076
Trade and other payables	13	144	211
Loans and borrowings	16	102,721	124,092
Lease liabilities	12	33,160	41,764
Employee benefits	14	4,566	4,297
Provisions	15	6,749	5,414
Total non-current liabilities		239,060	268,854
Total liabilities		355,294	374,708
Net assets		304,591	305,540
Equity			
Issued capital	17	311,294	311,294
Reserves		(1,276)	1,176
Retained earnings		(5,427)	(6,930)
Total equity		304,591	305,540

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June	2024	2023
In thousands of AUD		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	469,120	477,590
Payments to suppliers and employees	(369,789)	(381,174)
Cash generated from operations	99,331	96,416
Interest and facility fees paid	(7,233)	(6,620)
Lease interest paid	(1,859)	(2,150)
Interest received	1,397	668
Income taxes paid	(18,822)	(15,432)
Net cash from operating activities	72,814	72,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,022)	(1,945)
Acquisition of intangible assets	(1,956)	(275)
Net cash used in investing activities	(2,978)	(2,220)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	30,000	65,000
Repayment of borrowings	(52,000)	(75,000)
Dividends paid	(37,128)	(37,128)
Repayment of lease liability	(12,010)	(11,222)
Net cash used in financing activities	(71,138)	(58,350)
Net (decrease)/increase in cash and cash equivalents	(1,302)	12,312
Cash and cash equivalents at the beginning of the year	43,443	31,440
Effect of exchange rate changes	(133)	(309)
Cash and cash equivalents as at 30 June	42,008	43,443

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

In thousands of AUD	Note	Share capital	Translation reserve	Hedging reserve	Asset revaluation reserve	Equity compensation reserve	Retained earnings	Total
Balance as at 1 July 2023		311,294	(2,765)	4,164	(1,620)	1,397	(6,930)	305,540
Total comprehensive income for the period								
Profit for the period		—	—	—	—	—	38,631	38,631
Other comprehensive income								
Exchange differences on translation of foreign subsidiaries, net of tax		—	(24)	—	—	—	—	(24)
Cash flow hedges, net of tax	17	—	—	(2,613)	—	—	—	(2,613)
Net change in fair value of financial assets		—	—	—	(360)	—	—	(360)
Total other comprehensive income		—	(24)	(2,613)	(360)	—	—	(2,997)
Total comprehensive income		—	(24)	(2,613)	(360)	—	38,631	35,634
Transaction with owners, recorded directly in equity								
Share-based payments, net of tax		—	—	—	—	545	—	545
Dividends paid		—	—	—	—	—	(37,128)	(37,128)
Total transactions with owners		—	—	—	—	545	(37,128)	(36,583)
Balance at 30 June 2024		311,294	(2,789)	1,551	(1,980)	1,942	(5,427)	304,591

For the year ended 30 June 2023

In thousands of AUD	Note	Share capital	Translation reserve	Hedging reserve	Asset revaluation reserve	Equity compensation reserve	Retained earnings	Total
Balance as at 1 July 2022		311,294	(4,172)	8,233	100	1,328	(12,957)	303,826
Total comprehensive income for the period								
Profit for the period		—	—	—	—	—	43,155	43,155
Other comprehensive income								
Exchange differences on translation of foreign subsidiaries, net of tax		—	1,407	—	—	—	—	1,407
Cash flow hedges, net of tax	17	—	—	(4,069)	—	—	—	(4,069)
Net change in fair value of financial assets		—	—	—	(1,720)	—	—	(1,720)
Total other comprehensive income		—	1,407	(4,069)	(1,720)	—	—	(4,382)
Total comprehensive income		—	1,407	(4,069)	(1,720)	—	43,155	38,773
Transaction with owners, recorded directly in equity								
Share-based payments, net of tax		—	—	—	—	69	—	69
Dividends paid		—	—	—	—	—	(37,128)	(37,128)
Total transactions with owners		—	—	—	—	69	(37,128)	(37,059)
Balance at 30 June 2023		311,294	(2,765)	4,164	(1,620)	1,397	(6,930)	305,540

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

GWA Group Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION I: OVERVIEW

1. MATERIAL ACCOUNTING POLICIES

GWA Group Limited (the 'Company') is a for-profit company domiciled in Australia, limited by shares, which are publicly traded on the Australian Securities Exchange ('ASX') under the ASX code 'GWA'. The consolidated financial report of the Company for the financial year ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity').

The principal activities of the Group during the financial year were the research, design, import and marketing of building fixtures and fittings to residential and commercial premises, including sanitaryware, tapware and showers, baths, intelligent water management solutions, and related kitchen, bathroom and laundry products/accessories. The Group distributes, installs, maintains and repairs various products through a range of distribution and customer channels in Australia, New Zealand and selected international markets.

There have been no significant changes in the nature of the activities of the consolidated entity during the financial year.

The financial report was authorised for issue by the directors on 19 August 2024.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASB') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated entity's financial report complies with International Financial Reporting Standards ('IFRS') adopted by the International Accounting Standards Board ('IASB').

(b) Basis of preparation

The financial report is presented in Australian dollars ('AUD') which is the Company's functional currency and the functional currency of the majority of the consolidated entity.

The financial report is prepared on the historical cost basis except for derivative financial instruments and financial assets measured at fair value.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 8 — valuation of inventories
- Note 11 — measurement of the recoverable amounts of intangible assets

The accounting policies set out in this consolidated financial report have been applied consistently to all periods presented. The accounting policies have been applied consistently by all entities in the consolidated entity. The entity has elected not to early adopt any accounting standards or amendments.

Certain comparative information included in note disclosures have been amended in these financial statements to conform to the current year presentation.

(c) Changes in accounting policies, disclosures, standards and interpretations

(i) Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted by the consolidated entity for the first time for the year ended 30 June 2024:

- AASB 2023-2 — Amendments to Australian Accounting Standards — International Tax Reform — Pillar Two Model Rules.
- AASB 2021-2 — Amendments to Australian Accounting Standards — Disclosure of Accounting Policies and Definition of Accounting Estimates.
- AASB 2021-5 — Amendments to Australian Accounting Standards — Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The initial adoption of these Standards and Interpretations have not had a material impact on the amounts reported or disclosures made in the consolidated financial statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION I: OVERVIEW (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies, disclosures, standards and interpretations (continued)

(i) Standards and Interpretations affecting amounts reported in the current period (continued)

Amendments to Australian Accounting Standards — International Tax Reform — Pillar Two Model Rules

The Group has adopted International Tax Reform — Pillar Two Model Rules (Amendments to AASB 112) upon their release on June 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure. The mandatory exception applies retrospectively.

GWA Group Limited has subsidiaries that operate in the United Kingdom and Ireland, where the new legislation has been enacted or substantively enacted in 2024. No new legislation to implement the top-up tax was enacted or substantively enacted at 30 June 2024 in any other jurisdiction in which the Group operates and no related deferred tax was recognised at that date.

Based on the assessment performed by management, the adoption of this new legislation did not have a material impact on the consolidated financial statement at 30 June 2024.

Amendments to Australian Accounting Standards — Disclosure of Accounting Policies and Definition of Accounting Estimates

The Group also adopted Disclosure of Accounting Policies (Amendments to AASB 101 and AASB Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 1 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

Amendments to Australian Accounting Standards — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to AASB 112) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences — e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group assessed a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Furthermore, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of AASB 112. There was also no impact on the opening retained earnings as at 1 July 2023 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

(ii) Standards and Interpretations issued but not yet effective

At the date of authorisation of the consolidated financial statements, the following Standards and Interpretations were issued but not yet effective.

	Effective for the annual reporting period beginning on	Expected to be initially applied in the period ending
Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to AASB 101)	1 January 2024	1 July 2024
AASB 18 Presentation and Disclosure in Financial Statements	1 January 2027	1 July 2027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION I: OVERVIEW (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies, disclosures, standards and interpretations (continued)

AASB 18 was issued in June 2024 and replaces AASB 101 Presentation of Financial Statements. The new standard introduces new requirements for the Statement of Profit or Loss, including:

- New categories for the classification of income and expenses into operating, investing and financing categories, and
- Presentation of subtotals for "operating profit" and "profit before financing and income taxes."

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual periods beginning on or after 1 January 2027 and will first apply to the Group for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Statement of Profit or Loss and Statement of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements.

The consolidated entity is assessing the potential impact of the above standards and interpretations issued but not yet effective on its consolidated financial statements.

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Lease Liability in a Sale and Leaseback (Amendments to AASB 16)
- Lack of Exchangeability (Amendments to AASB 121)
- Supplier Finance Arrangements (Amendments to AASB 107 and AASB 7)

(d) Basis of consolidation

(i) Business combinations

The consolidated entity accounts for business combinations using the acquisition method when control is transferred to the consolidated entity. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the business combination date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Transaction costs are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the consolidated entity. The consolidated entity controls an entity when it 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 over the entity. The financial results and balances of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and unrealised income and expense arising from intra-group transactions, are eliminated.

(e) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are retranslated to Australian dollars using the exchange rate at the date of the transaction.

(ii) Financial statements of foreign operations

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the date the fair value was determined.

The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at foreign exchange rates ruling at the reporting date. Foreign exchange differences arising on retranslation at balance date are recognised in other comprehensive income, and presented in the foreign currency translation reserve (FCTR) in equity. Hedge instrument movements of a hedge of a net investment in a foreign operation is also recognised in the FCTR to the extent the hedge is effective.

When a foreign operation is disposed such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION I: OVERVIEW (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Current vs non-current classification

The consolidated entity presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Expected to be realised within twelve months after the reporting period;
- Held primarily for trading; or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is due to be settled within twelve months after the reporting period;
- Held primarily for trading; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

SECTION II: RESULTS FOR THE YEAR

2. OPERATING SEGMENTS

The consolidated entity has one continuing reportable segment, Water Solutions. This segment includes the sale of vitreous China toilet suites, basins, plastic cisterns, taps and showers, baths, kitchen sinks, laundry tubs, domestic water control valves, smart products and bathroom accessories. The CEO reviews internal management reports on a monthly basis.

Information regarding the results of the consolidated entity's reportable primary and secondary segments is included below. Performance is measured based on segment profit before interest and income tax ('EBIT') and excludes certain project costs (FY24 costs in relation to the UK entity's ERP implementation, enhancement of Group digital platforms and NZ restructure costs), in line with management reports that are reviewed by the CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segment relative to other entities that operate in these industries.

GWA Group Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION II: RESULTS FOR THE YEAR (CONTINUED)

2. OPERATING SEGMENTS (CONTINUED)

In thousands of AUD	Water Solutions	
For the year ended 30 June	**2024**	**2023**
Sales revenue	413,492	411,840
Segment EBIT	74,164	70,451
Depreciation (property, plant and equipment)	4,582	5,051
Depreciation (right of use assets)	12,054	11,801
Amortisation	2,803	1,796
Capital expenditure	3,439	2,220
Reconciliation of profit		
Total EBIT for reportable segment	74,164	70,451
Project costs(i)	(9,722)	(1,402)
Operating profit from continuing operations	64,442	69,049
(i) Project costs		
UK ERP implementation in other costs	1,330	—
Group digital platform in other costs	2,160	—
Restructure in other costs	1,683	1,402
NZ inventory provision in cost of sales	4,549	—
Total project costs, pre-tax	9,722	1,402
Income tax benefit	(2,731)	(414)
Total project costs, net of tax	6,991	988
As at 30 June		
Reportable segment assets	659,885	680,248
Reportable segment liabilities	355,294	374,708

Geographical information

In thousands of AUD	Australia		New Zealand		Other		Consolidated	
For the year ended 30 June	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
External sales revenue	342,260	336,352	35,990	43,050	35,242	32,438	413,492	411,840
Non-current assets	430,906	440,920	21,858	24,411	17,835	19,256	470,599	484,587

The revenue information above is based on the geographical location of customers. Non-current assets are based on the geographical location of the assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION II: RESULTS FOR THE YEAR (CONTINUED)

2. OPERATING SEGMENTS (CONTINUED)

Major customers

The consolidated entity conducts business with four customers (2023: four) where the revenue generated from each customer equal to or exceed 10% of the consolidated entity's revenue. Revenue from these customers was:

In thousands of AUD	2024	2023
For the year ended 30 June		
Customer 1	94,017	97,088
Customer 2	59,958	56,829
Customer 3	48,685	48,565
Customer 4	41,096	41,389

3. INCOME AND EXPENSES

(a) Sales revenue

In thousands of AUD	2024	2023
Sales revenue	413,492	411,840

Sales revenue is recognised on the satisfaction of each performance obligation the consolidated entity has with its customers, and is measured based on an allocation of the contract's transaction price, in accordance with AASB 15 *Revenue from Contracts with Customers*. The consolidated entity's key performance obligation is the delivery of goods to its customers with typical payment terms of 30 days. Key components of the transaction price include the price for the goods, along with rebates (estimated based on customer contracts) and stock return estimates, which are recognised as revenue at the time of delivery.

Refer to Note 2 geographical information for disaggregated revenue information.

(b) Other income

In thousands of AUD	2024	2023
Foreign currency gains	286	376
Government grant income	299	619
Other — scrap income, royalties	213	354
	798	1,349

Government grant income is recognised as income where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

(c) Cost of sales

In thousands of AUD	2024	2023
Cost of sales (including NZ Inventory Provision)	251,143	253,653

Cost of sales comprises the cost of purchasing and distribution of goods including supply chain costs such as freight and warehousing.

The amount of inventories recognised as an expense (within cost of sales) during the period was $189,604,000 (2023: $194,360,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION II: RESULTS FOR THE YEAR (CONTINUED)

(d) Other expenses

In thousands of AUD	Note	2024	2023
Project costs	2	5,173	1,402
Foreign currency losses		220	218
Other		106	16
		5,499	1,636
Project costs — NZ Inventory Provision in Cost of Sales	2	4,549	—

(e) Personnel expenses

In thousands of AUD	2024	2023
Wages and salaries — including superannuation contributions, annual leave and long service leave	71,523	67,166
Equity-settled share-based payment transactions	545	69
	72,068	67,235

Defined contribution superannuation funds

The consolidated entity makes contributions to defined contribution superannuation funds. A defined contribution superannuation fund is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefit expense in profit or loss in the periods during which the services are rendered by employees. The amount recognised as an expense was $4,883,000 for the financial year ended 30 June 2024 (2023: $4,208,000) for continuing operations.

(f) Net financing costs

In thousands of AUD	2024	2023
Other	1,397	668
Finance income	1,397	668
Finance expense		
Interest expense on financial liabilities	9,581	8,803
Interest (income)/expense on swaps	(2,703)	(2,385)
Fees on financial liabilities including amortisation	350	182
Interest on lease liabilities	1,859	2,150
	9,087	8,750
Net financing costs	7,690	8,082

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and gains and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION II: RESULTS FOR THE YEAR (CONTINUED)

4. INCOME TAX EXPENSE

Recognised in profit or loss

For the year ended 30 June

In thousands of AUD	2024	2023
Current tax expense		
Current year	20,752	18,038
Adjustments for prior years	(74)	39
	20,678	18,077
Deferred tax benefit		
Origination and reversal of temporary differences	(2,557)	(265)
Tax expense for the consolidated entity	18,121	17,812

Numerical reconciliation between tax expense and pre-tax profit

Profit before tax for the consolidated entity	56,752	60,967
Tax expense using the domestic rate of 30%	17,026	18,290
Tax expense/(benefit) due to:		
Non-deductible expenses	140	131
Effect of tax rate in foreign jurisdictions	141	(182)
Rebateable research and development	(176)	(275)
Other items	1,064	(191)
	18,195	17,773
(Over)/under provided in prior years	(74)	39
Income tax expense on pre-tax profit for the consolidated entity	18,121	17,812

Deferred tax recognised directly in equity

In thousands of AUD	2024	2023
Cash flow hedges	(1,043)	(1,665)
Financial assets at fair value	695	(695)
	(348)	(2,360)

Current tax liability

In thousands of AUD	2024	2023
Current tax liability	4,501	3,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION II: RESULTS FOR THE YEAR (CONTINUED)

Income tax

Tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate in, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

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 and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

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

In determining the amount of current and deferred tax, the consolidated entity takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The consolidated entity believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the consolidated entity to change its judgements regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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.

The Company and its wholly-Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is GWA Group Limited.

The current tax liability for the consolidated entity represents the amount of income taxes payable. In accordance with tax consolidation legislation, the Company as the head entity of the Australian tax-consolidated group has assumed the current tax liability initially recognised by the members in the tax-consolidated group.

Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authorities is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION II: RESULTS FOR THE YEAR (CONTINUED)

5. EARNINGS PER SHARE

In cents	2024	2023
Total		
— Basic	14.6	16.3
— Diluted	14.4	16.1
Continuing operations excluding project costs		
— Basic	17.2	16.6
— Diluted	17.0	16.5

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The calculation of basic and diluted EPS has been based on the following profit attributable to ordinary shareholders.

Profit attributable to ordinary shareholders — basic and diluted

In thousands of AUD	2024	2023
Continuing operations		
Profit before project costs	45,622	44,143
Project costs, net of tax (**Note 2**)	(6,991)	(988)
Profit for the year	38,631	43,155

The calculation of basic earnings per share has been based on the following weighted average number of shares outstanding.

Weighted average number of ordinary shares (basic)

In thousands of shares	2024	2023
Issued ordinary shares at 1 July	265,205	265,205
Weighted average number of ordinary shares	265,205	265,205

The calculation of diluted earnings per share has been based on the following weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

Weighted average number of ordinary shares (diluted)

In thousands of shares	2024	2023
Weighted average number of ordinary shares (basic)	265,205	265,205
Effect of performance rights on issue	3,814	2,490
Weighted average number of ordinary shares (diluted)	269,019	267,695

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES

6. CASH AND CASH EQUIVALENTS

(a) Balances

In thousands of AUD	2024	2023
Bank balances	42,008	43,443
Cash and cash equivalents	42,008	43,443

Cash and cash equivalents comprise cash balances and call deposits with an original maturity date of three months or less.

The consolidated entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 18.

(b) Reconciliation of cash flows from operating activities to net profit

In thousands of AUD	2024	2023
Profit for the year	38,631	43,155
Adjustments for:		
Depreciation	16,636	16,852
Amortisation	2,803	1,796
Net share-based payments	545	69
Unrealised foreign exchange (gain)/loss	(127)	602
(Gain) on sale of PP&E and intangible assets	(32)	(6)
Deferred tax recognised directly in equity	348	2,360
Other non-cash movements	995	(1,053)
Changes in assets and liabilities:		
Decrease in trade and other receivables	13,096	9,936
(Increase)/decrease in inventories	(7,646)	20,709
(Increase) in prepayments	(716)	(467)
Increase/(decrease) in trade payables and accrued expenses	10,341	(20,468)
(Decrease) in deferred taxes and in taxes payable	(1,542)	(674)
(Decrease)/increase in provisions and employee benefits	(518)	71
Net cash flows from operating activities	72,814	72,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

7. TRADE AND OTHER RECEIVABLES

In thousands of AUD	2024	2023
Net trade receivables	47,052	59,701
Other	310	757
	47,362	60,458

Trade receivables are initially measured at the transaction price determined under AASB 15 *Revenue from Contracts with Customers* (refer to Note 3(a)) and subsequently measured at amortised cost using the effective interest rate (EIR) method and are subject to impairment. Impairment losses are recognised in profit or loss and reflected in an allowance account against trade receivables.

The consolidated entity recognises an allowance for expected credit losses (ECLs) for trade receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at an approximation of the original EIR.

The consolidated entity applies a simplified approach in calculating ECLs. Therefore, the consolidated entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The consolidated entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The consolidated entity's exposure to credit and currency risk and impairment loss related to trade and other receivables are disclosed in Note 18.

8. INVENTORIES

In thousands of AUD	2024	2023
Raw materials and consumables	202	320
Work in progress	53	196
Finished goods	95,527	87,620
	95,782	88,136

Inventories 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, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of 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 selling or disposal expenses. The future estimated recoverability of inventory was determined with consideration of excess inventory volumes (i.e. ageing analysis), discontinued product lines and risk weightings applied by management with reference to their assessment of recovery rates.

During the year $391,000 (2023: $122,000) of inventories were recycled, and a $8,233,000 (2023: $502,000 net decrease) net increase in the provision for inventories was recognised. $4,549,000 of the increase relates to NZ market restructure as announced in June 2024, $1,100,000 relating to stock made on order for a customer which is currently in dispute awaiting resolution and balance $2,584,000 relates to AU market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

9. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of AUD	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23
Property, plant & equipment (Including Right of Use Assets)	167	213	(11,221)	(14,310)	(11,054)	(14,097)
Non-indefinite life intangibles	510	701	(170)	(746)	340	(45)
Indefinite life intangibles	—	—	(102,835)	(102,833)	(102,835)	(102,833)
Inventories	6,815	4,471	—	—	6,815	4,471
Employee benefits	3,000	2,885	—	—	3,000	2,885
Provisions	2,489	2,645	—	—	2,489	2,645
Lease Liability	12,698	15,519	—	—	12,698	15,519
Other items	2,401	3,580	(876)	(2,052)	1,525	1,528
Tax assets/(liabilities)	28,080	30,014	(115,102)	(119,941)	(87,022)	(89,927)
Set off of tax	(23,382)	(26,865)	23,382	26,865	—	—
Net tax assets/(liabilities)	4,698	3,149	(91,720)	(93,076)	(87,022)	(89,927)

Movement in temporary differences during the year

In thousands of AUD	Balance 1 July 23	Recognised in income	Recognised in equity	Exchange differences	Balance 30 June 24
Property, plant & equipment (Including Right of Use Assets)	(14,097)	3,028	—	15	(11,054)
Non-indefinite life intangibles	(45)	379	—	6	340
Indefinite life intangibles	(102,833)	138	—	(140)	(102,835)
Inventories	4,471	2,334	—	10	6,815
Employee benefits	2,885	119	—	(4)	3,000
Provisions	2,645	(150)	—	(6)	2,489
Lease Liability	15,519	(2,821)	—	—	12,698
Other items	1,528	(433)	348	82	1,525
	(89,927)	2,594	348	(37)	(87,022)

In thousands of AUD	Balance 1 July 22	Recognised in income	Recognised in equity	Exchange differences	Balance 30 June 23
Property, plant & equipment (Including Right of Use Assets)	(16,581)	2,471	—	12	(14,097)
Non-indefinite life intangibles	(283)	230	—	8	(45)
Indefinite life intangibles	(102,667)	—	—	(166)	(102,833)
Inventories	4,051	406	—	14	4,471
Employee benefits	2,936	(43)	—	(8)	2,885
Provisions	2,454	197	—	(6)	2,645
Lease Liability	18,243	(2,714)	—	(10)	15,519
Other items	(705)	(205)	2,360	78	1,528
	(92,552)	343	2,360	(78)	(89,927)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

9. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

In thousands of AUD	2024	2023
Capital losses	15,203	15,203
Revenue losses from foreign jurisdictions	2,644	3,434

The deductible losses accumulated at balance date do not expire under current tax legislation.

Refer to Note 4 for the consolidated entity's accounting policy on deferred tax.

10. PROPERTY, PLANT AND EQUIPMENT

In thousands of AUD	Plant and equipment	Work in progress	Total
Cost			
Balance at 1 July 2023	54,495	1,384	55,879
Additions	740	332	1,072
Disposals	(5,828)	—	(5,828)
Transfers	675	(675)	—
Exchange rate movements	13	—	13
Balance at 30 June 2024	50,095	1,041	51,136
Balance at 1 July 2022	52,278	1,175	53,453
Additions	1,190	1,281	2,471
Disposals	(219)	—	(219)
Transfers	1,076	(1,076)	—
Exchange rate movements	170	4	174
Balance at 30 June 2023	54,495	1,384	55,879
Accumulated depreciation			
Balance at 1 July 2023	(41,364)	—	(41,364)
Depreciation	(4,582)	—	(4,582)
Disposals	5,708	—	5,708
Exchange rate movements	53	—	53
Balance at 30 June 2024	(40,185)	—	(40,185)
Balance at 1 July 2022	(36,475)	—	(36,475)
Depreciation	(5,051)	—	(5,051)
Disposals	213	—	213
Exchange rate movements	(51)	—	(51)
Balance at 30 June 2023	(41,364)	—	(41,364)
Carrying amounts			
As at 30 June 2024	9,910	1,041	10,951
As at 30 June 2023	13,131	1,384	14,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. 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 of property, plant and equipment.

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss as an expense as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' or 'other expenses' in profit or loss.

Depreciation

Depreciation is recognised in profit or loss as incurred on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- plant and equipment 3-15 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Impairment losses are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

11. INTANGIBLE ASSETS

In thousands of AUD	Software	Brand names	Trade names, designs and patents	Goodwill	Total
Cost					
Balance at 1 July 2023	9,528	347,559	6,001	67,264	430,352
Additions	2,048	—	—	—	2,048
Disposals	—	—	(4,022)	—	(4,022)
Exchange rate movements	—	71	223	(38)	256
Balance at 30 June 2024	11,576	347,630	2,202	67,226	428,634
Balance at 1 July 2022	33,699	346,674	5,953	66,815	453,141
Additions	374	—	14	—	388
Disposals	(24,610)	—	(39)	—	(24,649)
Exchange rate movements	65	885	73	449	1,472
Balance at 30 June 2023	9,528	347,559	6,001	67,264	430,352
Accumulated amortisation					
Balance at 1 July 2023	(8,888)	—	(3,055)	—	(11,943)
Amortisation	(418)	—	(2,385)	—	(2,803)
Disposals	—	—	4,022	—	4,022
Exchange rate movements	—	—	(9)	—	(9)
Balance at 30 June 2024	(9,306)	—	(1,427)	—	(10,733)
Balance at 1 July 2022	(32,795)	—	(1,916)	—	(34,711)
Amortisation	(639)	—	(1,157)	—	(1,796)
Disposals	24,610	—	37	—	24,647
Exchange rate movements	(64)	—	(19)	—	(83)
Balance at 30 June 2023	(8,888)	—	(3,055)	—	(11,943)
Carrying amounts					
As at 30 June 2024	2,270	347,630	775	67,226	417,901
As at 30 June 2023	640	347,559	2,946	67,264	418,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

11. INTANGIBLE ASSETS (CONTINUED)

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Goodwill acquired in business combinations is initially measured at cost being the excess of the cost of the business combination over the consolidated entity's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit or loss as incurred. Expenditure incurred in developing, maintaining or enhancing brand names is recognised in the Income Statement in the year in which it is incurred.

Capitalisation of configuration and customisation costs in SaaS arrangements

Software-as-a-service ('SaaS') arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. As such, the Group does not receive a software intangible asset for this right to use at the contract commencement date and associated costs are recognised as an operating expense when the services are received.

In implementing SaaS arrangements, the Company develops software code that either enhances, modifies or creates additional capability of existing software and connects with the SaaS arrangement cloud-based application, or develops software code that meets the definition of and recognition criteria of an intangible asset in accordance with AASB 138 Intangible Assets and International Financial Reporting Standards Interpretations Committee's (IFRIC) Configuration or customisation costs in a cloud computing arrangement — April 2021 agenda decision. This requires the application of judgement including determining whether the developed software code is distinct or not from the underlying use of the application software. Costs that do not meet either of these criteria are recognised as an operating expense.

Amortisation

Amortisation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- goodwill indefinite
- brand names indefinite
- software 3-5 years
- trade names 10-20 years
- designs 15 years
- patents 3-19 years (based on patent term)

Brand names are not amortised as they have an indefinite useful life.

Impairment

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with an indefinite useful life are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value is impaired.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its own value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

11. INTANGIBLE ASSETS (CONTINUED)

Impairment (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's. Subject to an operating segment ceiling test, CGU's to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU's that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGU's), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGU's) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Carrying value of brand names and goodwill for each cash generating unit

In thousands of AUD	2024	2023
Water Solutions	414,856	414,823

Impairment testing for brand names and goodwill

The recoverable amounts of Water Solutions' brand names and goodwill were assessed as at 30 June 2024 based on internal value in use calculations and no impairment was identified (2023: nil).

Value in use was determined by discounting the future cash flows to be generated from the continuing use of the business unit and to which the brand names and goodwill are attached and was based on the following assumptions:

- Cash flows were projected based on actual operating results and business plans of the business unit, with projected cash flows to five years before a terminal value was calculated;
- Management used a constant growth rate of 1.8% (2023: 2.3%) in calculating the terminal value, which does not exceed the long-term average growth rate for the industry;
- A post-tax discount rate of 8.9% was used (2023: 9.7%).

Key assumptions include management's forecast of construction market activity, market share and economic conditions (e.g. inflationary impacts to product costs). The values assigned to the key assumptions represent management's assessment of future trends in the Water Solutions industry and are based on both external sources and internal sources (historical data).

The recoverable amount of the CGU exceeds its carrying value as at 30 June 2024 and there are no reasonably possible changes in any of the key assumptions that would cause the CGU's recoverable amount to be less than its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

In thousands of AUD	2024	2023
For the year ended 30 June		
Right-of-use assets		
Balance as at 1 July	42,303	49,969
Additions to right-of-use assets	3,609	4,058
Depreciation for the period	(12,054)	(11,801)
Exchange rate movements	255	77
Balance as at 30 June	34,113	42,303
Lease liabilities		
Balance as at 1 July	(53,473)	(60,969)
Additions to lease liabilities	(3,459)	(3,499)
Accretion of interest	(1,859)	(2,150)
Payments made	13,869	13,372
Exchange rate movements	(170)	(227)
Balance as at 30 June	(45,092)	(53,473)
Current lease liabilities	(11,932)	(11,709)
Non-current lease liabilities	(33,160)	(41,764)
	(45,092)	(53,473)

The following table sets out the maturity analysis of lease payments showing the undiscounted lease payments to be made after the reporting date (and therefore differs from the carrying amount of lease liabilities).

In thousands of AUD	2024	2023
Less than one year	13,483	13,517
One to two years	11,603	11,830
Two to five years	21,995	26,565
More than five years	1,874	6,886
Total	48,955	58,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Recognition and measurement

The consolidated entity enters into non-cancellable lease contracts, largely for the use of office and warehouse facilities. The leases typically run for a period of three to ten years.

The consolidated entity recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate for site restoration, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the consolidated entity by the end of the lease term or the cost of the right-of-use asset reflects that the consolidated entity will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. The right-of-use asset is also adjusted for certain remeasurements of the lease liability, and for any impairment losses recognised.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the consolidated entity's incremental borrowing rate (adjusted to reflect the lease terms, for example, the lease period). The consolidated entity assesses whether it is reasonably certain to exercise the extension options (contracts typically have 3 to 6 years extension options), and if so, includes the option period into the calculation of the lease liability.

The lease liability is remeasured when there is a change in future payments arising from a change in an index or rate, or if there is a changed assessment as to whether it will exercise an extension option.

The consolidated entity has elected not to recognise right-of-use assets and lease liabilities for leases of low value and/or those that are short term.

The principal component of leased payments forms part of financing cash flows, and the interest component forms part of operating cash flows in the statement of cash flows.

In thousands of AUD	2024	2023
For the year ended 30 June		
Amounts recognised in the profit or loss statement		
Interest on lease liabilities	1,859	2,150
Depreciation of right-of-use assets	12,054	11,801
Payments made for low value leases	555	743
	14,468	14,694
Amounts recognised in the statement of cash flows		
Payments of lease liability principal	(12,010)	(11,222)
Payments of lease liability interest	(1,859)	(2,150)
	(13,869)	(13,372)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

13. TRADE AND OTHER PAYABLES

In thousands of AUD	2024	2023
Current		
Trade payables and accrued expenses	56,444	45,574
Non-current		
Trade payables and accrued expenses	144	211

Trade and other payables are initially measured at fair value and subsequently at their amortised cost.

The consolidated entity's exposure to currency risk and liquidity risk related to trade and other payables are disclosed in Note 18.

14 EMPLOYEE BENEFITS

In thousands of AUD	2024	2023
Current		
Liability for annual leave	4,464	4,422
Liability for long service leave	1,142	1,073
	5,606	5,495
Non-current		
Liability for long service leave	4,566	4,297

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the consolidated entity 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.

Long-term employee benefits

The consolidated entity'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. The benefit is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted to present value using market yields at the reporting date on corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION III: ASSETS AND LIABILITIES (CONTINUED)

15. PROVISIONS

In thousands of AUD	Warranties	Restructuring	Site restoration	Other	Total
Balance at 1 July 2023	3,685	733	5,101	404	9,923
Provisions made	154	409	264	—	827
Provisions utilised	(176)	(612)	(1,021)	(14)	(1,823)
Exchange rate differences	103	(5)	—	—	98
Balance at 30 June 2024	3,766	525	4,344	390	9,025
Current	1,757	525	(33)	27	2,276
Non-current	2,009	—	4,377	363	6,749
	3,766	525	4,344	390	9,025

Recognition and Measurement

A provision is recognised when the consolidated entity has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

The provision for warranties relates to future warranty expenses on products sold during the current and previous financial years. A provision for warranties is recognised when the underlying products or services are sold. The provision is based on estimates made from historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring

The restructuring provision relates to the estimated costs of redundancies, site closures and product rationalisation related to business restructuring. A provision for restructuring is recognised when the consolidated entity has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Site restoration

A provision for restoration in respect of leased premises is recognised when the obligation to restore arises. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration obligations are reviewed annually and any changes are reflected in the present value of the provision at the end of the reporting period. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT

16. LOANS AND BORROWINGS

This note provides information about the contractual terms of the consolidated entity's loans and borrowings, which are measured at amortised cost. For more information about the consolidated entity's exposure to interest rate and foreign currency risk, refer to Note 18.

In thousands of AUD	2024	2023
Current — unsecured bilateral loan facilities	35,000	35,000
Non-current — unsecured syndicated loan facilities	102,721	124,092
	137,721	159,092
Facilities available		
Unsecured loan facilities	220,000	220,000
Bank guarantees and standby letters of credit	5,343	7,343
	225,343	227,343
Facilities utilised at reporting date		
Unsecured loan facilities	137,721	159,092
Bank guarantees and standby letters of credit	1,291	1,373
	139,012	160,465
Facilities not utilised at reporting date		
Unsecured loan facilities	82,279	60,908
Bank guarantees and standby letters of credit	4,052	5,970
	86,331	66,878

Recognition and Measurement

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost using the effective interest rate (EIR) method. The EIR amortisation is included as finance costs in profit or loss.

Unsecured loan facilities

On 2 November 2023 the consolidated entity successfully completed the refinance of its syndicated banking facility. The facility comprises a single three year multicurrency revolving facility of $180,000,000 which matures in October 2026.

On 9 October 2023, the consolidated entity extended its one year multicurrency revolving bilateral facility of $40,000,000 which now matures in October 2024.

The consolidated entity has unsecured bank loans of $137,721,000 drawn as at 30 June 2024 (30 June 2023: $159,092,000). The notional amount of the interest-bearing loans is deemed to reflect the fair value. The facilities were drawn in the following currencies.

In thousands of	2024	2023
AUD	132,000	135,000
NZD	—	20,000
GBP	3,000	3,000

The loan bears interest at market rates and interest is typically payable every 30 to 90 days. The consolidated entity partially hedges its exposure to variable interest rates through interest rate swap transactions (refer Note 18(d)).

Bank guarantee and standby letter of credit facilities

The bank guarantee and standby letter of credit facilities are committed facilities available to be drawn down under the facility agreement. The limits are specified in the facility agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

17. SHARE CAPITAL AND RESERVES

Share capital

	Ordinary shares			
	Number of shares (In thousands)		AUD (In thousands)	
	2024	2023	2024	2023
On issue at 1 July — fully paid	265,205	265,205	311,294	311,294
On issue at 30 June — fully paid	265,205	265,205	311,294	311,294

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs (transaction costs) directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

The Company has neither authorised capital or par value in respect of its issued 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 meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the retranslation of the financial statements of foreign operations where their functional currency is different from the presentation currency of the reporting entity, as well as from the retranslation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

In thousands of AUD — Net of tax	2024	2023
Opening balance at 1 July	4,164	8,233
Reclassed to P&L	1,066	5,220
Change in fair value	(3,679)	(9,289)
Closing balance at 30 June	1,551	4,164

Equity compensation reserve

The equity compensation reserve represents the fair value of the cumulative net charges of performance rights granted (refer Note 19).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

17. SHARE CAPITAL AND RESERVES (CONTINUED)

Dividends

Dividends recognised in the current year are:

Dividends paid

	Costs per share (In cents)	Total amount (In thousands of AUD)	Franked	Date of Payment
2024				
Interim 2024 ordinary	7.0	18,564	100%	5th March 2024
Final 2023 ordinary	7.0	18,564	100%	5th September 2023
Total amount	14.0	37,128		
2023				
Interim 2023 ordinary	6.0	15,912	100%	7th March 2023
Final 2022 ordinary	8.0	21,216	100%	6th September 2022
Total amount	14.0	37,128		

Dividends are recognised as a liability in the period in which they are declared. Franked dividends declared or paid during the year were franked at the tax rate of 30%.

After the balance date the following dividends were determined by the directors. These will be paid out of the parent entity's retained earnings in accordance with the Corporations Act 2001. The dividends have not been provided for as at the balance date. The determination and payment of the dividend has no income tax consequences.

Dividends declared

	Costs per share (In cents)	Total amount (In thousands of AUD)	Franked	Date of Payment
Final 2024 ordinary	8.0	21,216	100%	6th September 2024

The financial effect of these dividends has not been brought to account in the financial statements for the financial year ended 30 June 2024 and will be recognised in subsequent financial reports.

Dividend franking account

	The Company	
In thousands of AUD	2024	2023
30 per cent franking credits available to shareholders of GWA Group Limited for subsequent financial years (i.e. prior to payment of final 2024 ordinary dividend.)	16,391	12,907

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

(a) franking credits/debits that will arise from the payment/settlement of the current tax liabilities/assets; and

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

The above franking account balance will decrease following the payment of the final dividend determined subsequent to balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Policies

Exposure to credit, interest rate and currency risks arise in the normal course of the consolidated entity's business. Derivative financial instruments are used to hedge exposures to fluctuations in foreign exchange rates and interest rates.

Risk management policy

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Finance Risk Committee, which is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risk faced by the consolidated entity, 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 consolidated entity's activities.

The Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity. The Audit and Risk Committee is assisted in its oversight role by the Internal Audit function. The Internal Audit function conducts both regular and ad hoc reviews of risk management controls and procedures. The results of the reviews are reported to the Audit and Risk Committee.

Capital management policy

The Board's policy is to maintain a strong capital base and grow shareholder wealth. The Board monitors debt levels, cash flows and financial forecasts to establish appropriate levels of dividends and funds available to reinvest in the businesses or invest in growth opportunities.

The Board focuses on growing shareholder value by monitoring the performance of the consolidated entity by reference to earnings growth and the return on funds employed. The Board defines return on funds employed as operating profit (earnings before interest and tax) divided by net assets after adding back net debt and net AASB 16 Leases balances.

There were no changes to the Board's approach to capital management during the year.

Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. In accordance with its treasury policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised in profit or loss, unless the derivative qualifies for hedge accounting, in which case the recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the consolidated entity would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Policies (continued)

Derivative financial instruments (continued)

Hedging

The consolidated entity holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the consolidated entity formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The consolidated entity makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged items. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variation in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount recognised in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period as the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or other counterparty to a financial instrument fails to discharge their obligations.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. A risk assessment process is used for some customers requiring credit and credit insurance is utilised. Goods are sold subject to retention of title clauses in most circumstances. The consolidated entity does not require collateral in respect of financial assets.

The consolidated entity maintains an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. To date, recent economic uncertainties driven by global events (e.g. inflation) have not led to any material losses in respect of trade receivables.

Transactions involving derivative financial instruments are with counterparties with sound credit ratings. Given their sound credit ratings, management does not expect any counterparty to fail to meet its obligations.

The consolidated entity has four major customers which comprise 63% of the trade receivables carrying amount as at 30 June 2024 (2023: four customers comprising 61% of trade receivables).

The carrying amount of financial assets represents the maximum credit exposure of the consolidated entity. The maximum exposure to credit risk at balance date was:

In thousands of AUD	2024	2023
Cash and cash equivalents	42,008	43,443
Net trade receivables	47,052	59,701
Other receivables	310	757
	89,370	103,901

The ageing of gross trade receivables for the consolidated entity at balance date was as follows:

In thousands of AUD	2024	2023
Not yet due	49,395	53,450
Past due 0–30 days	19,916	20,300
Past due 31–60 days	429	78
Past due 61–120 days	11	1,067
Past due 120+ days	162	3,525
Less accrued rebates	(22,551)	(18,358)
	47,362	60,062

There were no trade receivables with re-negotiated terms.

The movement in the allowance for impairment in respect of trade receivables during the year for the consolidated entity was as follows:

In thousands of AUD	2024	2023
Balance at 1 July	(361)	(43)
Impairment losses recognised	—	(339)
Provisions (made)/used during the year	(220)	21
Balance at 30 June	(581)	(361)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity prepares cash flow forecasts and maintains financing facilities with a number of institutions to ensure sufficient funds will be available to meet obligations without incurring excessive costs. The cash flows of the consolidated entity are controlled by management and reported monthly to the Board.

The contractual maturities of financial liabilities and derivatives that are cash flow hedges of the consolidated entity, including estimated interest payments are as follows:

Maturity analysis *In thousands of AUD*	Carrying amount	Contractual cash flows	0 — 6 months	6 — 12 months	1 — 2 years	2 — 5 years	5+ years
2024							
Non-derivatives financial liabilities							
Unsecured cash advance facilities	(137,721)	(57,116)	(40,529)	(5,529)	(11,058)	—	—
Trade and other payables	(56,588)	(57,092)	(56,858)	—	(117)	(117)	—
Lease liabilities	(45,092)	(48,954)	(6,741)	(6,741)	(11,603)	(21,995)	(1,874)
Derivative financial instruments							
Interest rate swaps used for hedging (net)	2,936	2,936	698	697	519	1,021	—
Forward exchange contracts used for hedging (net)	(475)	(475)	(405)	(70)	—	—	—
Total at 30 June 2024	(236,940)	(160,701)	(103,835)	(11,643)	(22,259)	(21,091)	(1,874)
2023							
Non-derivatives financial liabilities							
Unsecured cash advance facilities	(159,092)	(218,003)	(40,034)	(5,034)	(172,935)	—	—
Trade and other payables	(45,785)	(46,289)	(45,938)	—	(117)	(234)	—
Lease liabilities	(53,473)	(58,798)	(6,758)	(6,759)	(11,830)	(26,565)	(6,886)
Derivative financial instruments							
Interest rate swaps used for hedging (net)	5,691	5,906	1,448	1,147	1,461	1,850	—
Forward exchange contracts used for hedging (net)	206	206	174	32	—	—	—
Total at 30 June 2023	(252,453)	(316,978)	(91,108)	(10,614)	(183,421)	(24,949)	(6,886)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

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

The consolidated entity enters into derivatives in order to manage market risks. All transactions are carried out within the guidelines set by the Finance Risk Committee.

(i) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the consolidated entity's income. The consolidated entity's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates in Australia, New Zealand and the United Kingdom.

The consolidated entity adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is reduced (typically to less than 50% for the next two year period). Interest rate swaps, denominated in Australian dollars and New Zealand dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure.

As at 30 June 2024, the consolidated entity had interest rate swaps in operation with a notional contract amount of $75,000,000 (2023: $118,377,000). These swaps have fixed rates ranging from 1.02% to 3.15% (2023: 0.43% to 2.74%) and mature over the next three years.

The consolidated entity classifies interest rate swaps as cash flow hedges and states them at fair value.

The net fair value of swaps as at 30 June 2024 of $2,936,000 was recognised as a fair value derivative asset (2023: $5,691,000 asset). No hedge ineffectiveness was recognised, and therefore the full movement in the value of the hedging instrument was recognised in Other Comprehensive Income.

Profile

At balance date the consolidated entity's interest bearing financial instruments were:

In thousands of AUD	2024 Notional value	2024 Carrying amount	2023 Notional value	2023 Carrying amount
Variable rate financial instruments				
Unsecured cash advance facilities	(137,721)	(137,721)	(159,092)	(159,092)
Cash	42,008	42,008	43,443	43,443
	(95,713)	(95,713)	(115,649)	(115,649)
Fixed rate financial instruments				
Interest rate swap derivatives	75,000	2,936	118,377	5,691
Total	(20,713)	(92,777)	2,728	(109,958)

GWA Group Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting, with all other variables held constant.

The impact on the consolidated entity's profit is affected through the impact on floating rate borrowings and derivatives. The impact on the consolidated entity's other comprehensive income ('OCI') is due to changes in the fair value of interest rate swap contracts designated as cash flow hedges.

The assumed movement in basis points for the interest rate sensitivity analysis is considered reasonably possible given the market forecasts available at the reporting date and the current economic environment in which the consolidated entity operates.

In thousands of AUD — Higher/(Lower)	2024 Post Tax Profit	2024 OCI(i)	2023 Post Tax Profit	2023 OCI(i)
AUD denominated loans				
+50 basis points (2023: +50 basis points)	797	552	(21)	711
-50 basis points (2023: -50 basis points)	(797)	(552)	21	(711)
NZD denominated loans				
+50 basis points (2023: +50 basis points)	—	—	(32)	160
-50 basis points (2023: -50 basis points)	—	—	32	(54)
GBP denominated loans				
+50 basis points (2023: +50 basis points)	(20)	—	(20)	—
-50 basis points (2023: -50 basis points)	20	—	20	—

(i) Other Comprehensive Income: cash flow hedges, net of tax

(ii) Foreign currency risk

The consolidated entity is exposed to foreign currency risk on sales, purchases and asset and liability holdings that are denominated in a currency other than the respective functional currencies of its subsidiaries. The currencies giving rise to this risk are primarily USD and RMB.

The consolidated entity hedges its foreign currency exposure in respect of forecasted sales and purchases by entering into forward exchange contracts (typically for at least 50% for the next six months). The forward exchange contracts have maturities of up to 12 months after the balance date.

Forward exposure for the 12 months after the balance date covered by forward exchange contracts	2024	2023
AUD:USD	41%	47%
AUD:RMB	55%	54%
GBP:USD	37%	77%
NZD:AUD	60%	71%

The consolidated entity classifies forward exchange contracts as cash flow hedges and states them at fair value. The net fair value of contracts as at 30 June 2024 of $475,000 was recognised as a fair value derivative liability (2023: $206,000 asset). No hedge ineffectiveness was recognised, and therefore the full movement in the value of the hedging instrument was recognised in Other Comprehensive Income.

The consolidated entity is also exposed to foreign currency risk on retranslation of the financial statements of foreign subsidiaries into AUD. The currencies giving rise to this risk are NZD, GBP and RMB. The consolidated entity hedges this exposure by holding net borrowings in foreign currencies and designates these as net investment hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

Foreign currency risk (continued)

Sensitivity analysis

The following table demonstrates the impact of reasonably possible exchange rate movements with all other variables held constant. However, the impact of exchange rate movements on profit is subject to other variables including competitor exchange rate positions and movement in market prices.

The impact on the consolidated entity's other comprehensive income ('OCI') is due to changes in the fair value of forward exchange contracts designated as cash flow hedges, as well as from changes in the net borrowings in foreign currencies designated as net investment hedges (these movements will offset the translation of the financial statements foreign subsidiaries into AUD).

The assumed movement in exchange rates for the sensitivity analysis is considered reasonably possible given the market forecasts available at the reporting date and the current economic environment in which the consolidated entity operates.

The impact on foreign currency monetary assets and liabilities not designated as cash flow hedges are not material.

In thousands of AUD — Higher/(Lower)	2024	2023
USD		
10% increase in USD:AUD — OCI (cash flow hedges, net of tax) (2023: 10% increase in USD:AUD)	1,803	5,030
10% decrease in USD:AUD — OCI (cash flow hedges, net of tax) (2023: 10% decrease in USD:AUD)	(1,475)	(4,116)
10% increase in USD:GBP — OCI (cash flow hedges, net of tax) (2023: 10% increase in USD:GBP)	382	1,605
10% decrease in USD:GBP — OCI (cash flow hedges, net of tax) (2023: 10% decrease in USD:GBP)	(276)	(1,313)
RMB		
10% increase in RMB:AUD — OCI (cash flow hedges, net of tax) (2023: 10% increase in RMB:AUD)	1,542	3,949
10% decrease in RMB:AUD — OCI (cash flow hedges, net of tax) (2023: 10% decrease in RMB:AUD)	(1,261)	(3,231)
NZD		
10% increase in NZD:AUD — OCI (cash flow hedges, net of tax) (2023: 10% increase in NZD:AUD)	572	1,515
10% decrease in NZD:AUD — OCI (cash flow hedges, net of tax) (2023: 10% decrease in NZD:AUD)	(468)	(1,852)
10% increase in NZD:AUD — OCI (net investment hedge, net of tax) (2023: 10% increase in NZD:AUD)	—	(1,429)
10% decrease in NZD:AUD — OCI (net investment hedge, net of tax) (2023: 10% decrease in NZD:AUD)	—	1,169
GBP		
10% increase in GBP:AUD — OCI (net investment hedge, net of tax) (2023: 10% increase in GBP:AUD)	(445)	(444)
10% decrease in GBP:AUD — OCI (net investment hedge, net of tax) (2023: 10% decrease in GBP:AUD)	364	364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

The carrying value of financial assets and liabilities as at 30 June 2024 equalled fair value (30 June 2023: equalled fair value). The fair values of financial instruments were estimated using the following methods and assumptions.

(i) Derivatives

Forward exchange contracts are marked to market by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps broker quotes are obtained. These quotes are back tested using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

(ii) Loans and borrowings

Interest-bearing loans bear interest at market rates. Accordingly, the notional amount of the interest-bearing loans is deemed to reflect the fair value.

(iii) Trade and other receivables/payables

All current receivables/payables are either repayable within twelve months or repayable on demand. Non-current payables relate to a supplier contractual obligation. Accordingly, the notional amount is deemed to reflect the fair value.

(iv) Financial asset at fair value

The investment in an unlisted company is accounted as a financial asset at fair value through other comprehensive income ('FVOCI') following an irrevocable decision made at initial recognition. The fair value of the financial asset is based on the equity price established in the most recent round of equity financing or an independent valuation with consideration of any other key changes in the investment which requires a level of judgement, with the changes in the fair value being recognised in OCI.

(v) Interest rates used for determining fair value

The consolidated entity uses the government yield curve as at the balance date plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2024	2023
Derivatives	4.3%–4.5%	3.3%–4.9%
Loans and borrowings denominated in AUD	6.1%–6.3%	4.7%–4.9%
Loans and borrowings denominated in NZD	0%–0%	5.1%–5.3%
Loans and borrowings denominated in GBP	7%–7.2%	4.4%–4.6%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION IV. FUNDING AND RISK MANAGEMENT (CONTINUED)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values (continued)

(vi) Fair value hierarchy

The consolidated entity recognises the fair value of its financial instruments and financial asset at fair value using the level 2 and level 3 valuation methods respectively. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In thousands of AUD	Level 1	Level 2	Level 3	Total
30 June 2024				
Forward contracts used for hedging	—	(475)	—	(475)
Interest rate swaps used for hedging	—	2,936	—	2,936
Investment in unlisted entity	—	—	—	—
	—	2,461	—	2,461
30 June 2023				
Forward contracts used for hedging	—	206	—	206
Interest rate swaps used for hedging	—	5,691	—	5,691
Investment in unlisted entity	—	—	520	520
	—	5,897	520	6,417

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION V. OTHER INFORMATION

19. SHARE-BASED PAYMENTS

The Long Term Incentive (Equity) Plan was approved by shareholders at the 2008 Annual General Meeting. Under the plan, the Board may offer performance rights to participants which entitle the holder to ordinary shares in the Company (or in limited cases cash payments), subject to meeting certain financial performance hurdles and the holder remaining in employment with the Company until the nominated vesting date.

The performance hurdles in relation to performance rights granted to the 2024, 2023 and 2022 financial years are subject to financial performance conditions which measure growth in Earnings Per Share (EPS) and/or Total Shareholder Return (TSR) compared to a peer group of companies. The performance hurdles are challenging but achievable and focus executives on sustained long term growth consistent with shareholder wealth creation.

The Plan runs over a three year performance period and the rights will only vest if the performance hurdles are achieved. If the vesting conditions and performance hurdles are achieved, ordinary shares will be issued to the participants at no cost. If the performance hurdles are not met, then the rights are cancelled.

For performance rights granted to executives for the 2024, 2023 and 2022 financial year, the performance hurdles and vesting proportions for the TSR performance measure are outlined in the table below.

TSR of GWA Group Limited relative to TSRs of Comparator Companies	Proportion of Performance Rights to Vest if TSR hurdle is met
Less than the 50th percentile	0%
50th percentile	25%
Between the 50th percentile and 75th percentile	Straight line vesting between 25% and 100%
75th percentile or higher	100%

For the performance rights granted to executives for the 2024 financial year, the performance hurdles and vesting conditions for the EPS performance measures are outlined in the tables below.

GWA Group Limited EPS (CAGR Over 3-Year Performance Period)	Proportion of Performance Rights to Vest if EPS hurdle is met
Less than 5%	0%
Equal to 5%	25%
Between 5 and 10%	Straight line vesting between 25% and 100%
10% and higher	100%

RECOGNITION AND MEASUREMENT

The grant date fair value of performance rights granted to employees is recognised as a personnel expense, with a corresponding increase in equity (equity compensation reserve), evenly over the specified three year period that the performance rights vest to employees.

The amount recognised as an expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting hurdles are met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market based non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

FAIR VALUE

During the year 1,746,979 performance rights were granted to employees (2023: 1,514,330) at a weighted average fair value of $0.82 (TSR) (2023: $1.20 (TSR)).

The fair value of the performance rights granted subject to the TSR hurdle for vesting was determined by using a Monte Carlo simulation. When determining the fair values it was assumed the Company would have a dividend yield of 7.65%, the risk free rate was 4.38% and annualised share price volatility was 32% for the Company and its comparator companies listed for the TSR hurdle.

The amount recognised as personnel expenses (Note 3(e)) in the current financial year was a $545,841 (2023: $69,029) debit.

For further details of the Long Term Incentive (Equity) Plan, refer to the Remuneration Report section of the Directors' Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION V. OTHER INFORMATION (CONTINUED)

19. SHARE-BASED PAYMENTS (CONTINUED)

	Grant date	Expiry date	Balance at beginning of the year	Granted during the year	Vested during the year	Forfeited/ Lapsed during the year	Balance at end of the year
In number of performance rights							
2024							
	7/12/2020	30/06/2023	290,998	—	—	(290,998)	—
	6/12/2021	30/06/2024	1,059,676	—	—	—	1,059,676
	28/10/2022	30/06/2025	1,514,330	—	—	(19,213)	1,495,117
	28/10/2023	30/06/2026	—	1,746,979	—	—	1,746,979
			2,865,004	1,746,979	—	(310,211)	4,301,772
2023							
	14/02/2020	30/06/2022	383,820	—	—	(383,820)	—
	7/12/2020	30/06/2023	361,313	—	—	(70,315)	290,998
	6/12/2021	30/06/2024	1,189,330	—	—	(129,654)	1,059,676
	28/10/2022	30/06/2025	—	1,514,330	—	—	1,514,330
			1,934,463	1,514,330	—	(583,789)	2,865,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION V. OTHER INFORMATION (CONTINUED)

20. RELATED PARTIES

KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation included in personnel expenses (Note 3(e)) are as follows:

In AUD	2024	2023
Short-term employee benefits	7,322,264	4,652,420
Post-employment benefits	292,298	312,556
Share-based payments	886,909	508,410
Other long term employee benefits	38,980	27,951
	8,540,451	5,501,337

Information regarding individual key management personnel compensation is provided in the Remuneration Report section of the Directors' Report.

21. AUDITOR'S REMUNERATION

In AUD	2024	2023
The auditor of GWA Group Limited is KPMG Australia.		
Audit services		
KPMG Australia:		
Audit and review of financial reports	375,100	360,700
Other assurance services	10,000	17,000
Overseas KPMG firms:		
Audit of financial reports	39,000	39,200
	424,100	416,900
Overseas auditors (non KPMG):		
Audit and review of financial statements	49,743	54,000
	49,743	54,000
Total audit services	473,843	470,900
Other services		
KPMG Australia:		
Other services(i)	—	56,937
Total other services	—	56,937

(i) In FY23, KPMG performed one-off marketing benchmarking services for GWA Group. No further services were provided in FY24.

22. COMMITMENTS

Expenditure commitments for software, plant and equipment purchases and major projects contracted but not provided for are payable as follows:

In thousands of AUD	2024	2023
Less than one year	1,668	2,268
Between one and five years	—	276
	1,668	2,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION V. OTHER INFORMATION (CONTINUED)

23. CONSOLIDATED ENTITIES

	Parties to cross guarantee	Country of incorporation	Ownership Interest 2024	Ownership Interest 2023
Parent entity				
GWA Group Limited	Y	Australia		
Subsidiaries				
Caroma Holdings Limited	Y	Australia	100%	100%
Caroma Industries Limited	Y	Australia	100%	100%
Caroma International Pty Ltd	N	Australia	100%	100%
Caroma Singapore Pte Ltd	N	Singapore	100%	100%
Deva Tap Company Ltd	N	United Kingdom	100%	100%
GWA Finance Pty Limited	Y	Australia	100%	100%
GWA Group Holdings Limited	Y	Australia	100%	100%
GWA Group Holdings (NZ) Limited	N	New Zealand	100%	100%
GWA Group (NZ) Limited	N	New Zealand	100%	100%
GWA Trading (Shanghai) Co Ltd	N	China	100%	100%
Methven Australia Pty Limited	Y	Australia	100%	100%
Methven ROI Limited	N	Ireland	100%	100%
Methven UK Limited	N	United Kingdom	100%	100%
Sebel Furniture Holdings Pty Ltd	N	Australia	100%	100%

24. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries as listed in Note 23 are 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.

A consolidated statement of profit or loss and other 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, as at 30 June 2024, is set out in the table below.

SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of AUD — For the year ended 30 June	2024	2023
Sales revenue	342,263	336,355
Cost of sales	(196,338)	(198,885)
Gross profit	145,925	137,470
Operating expenses	(163,665)	(69,520)
Finance income	1,396	666
Finance expenses	(4,945)	(5,014)
(Loss)/Profit before tax	(21,289)	63,602
Tax benefit/(expense)	5,896	(17,920)
(Loss)/Profit from continuing operations, net of tax	(15,393)	45,682
Net (loss)/profit	(15,393)	45,682
Other comprehensive (loss)/income, net of tax	(2,790)	(3,582)
Total comprehensive (loss)/income, net of tax	(18,183)	42,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION V. OTHER INFORMATION (CONTINUED)

24. DEED OF CROSS GUARANTEE (CONTINUED)

STATEMENT OF FINANCIAL POSITION

As at 30 June	2024	2023
In thousands of AUD		
Assets		
Cash and cash equivalents	33,559	35,746
Trade and other receivables	38,205	49,819
Inventories	78,566	63,939
Derivative financial instruments	—	206
Other	3,686	3,102
Total current assets	154,016	152,812
Investments	376,895	466,895
Intercompany receivable	32,360	35,505
Derivative financial instruments	2,403	5,873
Property, plant and equipment	10,713	11,645
Intangible assets	388,112	388,600
Right of use assets	29,441	36,242
Total non-current assets	839,924	944,760
Total assets	993,940	1,097,572
Liabilities		
Trade and other payables	39,537	34,603
Loans and borrowings	35,000	35,000
Employee benefits	4,463	4,194
Income tax payable	4,602	3,566
Lease liabilities	11,842	11,866
Provisions	1,893	3,479
Total current liabilities	97,337	92,708
Deferred tax liabilities	63,031	88,548
Loans and borrowings	102,721	124,092
Lease liabilities	28,290	35,245
Employee benefits	4,883	4,782
Provisions	4,390	4,144
Total non-current liabilities	203,315	256,811
Total liabilities	300,652	349,519
Net assets	693,288	748,053
Equity		
Issued capital	311,294	311,294
Reserves	3,407	5,651
Retained earnings	378,587	431,108
Total equity	693,288	748,053
Retained earnings at beginning of the year	431,108	422,554
Net (loss)/profit	(15,393)	45,682
Dividends paid during the year	(37,128)	(37,128)
Retained earnings at end of the year	378,587	431,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION V. OTHER INFORMATION (CONTINUED)

25. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2024 the parent company of the consolidated entity was GWA Group Limited.

In thousands of AUD	2024	2023
Results of the parent entity		
Loss for the year	(69,209)	(4,663)
Total comprehensive loss for the year	(69,209)	(4,663)
Financial position of the parent entity		
Current assets	2,281	1,836
Total assets	801,400	907,254
Current liabilities	405	468
Total liabilities	421,930	421,989
Equity of the parent entity		
Share capital	311,294	311,294
Equity compensation reserve	1,942	1,397
Retained earnings	66,234	172,574
Total equity	379,470	485,265

PARENT ENTITY CONTINGENCIES

The directors are of the opinion that provisions are not required in respect of these matters below, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities

The directors are not aware of any contingent liabilities of the parent entity as at reporting date (2023: $nil).

Capital expenditure commitments

The parent entity has not entered into contractual commitments on behalf of wholly-owned subsidiaries for the acquisition of property, plant or equipment as at reporting date (2023: $nil).

Parent entity guarantees

The parent entity in the ordinary course of business has guaranteed the performance of certain contractual commitments entered into by its subsidiaries.

The parent entity has entered into a Deed of Cross Guarantee with the effect that the parent entity has guaranteed the repayment of all current and future creditors in the event any of the entities party to the Deed is wound up. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the Deed are disclosed in Notes 23 and 24.

26. SUBSEQUENT EVENTS

On 19 August 2024, the Group declared a fully franked dividend of 8.0 cents per share to shareholders totalling approximately $21.2 million.

Other than as disclosed above, to the Directors' best knowledge, there are no events that have arisen subsequent to 30 June 2024 that will, or may, significantly affect the operation or results of the consolidated entity.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Set out below is a list of entities that are consolidated in this set of Consolidated Financial Statements at the end of the financial year.

Entity	Body corporate, partnership or trust	Place incorporation /formed	% of Share capital held directly or indirectly by the Company in the body corporate		Australian or Foreign resident	Jurisdiction for Foreign resident
			2024	2023		
GWA Group Limited (the Company)	Body corporate	Australia	100%	100%	Australian	N/A
Caroma Holdings Limited	Body corporate	Australia	100%	100%	Australian	N/A
Caroma Industries Limited	Body corporate	Australia	100%	100%	Australian	N/A
Caroma International Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Caroma Singapore Pte Ltd	Body corporate	Singapore	100%	100%	Foreign	Singapore
Deva Tap Company Ltd	Body corporate	United Kingdom	100%	100%	Foreign	United Kingdom
GWA Finance Pty Limited	Body corporate	Australia	100%	100%	Australian	N/A
GWA Group Holdings Limited	Body corporate	Australia	100%	100%	Australian	N/A
GWA Group Holdings (NZ) Limited	Body corporate	New Zealand	100%	100%	Foreign	New Zealand
GWA Group (NZ) Limited	Body corporate	New Zealand	100%	100%	Foreign	New Zealand
GWA Trading (Shanghai) Co Ltd	Body corporate	China	100%	100%	Foreign	China
Methven Australia Pty Limited	Body corporate	Australia	100%	100%	Australian	N/A
Methven ROI Limited	Body corporate	Ireland	100%	100%	Foreign	Ireland
Methven UK Limited	Body corporate	United Kingdom	100%	100%	Foreign	United Kingdom
Sebel Furniture Holdings Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A

KEY ASSUMPTIONS AND JUDGMENTS

Determination of Tax Residency

Section 295 (3A) of the *Corporations Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependant and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretation:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

The consolidated entity has applied current legislation and judicial precedent in determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

DIRECTORS' DECLARATION

In the opinion of the directors of GWA Group Limited (the Company):

1. The consolidated financial statements and notes, and the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001* including:
   a) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2024 and of its performance for the year ended on that date; and
   b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
2. The consolidated entity disclosure statement as at 30 June 2024 is true and correct;
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
4. There are reasonable grounds to believe that the Company and the group entities identified in Note 23 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to *ASIC Corporations (wholly owned companies) Instrument 2016/785*;
5. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and the Chief Financial Officer for the financial year ended 30 June 2024; and
6. The directors draw attention to Note 1 to the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards (IFRS).

Dated on 19 August 2024.

Signed in accordance with a resolution of the directors:

Darryl D McDonough
Director

Urs B Meyerhans
Director

KPMG

Independent Auditor's Report

To the shareholders of GWA Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of GWA Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified is:

- Valuation of finished goods inventory

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of 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.

Valuation of finished goods inventory ($95.8m)	
Refer to Note 8 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

The valuation of finished goods inventory is a key audit matter given it is a significant asset in the financial report and the net realisable value is impacted by the building industry cycles and changes in consumer preferences. This necessitated an additional audit focus on excess and discontinued inventory SKUs (stock keeping unit). The most significant areas of judgement we focused on was in assessing the Group's:
• Expected forecast demand which is based on previous sales, as the criteria for categorisation of inventory SKUs by risk (ageing analysis), such as discontinued or excess as the Group attributes different values due to the differing provision policy rates;
• The Group's assessment of SKU recovery rates based on the expected selling price of inventory; and
• Provision percentages (risk weightings) by inventory category.
Such judgements may have a significant impact on the Group's provision and therefore the overall carrying value of finished goods inventories, necessitating additional audit effort.
	Our procedures included:
	• Obtaining an understanding of the Group's key processes for the valuation of finished goods inventory (net realisable value) and the Group's determination of discontinued inventory;
	• Assessing the Group's policies for the valuation of finished goods inventory against the requirements of the accounting standards and our understanding of the business;
	• Attending stocktakes in significant locations and observing the Group's processes;
	• Assessing the accuracy of Group sales forecasts by inventory SKU by comparing forecast demand to actual sales for each inventory SKU in the period. This informed our evaluation of sales forecasts incorporated in the inventory provision at 30 June 2024;
	• Testing the completeness of inventory SKUs identified as discontinued or excess as follows:
	  – Assessing the Group's identification of excess inventory by independently developing an expectation based on actual sales data and comparing to the Group's results; and
	  – Checking a sample of inventory SKUs to be discontinued in the inventory provision to sales management approval;
	• Comparing the estimated selling or disposal expenses to actual selling or disposal expenses;
	• Challenging the Group's assumptions, such as the Group's assessment of recovery rates and provision percentages by product category by:
	  – Using our understanding of the Group's business;
	  – Independently developing an expected inventory valuation range by considering the following:
	    · Inventory in excess of demand of 5 years (for Australia) and based on average product refresh cycle and excess of demand of 1 year (for New Zealand) due to the current market condition in New Zealand;
	    · Recovery rates achieved historically when selling discontinued inventory. We considered the historical quantum recovered compared to the original cost;
	    · Deleted range (only applicable to New Zealand);
	    · Overall recoveries achieved for a sample of sales recorded below original cost; and
	    · Low lead inventories which are currently in transition to be phased out by September 2025 (for New Zealand) and May 2026 (for Australia) respectively based on updated lead requirements in respective countries.
	  – Comparing the independently developed expected inventory valuation range to the inventory value recorded by the Group; and
	  – Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Other Information

Other Information is financial and non-financial information in GWA Group Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing 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 in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a 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 that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of GWA Group Limited for the year ended 30 June 2024 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' 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 responsibilities

We have audited Sections 2 to 8 (excluding Section 7.1.1) of the Remuneration Report included in the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Trent Duvall

Partner

Sydney

19 August 2024

OTHER STATUTORY INFORMATION AS AT 19 AUGUST 2024

STATEMENT OF SHAREHOLDING

In accordance with the Australian Securities Exchange Listing Rules, the directors state that, as at 19 August 2024, the share capital in the Company was held as follows:

Range	Ordinary Shareholders	Ordinary Shares	%
1–1,000	1,722	758,607	0.29
1,001–5,000	2,997	8,265,320	3.12
5,001–10,000	1,280	9,638,995	3.63
10,001–100,000	1,225	28,690,915	10.82
100,001 and over	80	217,851,276	82.14
Total	**7,304**	**265,205,113**	**100.00**

The number of shareholders with less than a marketable parcel of 194 shares is 534. This is calculated as the minimum $500 parcel at $2.58 per share.

VOTING RIGHTS

The voting rights attached to shares are as set out in rule 9.20 of the Company's Constitution. Subject to that clause, at General Meetings of the Company:

1. On a show of hands, every person present as a member, proxy, attorney or representative of a member has one vote; and
2. On a poll, every person present as a member, proxy, attorney or representative of a member, has one vote for each fully paid share.

SUBSTANTIAL SHAREHOLDERS

The following information is extracted from the Company's Register of Substantial Shareholders as at 19 August 2024:

Shareholder	Number of Shares	% Shares on Issue
Perpetual Limited	43,151,751	16.27%
Spheria Asset Management Pty Ltd	20,868,321	7.87%
Mitsubishi UFJ Financial Group, Inc	16,068,873	6.06%

20 LARGEST SHAREHOLDERS AS AT 19 AUGUST 2024

Shareholder	Number of Shares	% Shares on Issue
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	66,258,891	24.98
CITICORP NOMINEES PTY LIMITED	42,034,668	15.85
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	25,531,863	9.63
HGT INVESTMENTS PTY LTD	10,000,000	3.77
KFA INVESTMENTS PTY LTD	9,200,684	3.47
JMB INVESTMENTS PTY LTD	6,884,655	2.60
MR PETER ZINN <CAROL ZINN FAMILY NO2 A/C>	6,186,426	2.33
ASHBERG PTY LTD	5,887,783	2.22
THEME (NO 3) PTY LTD	5,100,000	1.92
ITA INVESTMENTS PTY LTD	4,688,628	1.77
UBS NOMINEES PTY LTD	4,049,329	1.53
DABARY INVESTMENTS PTY LTD	3,178,986	1.20
CJZ INVESTMENTS PTY LTD	2,841,565	1.07
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	2,501,818	0.94
NATIONAL NOMINEES LIMITED	2,214,415	0.83
EIDDE PTY LTD <DUNCAN FAMILY A/C>	2,019,940	0.76
MR MICHAEL JOHN MCFADYEN <MICHAEL MCFADYEN A/C>	1,975,734	0.74
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	1,542,350	0.58
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,376,352	0.52
CHARAN INVESTMENTS PTY LTD <DONALD KENT WOOD FAMILY A/C>	742,282	0.28
Total	**204,216,369**	**77.00**

CORPORATE GOVERNANCE STATEMENT

A copy of the Corporate Governance Statement can be found on the Company's website at https://www.gwagroup.com.au/corporate-governance/.

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of GWA Group Limited will be held at the Stamford Plaza Brisbane Hotel, Raffles Room I and II, on the Corner of Edward and Margaret Streets, Brisbane QLD on Monday, 4 November 2024, commencing at 10.30am (Brisbane time). Shareholders will be mailed their Notice of Annual General Meeting and Proxy Form during September 2024.

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholding or dividend payments should contact the Company's share registry, Computershare Investor Services Pty Limited, on 1300 850 505 or write to GPO Box 2975 Melbourne Victoria Australia 3001. Alternatively, you can view details of your holding or make changes to your personal information online at www.investorcentre.com.

CHANGE OF ADDRESS

Shareholders who have changed their address should immediately notify the Company's share registry in writing or update your details online at www.investorcentre.com. If you are a CHESS sponsored holder and wish to change your address, please contact your broker.

CONSOLIDATION OF SHAREHOLDINGS

Shareholders who wish to consolidate their separate shareholdings into one holding should complete a Request to Consolidate Holdings Form which can be downloaded at www.investorcentre.com. If you are a CHESS sponsored holder and wish to consolidate your holdings, please contact your broker.

ANNUAL REPORTS

Annual Reports are made available to shareholders on the Company's website at www.gwagroup.com.au. Shareholders wishing to be mailed a copy of the Annual Report may notify the Company's share registry in writing or update their communication preferences online at www.investorcentre.com. Shareholders who have elected to receive the Notice of Annual General Meeting and Proxy Form via post will receive details on accessing the online Annual Report.

DIVIDENDS

Dividends are determined by the Board having regard to the financial circumstances of the Company. Dividends are normally paid twice annually following the release of the Company's half and full year financial results to the market. The latest dividend details can be found on the Company's website at www.gwagroup.com.au.

DIRECT CREDIT OF DIVIDENDS

To minimise cost and ensure fast and efficient payment of dividends to shareholders, the Company mandates direct credit for payment of dividends. Dividends may be paid directly to a bank, building society or credit union account in Australia. Payments are electronically credited on the dividend payment date and confirmed by an advice mailed to shareholders on that date, or emailed where shareholders have requested this form of communication. Direct credit application forms can be obtained by contacting the Company's share registry or can be updated online at www.investorcentre.com.

DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan was suspended by the Board in August 2021. At the present time the Company has access to sufficient capital to meet its funding requirements. The Board keeps this position under review.

SECURITIES EXCHANGE LISTING

The Company's shares are listed on the Australian Securities Exchange under the ASX code: GWA. Details of the trading activity of the Company's shares are published in most daily newspapers, generally under the abbreviation GWA Grp.

SHAREHOLDER TIMETABLE 2024

30 June	Financial year end
19 August	FY24 full year results and final dividend announcement
22 August	Ex dividend date for final dividend
23 August	Record date for determining final dividend entitlement
6 September	Final dividend paid
27 September	Notice of Annual General Meeting and Proxy Form mailed to shareholders
2 November	Proxy returns close 10:30am (Brisbane time)
4 November	Annual General Meeting, 10.30am (Brisbane time)
31 December	Half year end

HEAD OFFICE LOCATIONS

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GWA BATHROOMS & KITCHENS AUSTRALIA

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CORPORATE DIRECTORY

DIRECTORS

D D McDonough, Chairman
J F Mulcahy, Deputy Chairman
U B Meyerhans, Managing Director
B J M Inglis, Non-Executive Director
P M Mann, Non-Executive Director
S P Roche, Non-Executive Director
R J Thornton, Non-Executive Director

CHIEF FINANCIAL OFFICER

C L Scott, BCompt (Hons), CA (SA)

COMPANY SECRETARY

E Lagis, BBus LLB (Hons), LLM, CertGov&RiskMgt

REGISTERED OFFICE

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GWA

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SHARE REGISTRY

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GROUP BANKERS

The Hongkong and Shanghai Banking Corp Ltd
Commonwealth Bank of Australia
Citibank, N.A.

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