



ANNUAL REPORT  
**2023**





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## Corporate Directory

**Directors**

John Klepec  
Bruce Nicholson  
Jeff Dowling  
Adrienne Parker  
Mark Southey  
Martin Monro

**Company Secretaries**

Elizabeth Maynard  
Andrew Wackett

**Auditor**

EY Australia

**Banker**

Westpac Banking Corporation

**Registered Office &  
Principal Place Of Business**

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# Group Structure

## Building Solutions

Design, manufacture and supply of accommodation for the education, corrections, affordable housing and mining industries.



## Community Solutions

Operation of accommodation villages - Searipple in Karratha and Osprey in South Hedland.



## RV Solutions

Import, manufacture and distribution of leading products to the recreational vehicle industry and servicing of the caravan and motorhome industry.



TO BE THE LEADER IN REIMAGINING SUSTAINABLE SPACES

# Vision

TO CREATE INNOVATIVE SPACES SO PEOPLE CAN THRIVE

# Purpose

ZERO HARM, COLLABORATION, INTEGRITY, ACCOUNTABILITY, INNOVATION

# Values

# Highlights FY23

**EBITA of \$4.2m**  
(vs \$12.3m loss in FY22).

Group safety performance  
59% reduction in LTIFR.

Dividend reinstated  
2.1 cps fully franked.

Net cash of  
**\$46.6m up \$6.7m**  
from December 2022.



Medium term demand for Searipple contracted out to 2027.

Building Solutions losses excluding major projects reduced to **\$0.9m** in H2 FY23.

Building Solutions order book up to **\$127m** from **\$87m** at the half year.

**Community Solutions**  
EBITA of \$10.2m on strong shutdown performance in Q4 and ahead of major project demand.

Executive management team rebuilt and driving operational improvement.

**RV Solutions** impacted by reduced consumer discretionary demand in Q4. EBITA of \$6.9m.

# Board of Directors

The Board is currently comprised of five Non-Executive Directors and one executive Director. The Directors who are in office at the date of this Report are:



## JOHN KLEPEC

**BCOMM**

*NON-EXECUTIVE DIRECTOR, BOARD CHAIR*

John Klepec was appointed as a Non-Executive Director on 19 November 2020, and as Chair of the Board from 26 February 2021.

John has over thirty years of experience across a range of industry groups including construction, resources, media, health care, building products, construction materials, agriculture, logistics, livestock trading and shipping.

John is currently the Executive Chairman of Wellard Limited a role he has held from 2018 and previously was a non-executive director of Ten Network Holdings Limited.

John was previously the Chief Development Officer for Hancock Prospecting, and prior to that, held senior management positions with major Australian publicly listed companies BHP Billiton Limited, Mayne Group Limited and with the private BGC Group.

From his prior successful executive and board roles John brings extensive financial expertise, corporate development, operational leadership and strategic thinking to any commercial position.

John holds a Bachelor of Commerce.

John has held the following directorships of listed companies in the three years immediately before the end of the financial year: Executive Chairman of Wellard Limited (appointed November 2016).



## JEFF DOWLING

**BCOMM, FCA, FFIN, FAICD**

*NON-EXECUTIVE DIRECTOR, CHAIR OF AUDIT COMMITTEE*

Jeff Dowling was appointed as a Non-Executive Director on 1 July 2017, and thereafter as Chair of the Audit Committee.

Jeff is a highly experienced corporate leader with over 40 years of experience in professional services with Ernst & Young. Jeff held numerous leadership roles within Ernst & Young which focused on mining, oil and gas and other industries. Jeff's expertise is centred around audit, risk and financial acumen derived from acting as lead partner on numerous large public company audits, capital raisings and corporate transactions. As a non-executive director of a number of ASX listed companies Jeff has been involved with various corporate acquisitions and takeovers, debt restructures and equity raisings.

Jeff holds a Bachelor of Commerce and is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants, and a Fellow of the Financial Services Institute of Australasia.

Jeff has held the following directorships of listed companies in the three years immediately before the end of the financial year: Non- Executive Director of S2 Resources Limited (appointed May 2015), Non- Executive Director of NRW Holdings Limited (appointed August 2013) and Non- Executive Director of Battery Minerals Limited (appointed January 2018).



## ADRIENNE PARKER

**LLB, MAICD**

*NON-EXECUTIVE DIRECTOR, CHAIR OF NOMINATIONS & DIVERSITY COMMITTEE*

Adrienne Parker was appointed as a Non-Executive Director on 23 August 2017, and thereafter as Chair of the Nominations & Diversity Committee.

Adrienne is a partner and head of global law firm Pinsent Masons' Perth office, where she focuses on construction law. Adrienne's experience spans over 25 years working with participants in the infrastructure, energy and resources sectors where she specialises in major construction, engineering and resources projects. Adrienne advises on the procurement, management and delivery of infrastructure projects across Australia via traditional project delivery models and relationship contracting, including public sector projects across Australia, managing large commercial and legal teams to achieve successful outcomes for clients. Adrienne has also acted in many large scale complex disputes in many jurisdictions involving mining and energy projects, processing plants, oil and gas facilities, and major building and infrastructure projects.

Adrienne holds a Bachelor of Laws from the University of Western Australia. She is the Chair of the Joint Law Council of Australia and Law Society of Western Australia's Construction and Infrastructure Law Committee and a past president of the WA Chapter of The National Association of Women in Construction. She is also a member of the Society of Construction Law Australia and a Member of the Australian Institute of Company Directors.

Adrienne has held the following directorships of listed companies in the three years immediately before the end of the financial year: Non-Executive Director of Liontown Resources Limited since 1 October 2022.

**MARK SOUTHEY****BSC (HONS), MBA, GAICD***NON-EXECUTIVE DIRECTOR, CHAIR OF REMUNERATION COMMITTEE*

Mark Southey was appointed as a Non-Executive Director on 10 October 2018, and thereafter as Chair of the Remuneration Committee.

Mark is an experienced senior executive with extensive global experience in industrial technology and services and project development in the natural resources sectors. Mark has previously held senior executive positions with Honeywell and ABB in Australia and internationally, and was a member of the global executive leadership team within WorleyParsons where he held the position of Group Managing Director for the Minerals, Metals and Chemicals Sector.

Mark holds a Bachelor of Science (Hons) in Engineering with Business Studies, has an MBA from the University of Sydney Business School, is a Graduate of the Australian Institute of Company Directors and is a member of Engineers Australia.

Mark is an advisory board member for Gas Cleaning Technologies LLC (Dallas) and has held the following directorships of listed companies in the three years immediately before the end of the financial year: Non- Executive Chairman of Arafura Resources Limited (appointed January 2018).

**MARTIN MONRO****BA (PSYCH), FAICD, FAIB***NON-EXECUTIVE DIRECTOR, CHAIR OF RISK COMMITTEE*

Martin Monro was appointed as a Non-Executive Director on 1 June 2020, and thereafter as Chair of the Risk Committee.

Martin was formerly the Chief Executive Officer and Managing Director of Watpac Limited from August 2012 until his retirement in an executive capacity in June 2019. Martin has more than 30 years' experience in the Australian and international construction sectors, with a proven track record in prudent financial management, safety leadership and successful expansion into new markets. Martin remains a Non-Executive Director of Watpac Limited.

Martin was appointed a Non-Executive Director of Big River Industries Limited in September 2021 and a Non-Executive Director of Service Stream Limited in October 2022.

In addition to his ASX-listed roles, Martin also Chairs the Pannell Enoteca Advisory Board and is a Specialist Workplace Relations Advisor to the Board of the Australian Constructors Association.

Martin is a past National Vice President of the Australian Industry Group and was a Government-appointed member to the Royal Melbourne Showgrounds Unincorporated Joint Venture Board from 2019 to 2022.

Martin has a Bachelor of Arts Degree (Psychology) and post graduate qualifications in Human Resources Management, is a graduate of the Accelerated Development Program at the London Business School, a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Building.

Martin has held the following directorships of a listed company in the three years immediately before the end of the financial year: Non-Executive Director of Big River Industries Limited in September 2021 and Non-Executive Director of Service Stream Limited in October 2022.

**BRUCE NICHOLSON****B. ENG, MBA, MAICD***MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER*

Bruce Nicholson commenced as Chief Executive Officer on 1 July 2021 and was appointed Managing Director on 1 August 2022.

A highly credentialled building and construction materials executive, Bruce has demonstrated expertise delivering results within challenging environments and projects in Australia, New Zealand, North America and Europe.

Prior to joining Fleetwood, Bruce served as Chief Executive Officer and Managing Director of Waco Kwikform Group, Australia and New Zealand's leading supplier of scaffolding and false work to commercial and civil construction, residential and industrial markets.

Bruce was credited with leading the turnaround of a complex manufacturing operation in the concrete piping and products business, as head of Fletcher Building Group's ROCLA business.

Deep experience in heavy manufacturing is complemented by Bruce's logistics and commercial skills honed from extensive roles within the Holcim Group, where he progressed to the position of Executive General Manager for Australian and New Zealand aggregate operations.

Bruce's substantial industry experience is underpinned by a Bachelor in Civil Engineering from the University of Technology Sydney and an MBA from James Cook University.

Bruce did not hold any other directorships with listed companies in the last three years.

# Executive Team



## ANDREW WACKETT

**BCOMM, FCPA, FFIN, GAICD**

*CHIEF FINANCIAL OFFICER & COMPANY SECRETARY*

Andrew Wackett commenced as Chief Financial Officer on 12 June 2017 and was appointed as Company Secretary on 5 July 2018.

Prior to joining Fleetwood, Andrew was a Division Director of Macquarie Securities Group for 20 years. During that time, Andrew gained significant commercial experience with large Australian and international listed

entities, developed an in depth knowledge of corporate governance, and statutory financial requirements, and has proven financial and leadership skills in guiding business, departments and teams in the formulation and execution of financial strategies. Prior to Macquarie, Andrew worked at Wesfarmers for over six years.

Andrew holds a Bachelor of Commerce, is a Fellow of CPA Australia, a Fellow of Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.



## ELIZABETH MAYNARD

**LLB (HONS), BCOMM, GAICD**

*GENERAL COUNSEL & COMPANY SECRETARY*

Elizabeth Maynard commenced as General Counsel & Company Secretary in September 2018.

Prior to her appointment, Elizabeth spent a number of years in private practice as a Corporate / M&A lawyer with a top-tier Australian law firm advising clients in a variety of sectors on domestic and cross-

border transactional and commercial matters. Elizabeth also has significant international experience, having spent over 3 years working in Singapore and the Asia-Pacific region at a top-tier UK law firm.

Elizabeth holds a Bachelor of Laws (Hons) and Bachelor of Commerce (Accounting) and is a Graduate of the Australian Institute of Company Directors. She is a member of the Law Society of Western Australia's In-House and Government Lawyers Committee and a member of the Royal Perth Hospital Human Research Ethics Committee.



## ANDREW MCCORMACK

**MA (ENG), BENG (HONS), DHRM, CPHR**

*GENERAL MANAGER - WHSE & HR*

Andrew McCormack was appointed as General Manager for WHSE and Human Resources in July 2014, after commencing with Fleetwood in July 2011.

Prior to joining Fleetwood, Andrew held a variety of Operations Management, Industrial Engineering and Human Resources roles in Australian and international manufacturing

firms. Andrew has significant experience in risk management and employee relations legislation and a genuine passion for the wellbeing and development of our people.

Andrew holds a Master of Engineering (Industrial), a Bachelor of Engineering (Hons) and a Diploma of Human Resources Management and is an AHRI certified Human Resources Practitioner.



## DAVID BOLTON

**MBA, BENG, GAICD**

*EXECUTIVE GENERAL MANAGER, BUILDING SOLUTIONS*

David Bolton was appointed as Executive General Manager, Building Solutions in September 2022.

David brings more than 25 years' experience in general management and project management roles across manufacturing, mining, and logistics businesses. His career includes more than 11 years at Boral, two years at Adelaide Brighton and 12 years at Hanson Australia leading large teams to deliver significant improvements in safety, culture,

customer experience and EBIT growth across multi-site operations.

David offers a wealth of commercial expertise and key strength of business transformation through strategy development, revenue growth, operational excellence, team performance and engagement, and supply chain management.

David holds a Master of Business Administration from La Trobe University, a Bachelor of Engineering in Civil Engineering from The University of Technology Sydney and is a Graduate of the Australian Institute of Company Directors.



### GILES EVEREST

**MBA MAICD**

*EXECUTIVE GENERAL MANAGER, WA*

Giles Everest was appointed as Executive General Manager WA, in August 2022.

With a history in the company, Giles has previously held positions at Fleetwood between 2007 and 2017 that include Executive General Manager Manufactured Accommodation West, General Manager WA and Project Services Manager.

Bringing extensive experience, Giles has held executive positions in private and listed mining services and supply chain and logistics

businesses and has had significant experience in project management across construction and industrial services. He has successfully led businesses through turnarounds, accelerated growth, acquisition and economic downturn. He has an unwavering commitment to safety and is passionate about leadership, culture and continuous improvement.

Giles holds a Master of Business Administration from the University of Western Australia and is a member of the Australian Institute of Company Directors.



### TARA GOLDSWORTHY

**BENG, FAIM, GAICD**

*EXECUTIVE GENERAL MANAGER, MANUFACTURING*

Tara Goldsworthy was appointed as Executive General Manager, Manufacturing in October 2021.

Prior to joining Fleetwood, Tara held a variety of senior transformational, process, manufacturing, supply chain, and business development roles spanning mining, manufacturing, and industrial sectors.

With more than 20 years' experience, Tara's career includes 16 years delivering

process improvement, manufacturing and business improvement solutions within Rio Tinto and broader heavy industry.

Passionate about driving manufacturing and supply chain improvements, Tara brings a wealth of expertise in diagnosing and realising operational improvements using process, systems and technology changes that unlock substantial increases in business value.

Tara holds a Bachelor of Metallurgical Engineering, is a Fellow of the Australian Institute of Management and is a Graduate Member of the Australian Institute of Company Directors.



### ANDREW ARAPAKIS

**BENG**

*EXECUTIVE GENERAL MANAGER, RV SOLUTIONS*

Andrew Arapakis was appointed as Executive General Manager, Recreational Vehicle Solutions in March 2023.

Before joining Fleetwood, Andrew held a variety of senior leadership positions in the automotive, manufacturing, industrial and waste management industries, gaining extensive experience delivering strategy and developing culture to positively impact organisational performance.

Andrew's career over the past 25 years includes senior sales leadership positions at Cleanaway, a CEO role at Krueger Transport and a GM, Sales and Marketing position at Denso International. He also completed 13 years at Delphi Australia, progressing from Sales and Engineering Manager to Managing Director and a further eight years in production and technical sales management roles at Robert Bosch Australia.

Andrew holds a Bachelor of Engineering from Swinburne Institute of Technology.

# Chairman's Letter

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Fleetwood Australia





**Significant opportunities remain for all Fleetwood businesses in FY24, and we look forward to delivering on these for the benefit of all shareholders.**

**John Klepec**  
Non-Executive Chairman

### Dear Shareholders,

The past 12 months have seen a return to profitability and positive momentum in the Building Solutions business towards the end of FY23 despite a historically very difficult construction market in Australia.

The Board, management and staff remain absolutely focused on the need to generate an acceptable level of returns on assets for our shareholders. So, whilst we are heading in the right direction there remains work to be done to capture the opportunity that exists particularly in the market where the Building Solutions business competes.

This report marks the second anniversary of the appointment of Bruce Nicholson as CEO. He took the reins of Fleetwood during a time of uncertainty, with the backdrop of a global pandemic. His leadership has been critical to Fleetwood successfully navigating the pandemic, recruiting key management to a new leadership team and re-building parts of our flagship business for a return to profitability in FY24.

The Board and Executive team remained focused on the implementation of the strategic plan, which remains appropriate and must continue to be progressed and refined despite the ongoing attention Building Solutions operational issues have demanded of the Executive. The Build, Transform and Grow strategy has been central to the management of operations and decision making

during the year, despite the variety of challenges that impacted operations.

Significant opportunities remain for all Fleetwood businesses in FY24, and we look forward to delivering on these for the benefit of all shareholders.

Building Solutions is a leader in modular construction for the education, custodial, mining, and affordable housing market segments across Australia. The acceptance of modular construction and modular products continues to grow, and we are positioning to be a major participant in this segment of the Australian market.

State Governments are actively looking at affordable housing solutions which are emerging as an ideal market for modular buildings.

The new senior management team of the Building Solutions business is now in place and beginning to build solid momentum. Work on all major FY22 projects was completed during the year and the commercial close of all of these is now completed. With the hard lessons learnt and change in process implemented we have declined participation in similar projects during the year.

The future for Community Solutions is positive underpinned by the further \$100m plus contract signed with Rio Tinto in late June 2023. Upcoming major projects in the Northwest of Western Australia also present an opportunity to expand this business.

While RV Solutions saw a mixed result with a decline in demand in the fourth quarter of the year offsetting

the positive start. The large fleet of imported and domestic caravans in service across Australia will continue to fuel aftermarket demand for the services and the products of RV Solutions.

I would like to place on record my thanks to the Fleetwood Family of over 600 people for their hard work, dedication, and efforts over the past twelve months.

Finally, I would like to thank our shareholders for their ongoing support and acknowledge my fellow Board members for their commitment during the past challenging year. Our priority is to continue to improve returns and get to an acceptable level of return as soon as practicable.

I remain personally excited about the Fleetwood future and am committed to the entire group achieving the business transformation and performance we expect and know is possible in FY24 and beyond.

**John Klepec**  
Non-Executive Chairman

# Review of Operations



# Managing Director and CEO's Review



- + EBITA of \$4.2 million, statutory NPAT of \$2.1 million
- + Order book of \$127m in Building Solutions, up from \$87m in December 2022
- + Net cash of \$46.6 million, up by \$6.7m from December 2022 Resumption of dividend payments

## Fleetwood returned to profitability during FY23 with improved momentum demonstrated in the second half of the year.

Building Solutions' losses were substantially reduced as FY22 major projects were closed out and the implementation of the Build, Transform & Grow strategy gained momentum. The business has continued to target projects aligned with its current capability and this focus saw the order book grow from \$87m in December 2022 to \$127m in June 2023.

Community Solutions' results improved reflecting planned shutdowns and increased activity in the Karratha market. A highlight of the year was the June 2023 announcement of additional rooms booked by Rio Tinto under its accommodation agreement which is expected to generate a further \$100m to \$120m in revenue until the end of the contract term in April 2027.

RV Solutions saw reduced consumer discretionary demand emerge in the fourth quarter changing the trend of the past two years as well as several aftermarket clients reducing their stock holdings leading into the end of financial year.

The Company recorded earnings before interest, tax, and amortisation (EBITA) of \$4.2m (30 June 2022: \$12.3m loss) and statutory net profit after tax (NPAT) of \$2.1m (30 June 2022: \$47.5m loss) for FY23. Revenue for the period fell 8% to \$410.6m (30 June 2022: \$446.1m) reflecting the completion of FY22 major projects.

Fleetwood finished the year in a strong financial position with net cash of \$46.6m (December 2022: \$39.9m) reflecting commercial settlement of several major projects and improved operational performance.

Reflecting the balance sheet position and improved earnings momentum, the Company has resumed dividend payments with a fully franked final dividend of 2.1 cents per share.

The Company's dividend policy remains to pay out 100% of net profit after tax (NPATA basis).

The business has made excellent progress in ESG with a significant improvement in our safety performance, excellent progress delivering on our diversity and reconciliation plans and a reduction in our waste and energy and water consumption in FY23.

We have embedded the Build, Transform & Grow strategy in the business with the aim to focus on quality of revenue through diversification, generating sustainable margins, increasing utilisation, and reducing overheads to improve earnings. This is underpinned by new leadership capability across the business to successfully execute our strategy.

Based on the improved Building Solutions order book and forward bookings at Searipple, Fleetwood anticipates continued improvement in earnings momentum in FY24.

# Results Summary

## RESULTS SUMMARY

| \$ MILLION                          | FY23  | FY22   |
|-------------------------------------|-------|--------|
| Revenue                             | 410.6 | 446.1  |
| EBITDA                              | 21.0  | 4.3    |
| Depreciation                        | 16.8  | 16.6   |
| EBITA                               | 4.2   | (12.3) |
| Amortisation of contract intangible | 0.0   | 1.1    |
| Finance costs                       | 1.6   | 1.5    |
| Pre-tax profit (loss)               | 2.6   | (14.9) |
| Tax (expense) benefit               | (0.6) | (4.5)  |
| Underlying NPAT                     | 2.0   | (10.4) |
| Significant items                   | 0.0   | (36.5) |
| Continuing operations NPAT (Loss)   | 2.0   | (46.9) |
| Loss from discontinued operations   | 0.0   | (0.6)  |
| Statutory NPAT (Loss)               | 2.0   | (47.5) |
| NPATA <sup>1</sup> (Loss)           | 2.0   | (9.6)  |

<sup>1</sup> NPATA = Underlying NPAT plus after-tax amortisation of contract intangible.

## BUSINESS UNIT RESULT SUMMARY

| \$ MILLION                      | FY23         | FY22          |
|---------------------------------|--------------|---------------|
| <b>Revenue</b>                  |              |               |
| Building Solutions              | 295.9        | 333.1         |
| Community Solutions             | 33.7         | 31.7          |
| RV Solutions                    | 80.6         | 81.2          |
| Unallocated                     | 0.5          | 0.1           |
| <b>Total revenue</b>            | <b>410.6</b> | <b>446.1</b>  |
| <b>EBITA</b>                    |              |               |
| Building Solutions <sup>1</sup> | (5.5)        | (24.3)        |
| Community Solutions             | 10.2         | 8.3           |
| RV Solutions                    | 6.9          | 9.8           |
| Unallocated                     | (7.3)        | (6.1)         |
| <b>Total EBITA</b>              | <b>4.2</b>   | <b>(12.3)</b> |

<sup>1</sup> FY22 EBITA adjusted for significant items of \$39.8m.

# Cashflow, Debt and Dividends

The Company maintained a stable net cash position after allowing for payment of the \$14.1m onerous contract provision taken late in FY22. While net cash fell from \$55.3m in June 2022 to \$46.6m in June 2023, net cash increased from the December 2022 position of \$39.9m reflecting commercial settlement of several major projects and improved operational performance.

Project bonding outstanding fell from \$27.0m in June 2022 to \$18.7m in June 2023 reflecting reduced exposure to major projects.

The group retains total debt and bonding facilities of \$81m (FY22: \$85m). During the year, the Company's banking facility was extended for a further two years.

The movement in net cash is detailed below.

## DIVIDENDS

Reflecting the balance sheet position and improved earnings momentum, the company has resumed dividend payments with a fully franked final dividend of 2.1 cents per share.

The Company's dividend policy remains to pay out 100% of net profit after tax (NPATA basis).

The Company presently has 20 cents per share in franking credits available to support up to 46 cents per share in fully franked dividends.

## CASHFLOW AND DEBT

| \$ MILLION                          | FY23         | FY22          |
|-------------------------------------|--------------|---------------|
| <b>EBITDA</b>                       | <b>21.0</b>  | <b>4.3</b>    |
| Interest paid (net)                 | (1.1)        | (1.4)         |
| Tax                                 | (0.5)        | (6.7)         |
| Working capital (and other)         | (14.0)       | 19.0          |
| <b>Operating cashflow</b>           | <b>5.5</b>   | <b>15.3</b>   |
| <b>Net capex</b>                    | <b>(6.7)</b> | <b>(7.0)</b>  |
| <b>Free cashflow</b>                | <b>(1.3)</b> | <b>8.2</b>    |
| Project finance (advance) repayment | 0.0          | 8.7           |
| Lease repayments and other          | (7.4)        | (7.5)         |
| Dividends paid                      | 0.0          | (11.8)        |
| <b>Financing cashflows</b>          | <b>(7.4)</b> | <b>(10.6)</b> |
| <b>Opening net cash (debt)</b>      | <b>55.3</b>  | <b>57.6</b>   |
| <b>Closing net cash (debt)</b>      | <b>46.6</b>  | <b>55.3</b>   |

# Building Solutions

Building Solutions losses were substantially reduced as FY22 major projects were closed out and the implementation of the Build, Transform & Grow strategy gained momentum. Major project close out costs (net of provisions) during the year totalled \$3.3m (\$0.9m in H1 and \$2.3m in H2). This compared to FY22 where approximately 80% of the \$24.3m losses were as a result of major project underperformance.

Revenue for the year declined by 11% as expected due to lower major project revenues. Second half revenue of \$127.7m was impacted by low project win rates across the second and third quarters as the business reset. Win rates and revenue improved markedly towards the end of the year setting the business up for a strong start to FY24.

The Queensland business continued its excellent performance where population growth is creating education and social housing demand. Activity levels in Victoria and NSW also improved in the fourth quarter as renewed management teams drove performance. Western Australia made significant gains over the second half and is seeing the early signs of a buoyant market.

Gross margins improved throughout the year as the benefit of our focus on repeatable modular works took effect across the business and pleasingly, achieved targeted levels in the fourth quarter.

Overheads increased 3% for the year with labour shortages continuing to impact into the first half as competition for key staff in the broader construction industry remained intense. This was reflected in wage pressure which saw costs rise despite lower staff numbers. Materials shortages eased further in the fourth quarter.

Overall, the business achieved its goal of underlying profitability on a monthly run-rate by the end of the year.

Completion and commercial close out of FY22 major projects was a major focus during the year. Work on all major projects was completed early in the second half and I am pleased to confirm that we have now closed out commercial negotiations on all major projects.

During the year we appointed David Bolton as the new head of the Building Solutions business and now have a full leadership team in place. In building on the key leadership appointments last year, we are confident we have the right team in place to deliver our Build, Transform & Grow strategy moving forward.

## OUTLOOK AND FORWARD STRATEGY

Building Solutions anticipates an improvement in earnings in FY24. This is expected to come from a combination of a solid order book, better quality margins, procurement savings, no impact from major project cost overruns and careful overhead management.

The business has continued to target projects aligned with its current capability. This focus saw the order book grow from \$87m in December 2022 to \$127m in June 2023.

It is important to note that in addition to this order book, Building Solutions generates approximately 50% its of annual revenue from long term contracts or panel agreements in the education and housing sectors. This gives Fleetwood the ability to plan and manage utilisation in many of its States and provides a solid foundation

for the business. Customers include State education departments, lifestyle village developers and State housing authorities.

Opportunities with government including housing, education, and defence are expected to increase as adoption of modular building gathers momentum. The WA Department of Housing is now using modular solutions after engagement with Fleetwood and proprietary housing designs were launched to the broader market in H2 FY23. During the year, a number of States announced the move to make kindergarten compulsory which extends our offering in the education sector, and the business has already seen an uptick in demand. Fleetwood's defence strategy has been defined and is underway.

Unlike previous periods the current forward order book does not have any material new major one-off projects of high complexity. During FY23 these included the Ti Tree Project, three Centres for National Resilience and several other bespoke projects.

We have also implemented the lessons learned from our projects and have a far more robust project review process in place which has seen Fleetwood decline to participate in several projects that do not fit our revised criteria.

Building Solutions continued to experience labour shortages and high raw material costs in the first half of the year, with positive signs easing in the second half.

Staff numbers are down 7% since June 2022 as we centralise key functions and adopt greater standardisation. A major focus on safety saw an over 50% improvement in LTIFR (Safety) in FY23.

Our Build, Transform & Grow strategy provides the roadmap for the medium to long- term improvement in the quality and consistency of earnings.

The build phase involves improving capability, systems and processes and brand awareness to underpin long term, sustainable growth.

The business is consolidating its national functional leadership model to improve co-ordination and effectiveness of important functions such as sales, estimating, design, procurement, manufacturing, HSEQ, HR, commercial and finance. During the year centralisation of the design and estimating and procurement functions was completed.

The transform component of our strategy includes revenue diversification and moving from being a bespoke builder to repeatable manufacturer. This involves qualifying work coming into our pipeline against key measures including buildability for modular, the right margin, a deeper understanding of risks and opportunities, and the right customer to partner with.

**Major workstreams include:**

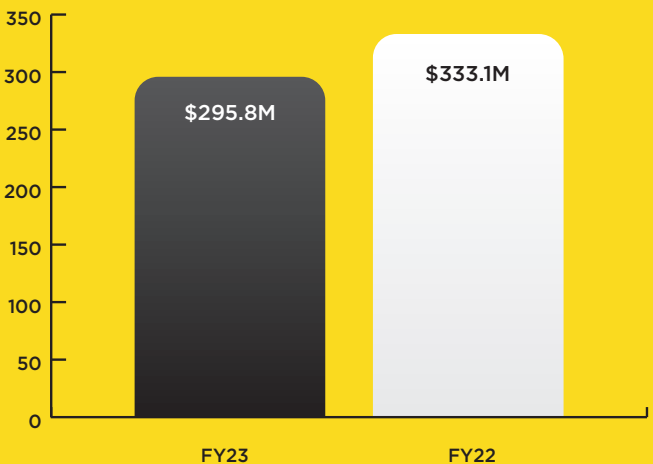
- + Aligning national workflows and developing common processes and procedures to deliver consistency.
- + Introducing Sales & Operation Planning (S&OP) to improve the capability to push and pull orders to optimise our factories. Factory capacity and utilisation is now being monitored which is driving sales, and operational planning.
- + Balancing build complexity with standardisation of modular components to open pathways to standardisation.
- + Focusing on national procurement to reduce costs by consolidating purchasing and leveraging the purchasing power of the national business. Procurement savings have been identified and captured in major spend categories. Whilst the benefits were immaterial in FY23 (net of implementation costs), material savings are forecast in FY24.

**Over the medium term this is expected to see a stable and growing business able to effectively leverage the advantages of modular building including:**

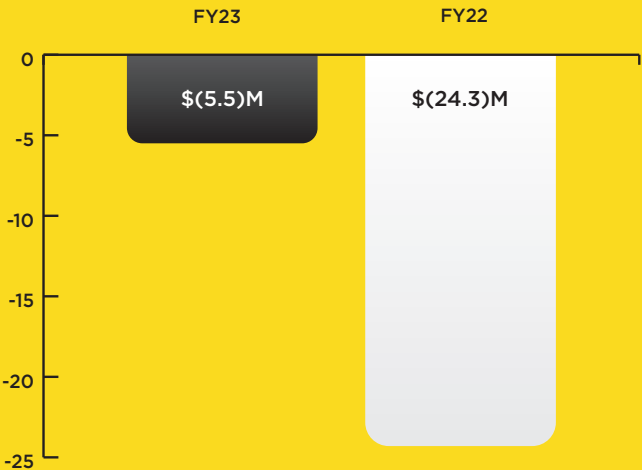
- + Reduced building time and increasing speed
- + Lower cost, especially when design variations are considered
- + Improved quality when compared to in situ builds
- + Better ESG credentials, especially around waste, sustainability, and the ability to recycle, repurpose and reuse buildings

## Building Solutions

### REVENUE



### EBITA<sup>1</sup>



<sup>1</sup> FY22 EBITA adjusted for significant items of \$39.8m.

# Community Solutions

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Fleetwood Australia



Community Solutions had a solid year with EBITA up 23% on FY22. The timing of major client shutdowns at Searipple Village saw an excellent performance in the fourth quarter with the highest occupancy and average rooms rates so far this cycle.

The five-year agreement with Rio Tinto, executed early in July 2022, underpinned base utilisation and profitability during the year. It also created a strong negotiating position for ongoing discussions with additional clients to support planned shutdowns and major projects over coming periods.

A highlight of the year was the June 2023 announcement of additional rooms booked by Rio Tinto under its accommodation contract which is expected to generate a further \$100m to \$120m in revenue until the end of the contract term in April 2027.

During the year, contracts were secured with Woodside and Yara Fertilisers, further underpinning future demand.

Opportunities remain for securing long-term demand at Searipple Village to support future earnings. This was a major focus for the business in FY23 along with planning for village upgrades to support future occupancy.

Osprey Village remains fully occupied, and a waiting list of potential tenants reflects the strength of the Port Hedland market.

Community Solutions had a solid year with EBITA up 23% on FY22. The timing of major client shutdowns at Searipple Village saw an excellent performance in the fourth quarter.

OUTLOOK AND FORWARD STRATEGY

The outlook for Community Solutions is buoyant with the strong prospect that Western Australia's North-West will see significant future development of new projects in the oil and gas, fertiliser, and green energy sectors. Securing of existing demand from current customers places Fleetwood in a strong position for the medium term.

The most significant new project during the year was the \$A6.0b Perdaman Urea Project which achieved financial close in April 2023 and will see the creation of approximately 2,000 construction and 200 permanent jobs in the Karratha region.

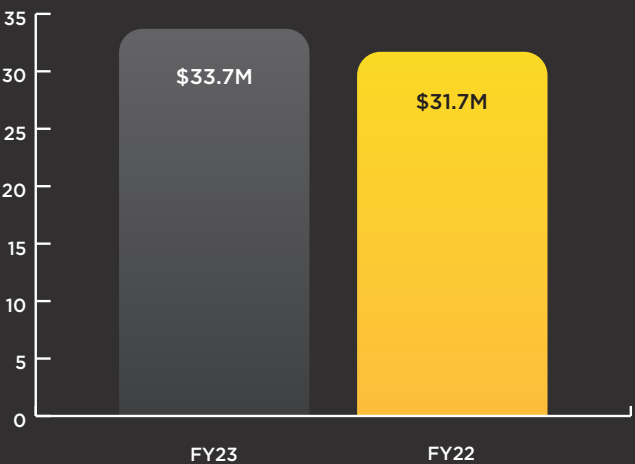
A growing number of low-carbon economy projects are currently under consideration in the North-West of Western Australia. The requirement for communities to house and facilitate these projects is a significant medium-term opportunity for Community Solutions.

Commercialisation of a keyless lock and energy management system, using the Fleetwood developed Glyde technology is underway. Fleetwood's development of the technology and its availability to deliver through our Building Solutions business positions the Company as a digital market leader.

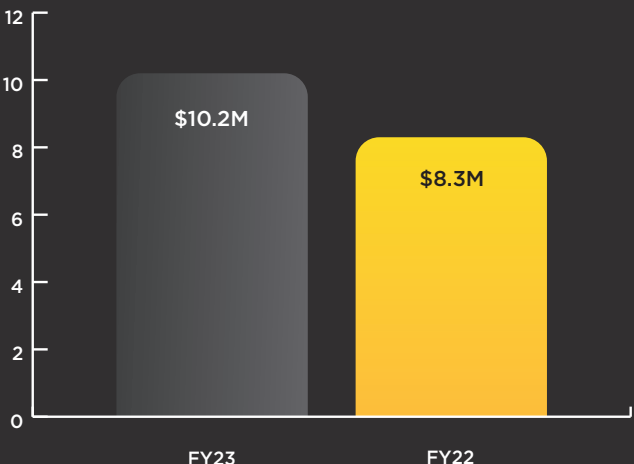
In addition, Community Solutions is well placed to pursue Build Own Operate/Transfer (BOOT) or Build to Rent (BTR) opportunities in several sectors, leveraging the ability to source new villages at a competitive cost supported by the Building Solutions business and Fleetwood's balance sheet.

Community Solutions

REVENUE



EBITA



# RV Solutions

RV Solutions saw reduced consumer discretionary demand in the fourth quarter on rising interest rates. This resulted in lower revenue and EBITA in the second half of the year. The first half of the year saw the business continue its positive revenue performance driven by the ongoing strength in domestic tourism, albeit with ongoing global supply challenges.

The original equipment manufacturer (OEM) segment experienced solid trading conditions during the year as many manufacturers worked through historic customer orders. The aftermarket segment softened noticeably in the fourth quarter of the year. Whilst underlying consumer demand fell, the business also saw aftermarket customers de-stocking into year end.

Strong management of increased raw material costs allowed gross margins to be largely maintained. The business was also able to pass through price increases to key customers during the period.

Wage inflation and significant increases in property costs saw operating costs increase by 14% compared to FY22 which translated to lower EBITA margins.



## OUTLOOK AND FORWARD STRATEGY

The medium-term outlook for RV Solutions remains solid. While international travel has resumed, the forward order book for manufacturers has resettled at historic levels.

The early part of FY24 has also seen some signs of re-stocking by aftermarket customers.

The business will remain in a strong position through exposure to the locally built RV market via the parts and accessories business Camec, and to overseas imports through the services business Northern RV. The boom in caravan sales during the past two years will likely continue to deliver demand for our aftermarket service and renovation offering.

Continued tight management of price and input costs is expected to support margins.

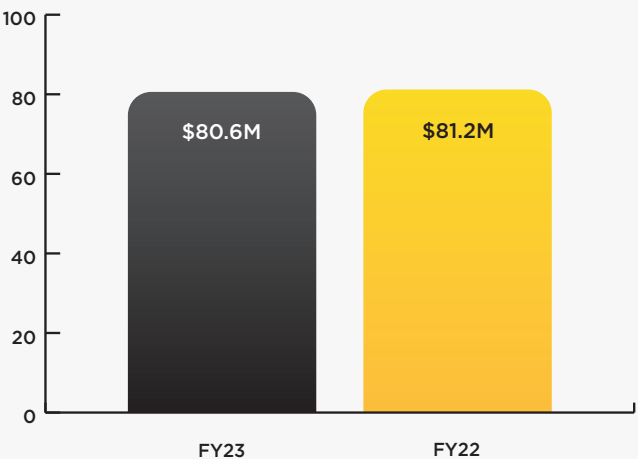
New product development is a major focus of the business. The new invictus premium door has been launched in the market while aluminium wall frames and new sandwich panel wall, roof and floor products are currently under trial with multiple customers. Several exciting new imported products and range upgrades are also coming to market this year.

The increase in second-hand van sales provides opportunities for combining our products and the promotion of renovations through our service offering.

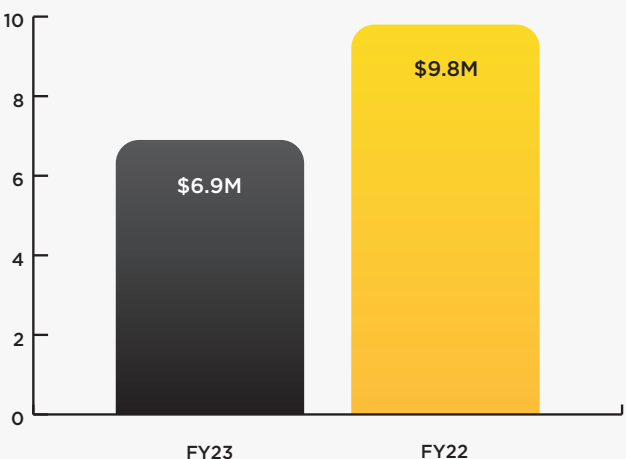
Challenges remain, primarily around raw material supply and price, freight costs as well as access to and the price of skilled labour. The potential impact of recent interest rate rises, fuel increases and the impact on discretionary spending is being closely monitored.

## RV Solutions

### REVENUE



### EBITA



# Sustainability

The Company has committed to adopting a reporting framework under the guidance provided by the Taskforce on Climate-Related Financial Disclosure (TCFD). The TCFD guidelines establish a set of recommendations for climate related disclosure that Fleetwood will report on in its initial Sustainability Report.

The Sustainability Report will address the alignment of Fleetwood's values and operations with the seventeen (17) United Nations Sustainable Development Goals (SDGs) and be guided by the relevant GRI Sustainability Reporting Standards (GRI Standards) to report on performance.

Prior to the release of the Sustainability Report, Fleetwood is already taking steps to create a positive shift in the sustainability of the Company's operations. The steps already taken or underway are summarised in the table on the following page.

## Jimmy's Pavilion

Fleetwood was contracted to deliver a state of the art wellbeing sanctuary to accommodate marginalised, disengaged and disadvantaged young people on the Mornington Peninsula (Victoria) by providing a safe place for clients to connect with trained, qualified staff and volunteers, as well as peers. Designed by CO-OP studios and constructed by Fleetwood, Jimmy's Wellbeing Sanctuary was procured through a local charity known as Jimmy's Foundation with help of the YMCA Southern Peninsula.

The building accommodates all physical abilities and has been designed to achieve maximum energy efficiency and environmental sustainability.



# Sustainability

## ENVIRONMENTAL

|                                                                                                                               |          |
|-------------------------------------------------------------------------------------------------------------------------------|----------|
| Reduction in waste to landfill from Building Solutions factories over FY23                                                    | 6.9%     |
| Reduction in Energy consumption from Building Solutions factories over FY23                                                   | 13%      |
| Environmental Breaches or Fines                                                                                               | Nil      |
| Development of internal compliance requirements to report under the Taskforce for Climate-Related Financial Disclosure (TCFD) | Underway |
| Proportion of property, infrastructure, or other assets in an area subject to extreme weather, heat stress, or water stress   | Underway |
| Proportion of buildings delivered certified to a third party, multi-attribute green building standard                         | TBD      |

## SOCIAL

|                                                                                                |       |
|------------------------------------------------------------------------------------------------|-------|
| Company Vision & Values                                                                        | ✓     |
| Gender diversity targets for management and blue-collar workforce                              | ✓     |
| Reflect Reconciliation Action Plan finalised                                                   | ✓     |
| Company-wide Harmony Day, National Reconciliation Week, International Women's Day celebrations | ✓     |
| Active Diversity and Inclusion committee                                                       | ✓     |
| Active Women at Fleetwood Forum                                                                | ✓     |
| Annual Fleetwood Connect Conference (top 50 Leaders)                                           | ✓     |
| Community engagement initiatives                                                               | ✓     |
| Fleetwood Challenge Cup                                                                        | ✓     |
| Fundraising and community support activities                                                   | ✓     |
| Psychological Safety Strategy                                                                  | ✓     |
| Mental health initiatives - EAP access, R U Ok Day participation                               | ✓     |
| Total Recordable Injury Frequency Rate (per million hours - group)                             | 29.73 |
| FY 23 Total Recordable Injury Frequency Rate reduction                                         | 33%   |
| Lost Time Injury Frequency Rate (per million hours - group)                                    | 2.67  |
| FY23 Lost Time Injury Frequency Rate reduction                                                 | 59%   |
| Safety Prosecutions or Fines                                                                   | Nil   |
| Fatalities                                                                                     | Nil   |
| Average Total Workforce FY23                                                                   | 642   |
| Direct Employees - Female Participation                                                        | 19%   |
| Number of Female Managers                                                                      | 27%   |
| Number of Apprentices                                                                          | 32    |
| Employees Who Returned to Work Post Parental Leave                                             | 99%   |
| Company Paid Parental Leave Policy                                                             | ✓     |
| Company Domestic Violence Policy                                                               | ✓     |

## GOVERNANCE

|                                                                        |     |
|------------------------------------------------------------------------|-----|
| Board Members - Female Participation                                   | 20% |
| Announcements Made to the ASX and no Breaches of Continuous Disclosure | 23  |
| Board Member Attendance at Board Meetings                              | 99% |
| Modern Slavery Statement                                               | ✓   |

# Financial Report FY23

For the year ended 30 June 2023

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## DIRECTORS' REPORT

The information appearing on pages 2 to 23 forms part of the Directors' report for the financial year ended 30 June 2023 and is to be read in conjunction with the following information:

### DIRECTORS AND OFFICERS

The Board is currently comprised of five Non-Executive Directors and one Managing Director. The Directors who are in office at the date of this Report are:

|                 |                                                                      |
|-----------------|----------------------------------------------------------------------|
| John Klepec     | Non-Executive Director, Board Chair                                  |
| Bruce Nicholson | Managing Director, Chief Executive Officer                           |
| Jeff Dowling    | Non-Executive Director, Chair of Audit Committee                     |
| Adrienne Parker | Non-Executive Director, Chair of Nominations and Diversity Committee |
| Mark Southey    | Non-Executive Director, Chair of Remuneration Committee              |
| Martin Monro    | Non-Executive Director, Chair of Risk Committee                      |

### BOARD OF DIRECTORS, AUDIT AND RISK COMMITTEE, REMUNERATION AND NOMINATION AND DIVERSITY COMMITTEE MEETINGS

During the financial year, 12 Board meetings, 2 Audit Committee, 4 Risk Committee meetings, 2 Remuneration Committee meetings and 2 Nomination and Diversity Committee meetings were held. The number of meetings attended by each Director of the Company during the financial year are as follows:

|                 | Board              |          | Audit Committee    |          | Risk Committee     |          | Remuneration Committee |          | Nominations and Diversity Committee |          |
|-----------------|--------------------|----------|--------------------|----------|--------------------|----------|------------------------|----------|-------------------------------------|----------|
|                 | Eligible to attend | Attended | Eligible to attend | Attended | Eligible to attend | Attended | Eligible to attend     | Attended | Eligible to attend                  | Attended |
| John Klepec     | 12                 | 12       | 2                  | 2        | 4                  | 4        | 2                      | 2        | 2                                   | 2        |
| Bruce Nicholson | 12                 | 12       | 0                  | 0        | 4                  | 4        | 2                      | 2        | 2                                   | 2        |
| Jeff Dowling    | 12                 | 12       | 2                  | 2        | 4                  | 4        | 2                      | 2        | 2                                   | 2        |
| Adrienne Parker | 12                 | 11       | 2                  | 2        | 4                  | 3        | 2                      | 2        | 2                                   | 2        |
| Mark Southey    | 12                 | 12       | 2                  | 2        | 4                  | 4        | 2                      | 2        | 2                                   | 2        |
| Martin Monro    | 12                 | 12       | 2                  | 2        | 4                  | 4        | 2                      | 2        | 2                                   | 2        |

### DIRECTORS' SHAREHOLDINGS

The relevant interest of each Director in Company shares and options at the date of this Report, as notified by the Directors to the ASX in accordance with s205G(1) of the Corporations Act (Cth) 2001 are as follows:

|                 | NO. OF SHARES |
|-----------------|---------------|
| John Klepec     | 40,000        |
| Bruce Nicholson | 95,000        |
| Jeff Dowling    | 50,000        |
| Adrienne Parker | 14,990        |
| Mark Southey    | 15,000        |
| Martin Monro    | 10,000        |

### INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

The Company has executed agreements with current and former Directors and Officers in respect of indemnity, access to documents and insurance.

Subject to the Corporations Act 2001 (Cth) and Fleetwood's Constitution, Directors and Officers are indemnified against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Director or Officer of the Company, except where the liability arises out of conduct involving a lack of good faith.

The Company provides D&O insurance cover to current and former Directors and Officers. The contract of insurance prohibits disclosure of the nature of the cover, however insurance premiums paid during the financial year were \$312,133 (2022: \$312,880).

The access deed provides, among other things, current and former Directors and Officers with access to certain Company information, during their tenure and for a period of seven years after they cease to be a Director or Officer.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the Company or any related body corporate against liability incurred as an auditor.

## PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were:

- + design, construction, manufacture, and sale of manufactured accommodation;
- + construction and operation of accommodation villages; and
- + manufacture, installation, repair and distribution of recreational vehicle parts and accessories.

## REVIEW OF OPERATIONS

A review of operations for the year is contained in the Chief Executive Officer's Review on page 13 of this report.

## FINANCIAL POSITION

A summary of the financial position of the Company is disclosed on page 44 and in the Chief Executive Officer's Review.

## SHARE OPTIONS, UNITS AND PERFORMANCE RIGHTS

No share units or options were issued or granted during the 2023 fiscal year or subsequent to year end.

As at 30 June 2023 there are Performance Rights outstanding 2,112,918 (2022: 2,392,073).

Details of performance rights granted to Key Management Personnel during the year are set out in the Remuneration Report.

## EVENT SUBSEQUENT TO BALANCE DATE

On 30 August 2023, the Directors declared a final dividend of 2.1 cents per share with respect to the year ended 30 June 2023.

No adjusting or significant non-adjusting events occurred between the reporting date and the date of authorisation of this report.

## FUTURE DEVELOPMENTS

The Company will continue to pursue increasing both profitability and market share in its major business sectors. Further information as to likely developments and expected future results are disclosed in the Review of Operations.

## DIVIDENDS

A total dividend of 2.1 cents per share was declared with respect to the year ended 30 June 2023.

## CORPORATE GOVERNANCE AND RISK MANAGEMENT

Corporate governance and risk management are fundamental to all aspects of Fleetwood's activities. Set out below is the Company's response to the corporate governance principles, followed by a review of the key risks.

### Corporate Governance Principles and Recommendations

The Australian Securities Exchange (ASX) Corporate Governance Council sets out best practice recommendations, including corporate governance practices and suggested disclosures, through the ASX Corporate Governance Principles and Recommendations (the ASX Recommendations). ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX Recommendations and to give reasons for not following them.

The Fleetwood Board endorses the ASX Recommendations which have been adopted by the Company for the year ended 30 June 2023, unless otherwise indicated. Please see the Company's Appendix 4G and accompanying Corporate Governance Statement which is released on the ASX platform annually for further information. The Company also has a Corporate Governance section on its website: [www.fleetwood.com.au](http://www.fleetwood.com.au) which includes the relevant documentation suggested for disclosure by the ASX Recommendations.

### Risk Management

Risk is an inherent part of Fleetwood's business and management of those risks is therefore critical to the Company's performance and financial strength. There are a number of risk factors both specific to the Company and of a general nature which may impact the future operating and financial performance of the Group. The performance of the Company is also influenced by a variety of different general economic and business conditions, including interest rates, exchange rates, access to debt and capital markets, and government policies.

Material risks that could adversely affect the Company have been identified below along with commentary on the risk and mitigating actions. The risks are not listed in order of significance nor are they all encompassing, rather they reflect the most significant risks identified at an enterprise-wide or consolidated level.

### Workplace Health and Safety

Fleetwood recognises its moral and legal responsibilities to provide a safe and healthy work environment for all employees, contractors and the public. External to our production facilities, there is a risk of transport incidents from the movement of modular buildings to sites and in meeting compliance to Chain of Responsibility requirements.

Any failure to adequately address these responsibilities could result in serious injury and/or death and negatively impact the Company's reputation and profitability including via the imposition of significant fines, the temporary shutdown of operations/sites, or the inability to win new work due to reputational damage.

Mitigation actions include an ongoing work program to embed a safety culture across the business through training and leadership. The Group maintains a high standard of safety systems, policies and procedures for all businesses which are overseen by health and safety specialists at all levels of the organisation.

### Market Risk

Fleetwood's financial performance is influenced by the level of activity in the building, government, education, housing and resources industries which is impacted by a number of factors outside the control of the company.

These factors include:

- + Demand from government customers for infrastructure spend, in particular education related spending from state government customers.
- + Demand for affordable housing from both government and non-government customers.
- + Demand from mining customers, which may be influenced by factors including (but not limited to) prices of commodities, exchange rates, the competitiveness of Australian mining operations, macro-economic cycles (in particular capital expenditure or delays in natural resources projects).
- + The company's RV Solutions business is exposed to the risk of a downturn in discretionary spending across the economy.

Further, Fleetwood operates in a competitive market, and it is difficult to predict whether new contracts will be awarded due to multiple factors influencing how clients evaluate potential service providers.

Mitigation actions include the development of a diversified customer base across the building sector and development of new products in the Recreational Vehicle (RV) sector.

### Loss of Contracts / Reduction in Contract Scope

Fleetwood's revenues are subject to underlying contracts with varying terms. There is a risk that contracts may be cancelled (whether for convenience or with cause) or may not be renewed if clients decide to reduce their levels of spending, potentially reducing revenue.

Contract operations are also vulnerable to the risk of interruption as a result of a variety of factors, which may be beyond the company's control, including prolonged heavy rainfall, industrial relations issues and scarcity of materials.

Interruptions to existing operations or delays in commencing contracts may result in lost revenue and, in some circumstances, additional costs, which may have a material adverse effect on Fleetwood's business, results of operations and financial condition.

If a client fails to obtain sufficient funding to successfully develop its project or otherwise fails to meet its working capital or debt covenant requirements, the client may seek to scale back or cancel its contract, which may have a material adverse impact on financial performance.

Mitigation actions include working closely with our clients to ensure we understand the issues faced by them and to identify opportunities where we can assist in ensuring the impact of the types of issues identified above are minimised.

### Delivery Performance

Fleetwood's execution and delivery of projects involves judgement regarding the planning, development and management of operating facilities, resources and equipment. As a result, operations, cash flows and liquidity could be affected if the resources or time needed to complete a project are miscalculated, if it fails to meet contractual obligations, or if it encounters delays or unspecified conditions.

The majority of Building Solutions contracts are 'lump sum' in nature and to the extent costs exceed the contracted price, there is a risk these amounts may not be recovered. From time-to-time variations to the planned scope occurs or issues arise during the construction phase of a project not anticipated at the time of bid. This may give rise to claims under the contract with the clients in the ordinary course of business. Where such claims are not resolved in the ordinary course of business, they may enter formal dispute and the outcome upon resolution of these claims may be materially different to the position taken by the company.

Fleetwood is also exposed to input costs through its operations, such as the cost of steel and building materials and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, or at all, financial performance could be adversely affected. If Fleetwood materially underestimates the cost of providing services, equipment or plant, there is a risk of a negative impact on financial performance.

Mitigation actions include the development of robust tender and contract review processes which have been structured to identify risk and develop specific mitigation plans to address issues as they arise. A number of longer-term agreements include a rise and fall clause which mitigates changes in input costs.

### Access to Resources

Growth and profitability may be limited by loss of key management or operational personnel or due to being unable to recruit and retain skilled and experienced staff. Recent measures, imposed at a State and Federal level due to the COVID-19 pandemic, have restricted the available labour pool. In addition, Fleetwood is operating in an environment where competition for people has increased significantly, driven by both high construction activity and strong commodity demand. This restriction on available labour combined with the competitive labour market may lead to higher staff turnover, increased labour costs and lower productivity.

Further, the company is reliant on third party materials to perform contract obligations which may not be available or may be subject to pricing premiums in order to secure. Fleetwood's supply chain is reliant on overseas sourcing and normal logistical support timeframes, without which, it could experience delays to project timeframes which lead to increased costs.

Mitigation actions include rise and fall provisions in contracts, the maintenance of a sub-contracting base to manage demand variability and pricing of contracts includes estimates of the likely costs required to attract the right resources to perform the contract. Fleetwood has also commenced the process to centralise procurement to improve certainty of timely supply of critical materials.

### Design Risk

Fleetwood performs several 'design and construct' contracts annually in the building sector. Such projects and contracts place an obligation on the company to design 'fit for purpose' buildings and to give warranties to such effect. Any failure in design may see Fleetwood exposed to contractual claims for breach of 'fit for purpose' or design obligations and, from time-to-time, to performance and liquidated damages.

The potential for building rectification is always present. Fleetwood may have exposure to rectification of any failures which may result in a call on performance guarantees provided to clients, or in some cases, may exceed the quantum of any such performance guarantees.

Mitigation actions include maintaining professional indemnity insurance and also engaging appropriate third party design consultants for complex or specialist design expertise.

### Environmental, Social and Governance (ESG) Responsibility

Stakeholders have expectations for the company on a range of important environmental, social and governance matters. A failure to acknowledge and adequately address these expectations could negatively impact Fleetwood's reputation and profitability. There is also a risk that investing in ESG programs and strategies to meet stakeholder expectations increases Fleetwood's cost structure.

Fleetwood is committed to approaching all aspects of our business operations in a sustainable and responsible manner to deliver lasting value to our stakeholders. We will do this by reducing our environmental footprint, making a positive social impact, and applying ethical business and governance practices to everything we do.

### Climate Related Risks

Responding to the challenges presented by climate risk is critical to our ability to operate sustainably.

Community Solutions has operations in recognised cyclone regions and is exposed to material damage from wind, rain and flood.

Mitigation actions include financial and practical measures ensuring climate related risks and opportunities form part of our strategic decision-making process and updating our risk management process to include climate related risks and opportunities.

### Regulatory Compliance

Fleetwood must meet regulatory requirements that are subject to continual review, including inspection by regulatory authorities. Failure to continuously comply with regulatory requirements or failure to take satisfactory corrective action in response to adverse inspection, could result in enforcement actions.

The company operates in a regulated environment with the potential for significant penalties for non-compliance with applicable laws and regulations. Future growth prospects are reliant on the ability to market services and any regulatory change, event or enforcement action which would restrict those activities, could have a material impact on growth and future financial performance. Amendments to current law and regulations governing operations or more stringent implementation of laws and regulations could have an adverse impact on Fleetwood, including increases in expenses, capital expenditure and costs. The impact of future regulatory and legislative change upon the business cannot be predicted.

Fleetwood is also dependent on various technical and financial accreditations to operate the business. These include safety accreditations, quality assurance standards, technical accreditations, licencing and various financial accreditations.

Any failure to maintain or comply with accreditation can impact the eligibility of Fleetwood to participate in certain projects and sectors.

Mitigation actions include the monitoring of regulatory and legislative changes that impact the organisation and ensuring the company is up to date with its compliance obligations.

### Global Pandemic

The Group is exposed both directly and indirectly to the risks associated with pandemics, such as COVID-19, which has impacted certain underlying markets, labour availability, supply chain, and negatively impacted macroeconomic conditions and commodity prices. Key operational risks to the Group include the potential closure of locations such as sites, factories and offices, disruption to the supply chain, inability to access appropriately skilled labour and government mandated lockdowns. These risks may impact client demand and the ability to schedule and complete the work required to deliver our contracted works on a timely basis. This could result in additional costs being incurred by the company.

Mitigation actions include ensuring our businesses have up to date Business Continuity Plans, flexible work structures which include IT infrastructure to support remote work arrangements, the maintenance of a sub-contracting base to manage demand variability and pricing of contracts includes estimates of the likely costs required to attract the right resources to perform the contract. Fleetwood has also commenced the process to centralise procurement to improve certainty of timely supply of critical materials.

There is a risk that a material outbreak related to the COVID-19 virus may impact operations through both reductions in revenue and increases in costs, which could result in the carrying values of certain assets being overstated.

### Cyber Attack

Fleetwood's information technology infrastructure is exposed to the potential for various forms of cyber-attack. This risk has increased with the need to create flexible work structures which include IT infrastructure to support remote work arrangements.

Mitigation actions include managing our information technology assets to the Australian Cyber Security Centre cyber security principles. This is a comprehensive set of guidelines set around four key activities, govern, protect, detect and respond.

### RESOLUTION OF DIRECTORS

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

On behalf of the directors



**J Klepec**

*Non-Executive Chairman*

30 August 2023

Perth

## REMUNERATION COMMITTEE CHAIRMAN'S LETTER REGARDING THE REMUNERATION REPORT

Dear Shareholders and readers of this report,

We are pleased to present Fleetwood's Remuneration report for the year ended 30 June 2023.

Fleetwood's remuneration framework is designed to align management remuneration with shareholder returns, the principles of which are outlined in the remuneration principles section of this report.

I am pleased to be able to report that considerable progress has been made on the restructuring and future positioning of your Company. This transformation of the Company has been the result of significant commitment and hard work by Fleetwood employees across the business.

Details of the remuneration framework applying to the leadership team are transparently and comprehensively disclosed in this report.

Our objective is to implement remuneration policies that reward value creation and deliver sustainable value for Fleetwood shareholders. We believe that if investors and their advisers carefully review our forward plans they will endorse the effectiveness of the plans implemented thus far and those which we are proposing.

With respect to the key remuneration issues and outcomes in the 2023 financial year:

- + The STI structure has not changed in the current year.
- + The financial and non-financial component of the STI were not met in FY23. There have been no changes to the annual incentive policy other than to develop challenging and focused objectives for the management team to deliver through the past 12 months (FY23).
- + LTI Performance Right awards were made to key management personnel as approved by shareholders at the 2018 Annual General Meeting.
- + No Performance Rights vested during the year.

With respect to remuneration going forward:

- + Remuneration increases will continue to be constrained but must be entertained in order to compete for talent in what is a highly competitive building and infrastructure market.
- + New equity awards are being considered on the same terms as approved by shareholders at the 2018 AGM:
  - + Awards with performance periods of three years;
  - + 50% weighted to relative shareholder return, and
  - + The balance equally weighted to earnings per share growth and return on capital employed.
- + The Company has taken on feedback around vesting criteria and has changed vesting conditions from absolute to relative TSR and removed cliff faced vesting and replaced it with vesting on a graduated basis.

The mandate of the Remuneration Committee remains unchanged. We ask shareholders to support us as we continue to develop and implement schemes which we consider to be in their best interest whilst recognising the particular challenges of the markets in which we work and the core objectives which have been set for those people appointed to manage our businesses.



**M Southey**  
Non-Executive Director  
Remuneration Committee Chair

## REMUNERATION REPORT (AUDITED)

The Directors of Fleetwood Ltd (Fleetwood and the Company) present the Remuneration Report for Non-Executive Directors, Executive Director and other Key Management Personnel (KMP), prepared in accordance with the Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth).

The Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Short term incentive included in remuneration
5. Share-based remuneration
6. Other information

### 1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The principles of the Group's executive remuneration strategy and supporting incentive programs and frameworks are:

- + to align rewards to business outcomes that deliver value to shareholders;
- + to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- + to ensure remuneration is competitive in the relevant employment marketplace to support the attraction, motivation and retention of executive talent.

Fleetwood has structured a remuneration framework that is market competitive and aligned to the strategy of the Group.

The Board has established a Remuneration Committee, chaired by Independent Non-Executive Director Mark Southey, which operates in accordance with its charter as approved by the Board. The Committee is responsible for recommending and reviewing compensation arrangements for the Directors and the Executive Team.

The Committee has engaged independent remuneration consultants to provide necessary information to assist in the discharge of its responsibilities (refer to the disclosures below in section 1.4).

The remuneration structure adopted by the Group consists of the following components:

- + fixed remuneration, being annual salary;
- + short term incentives, being cash bonuses; and
- + long term incentives, being share schemes.

The Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team.

The payment of bonuses, share rights and other incentives are reviewed by the Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, shares and incentives must be linked to pre-determined performance criteria and hurdles.

During the financial year the Remuneration Committee reviewed:

- + conditions of service and remuneration of the Directors and Executives;
- + remuneration policies of the Group;
- + proposals for new issues under, or changes to, the Company's long and short term incentive plans;
- + succession plans for senior management; and
- + other related matters.

The remuneration components for each Executive are detailed below.

#### 1.1 Total Fixed Remuneration (TFR)

TFR comprises salary and superannuation capped at the concessional contribution limit. Fixed remuneration is set with reference to role, market and relevant experience and is reviewed annually or on promotion.

Executive TFR is set out in table 4.

#### 1.2 Short Term Incentive (STI)

Each year Fleetwood undertakes a strategic planning process which results in a detailed 3 to 5 year strategy leading to 1-year Key Performance Indicators. Fleetwood's performance measures include the use of annual performance objectives, metrics, and continuing emphasis on Company values.

The performance measures are set annually after consultation with the Directors and Executives and are specifically tailored to the areas where each Executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The performance measures for the STI comprise a combination of individual and company specific performance targets. The weighting is 50% non-financial and 50% financial. The STI Plan contains the following qualifying gates:

1. The Group has been profitable for the year; and
2. Budget EBITA (relevant to the Executive) has been achieved for the financial year.

In setting the performance measures for the STI, the Remuneration Committee is conscious to ensure that all targets are measurable and provide a challenging but meaningful incentive to participants.

Non-financial metrics are based on performance against specific individual key performance targets and include satisfactory lead and lag safety performance in all cases. Individual performance targets are derived from position descriptions, key responsibilities, key competencies and period specific objectives which are aligned with key business strategies identified annually during the business planning process and following the Board's approval of budgets.

Financial performance targets begin from Board approved budgeted EBITA levels and are for parts of the business relevant to each Executive.

The maximum amount of these awards is based on a percentage of the Executive's TFR (which is set out in table 4). The actual STI outcomes for the year are detailed in tables 3 and 5 below.

### **1.3 Long Term Incentive (LTI)**

Long-term incentives in the form of performance rights received by Executives are determined in accordance with the provisions of the Executive Long Term Incentive Plan (LTI Plan), which was approved by shareholders at the 2018 Annual General Meeting (AGM). The objective of this plan is to retain and reward executives and to align their long-term interests with those of shareholders.

50% of the performance rights grant are performance tested against total shareholder return (TSR), 25% of the grant are tested against earnings per share (EPS) performance and the remaining 25% of the grant are tested against Return on Capital Employed (ROCE) performance over a 3-year period from a start date (Start Date) to a test date (End Date).

The FY22 and FY23 issue TSR tranche (50% of the grant) will vest to 50% at the TSR equal to the ASX small industrials index and to 100% at the 75th percentile of that index. Performance will be tested each year and averaged over the three testing years.

The FY22 and FY23 issue EPS tranche (25% of the grant) vests to 50% at a 7.5% compound annual growth and to 100% at a 15% annual growth rate. Performance will be tested each year and averaged over the three testing years. Given EPS was negative in FY22, the Board have set a base EPS for the FY23 issue at 12.0cps from which compound growth must occur for this tranche to vest.

The FY22 and FY23 ROCE performance condition (25% of the grant) will be met if the Company's ROCE is at or above 15% in the financial year. Performance will be tested each year and averaged over the three testing years.

The maximum amount of LTI awards is based on a percentage of the Executive's TFR (which is set out in table 4).

Up until the implementation of the LTI Plan at the 2018 AGM, Executives participated in the Executive Share Unit Plan. The share units granted pursuant to the plan are noted and discussed in the 2018 Remuneration Report. These units vest based on a minimum 15% CAGR in TSR. The plan will remain in effect until all granted units have been exercised, forfeited or expired. No share units have been granted or issued since the introduction of the LTI Plan in 2018. Further details on the plan are contained in section 5.

### **1.4 Use of remuneration consultants**

Fleetwood's Remuneration Committee took advice from external consultants regarding appropriate benchmarks Executive TFR.

Mercer Consulting provided industry wide banding ranges for Executive remuneration and was paid \$9,009 (excluding GST) for these services.

Mercer Consulting has confirmed that the above ranges have been provided free from undue influence by members of the Group's KMP.

The consultant was engaged by way of subscription to the Resources Construction and Engineering Remuneration Review 2023.

### **1.5 Voting and comments made at the Company's last Annual General Meeting**

Fleetwood received 85.6% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2022. The Company received no specific feedback on its Remuneration Report at the 2022 AGM.

## 1.6 Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Table 1: Five-year Snapshot of Continuing Operations

|                                                                 | 2019  | 2020  | 2021  | 2022   | 2023  |
|-----------------------------------------------------------------|-------|-------|-------|--------|-------|
| Share price at start of year (\$)                               | 2.27  | 1.70  | 1.60  | 2.36   | 1.30  |
| Share price at end of year (\$)                                 | 1.70  | 1.60  | 2.36  | 1.30   | 2.25  |
| Dividend per share (cents)                                      | -     | 12.0  | 16.5  | 2.0    | -     |
| Diluted earnings (loss) per share (cents, NPATA basis)          | 17.8  | 15.8  | 18.1  | (48.9) | 2.2   |
| <b>\$ Million</b>                                               |       |       |       |        |       |
| Revenue and other income                                        | 315.3 | 329.9 | 360.1 | 446.1  | 410.6 |
| Underlying profit before interest, tax and amortisation (EBITA) | 25.3  | 22.3  | 26.3  | (12.3) | 4.2   |

## 2. DETAILS OF REMUNERATION

Details of the nature and amount of each element of the remuneration of each Director and Executive of Fleetwood are shown in the table below:

Table 2: Non-Executive Directors Remuneration Summary

| NON-EXECUTIVE DIRECTORS                                                             | Short-term employee benefits |          |              | Post employment | Other long term benefits |              | Share based payments |              | Total          |                    |
|-------------------------------------------------------------------------------------|------------------------------|----------|--------------|-----------------|--------------------------|--------------|----------------------|--------------|----------------|--------------------|
|                                                                                     | Salary & fees                | Bonus    | Non-monetary |                 | Super-annuation          | Annual Leave | Long service Leave   | Shares units |                | Performance rights |
|                                                                                     | \$                           | \$       | \$           |                 | \$                       | \$           | \$                   | \$           |                | \$                 |
| <b>John Klepec</b><br><i>Chairman</i><br><i>Non-Executive Director, Board Chair</i> |                              |          |              |                 |                          |              |                      |              |                |                    |
| 2023                                                                                | 162,896                      | -        | -            | 17,104          | -                        | -            | -                    | -            | 180,000        |                    |
| 2022                                                                                | 163,636                      | -        | -            | 16,364          | -                        | -            | -                    | -            | 180,000        |                    |
| <b>Jeff Dowling</b><br><i>Non-Executive Director</i>                                |                              |          |              |                 |                          |              |                      |              |                |                    |
| 2023                                                                                | 105,000                      | -        | -            | -               | -                        | -            | -                    | -            | 105,000        |                    |
| 2022                                                                                | 100,227                      | -        | -            | 4,773           | -                        | -            | -                    | -            | 105,000        |                    |
| <b>Adrienne Parker</b><br><i>Non-Executive Director</i>                             |                              |          |              |                 |                          |              |                      |              |                |                    |
| 2023                                                                                | 95,023                       | -        | -            | 9,977           | -                        | -            | -                    | -            | 105,000        |                    |
| 2022                                                                                | 95,454                       | -        | -            | 9,546           | -                        | -            | -                    | -            | 105,000        |                    |
| <b>Mark Southey</b><br><i>Non-Executive Director</i>                                |                              |          |              |                 |                          |              |                      |              |                |                    |
| 2023                                                                                | 95,023                       | -        | -            | 9,977           | -                        | -            | -                    | -            | 105,000        |                    |
| 2022                                                                                | 95,454                       | -        | -            | 9,546           | -                        | -            | -                    | -            | 105,000        |                    |
| <b>Martin Monro</b><br><i>Non-Executive Director</i>                                |                              |          |              |                 |                          |              |                      |              |                |                    |
| 2023                                                                                | 95,023                       | -        | -            | 9,977           | -                        | -            | -                    | -            | 105,000        |                    |
| 2022                                                                                | 95,454                       | -        | -            | 9,546           | -                        | -            | -                    | -            | 105,000        |                    |
| <b>2023 Total</b>                                                                   | <b>552,965</b>               | <b>-</b> | <b>-</b>     | <b>47,035</b>   | <b>-</b>                 | <b>-</b>     | <b>-</b>             | <b>-</b>     | <b>600,000</b> |                    |
| 2022 Total                                                                          | 550,225                      | -        | -            | 49,775          | -                        | -            | -                    | -            | 600,000        |                    |

Table 2 Notes:

The current maximum aggregate fee pool for Non-Executive Directors is \$600,000 per rule 15.15 of the Constitution of Fleetwood Limited. All Non-Executive Director fees were \$105,000 per annum except for the Chair, whose fees are \$180,000. Non-Executive Directors receive a fixed fee for Board and Committee duties and are not entitled to any performance related remuneration.

Table 3: Executive Director and Executives Remuneration Summary

| EXECUTIVE<br>DIRECTORS<br>AND<br>OFFICERS                                                                                                      | Short-term employee<br>benefits |               |                  | Post<br>employ-<br>ment | Other long term<br>benefits |                 | Share based payments     |          |                  | Total            |                            |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------|------------------|-------------------------|-----------------------------|-----------------|--------------------------|----------|------------------|------------------|----------------------------|
|                                                                                                                                                | Salary &<br>fees                | Bonus         | Non-<br>monetary |                         | Super-<br>ann-<br>uation    | Annual<br>leave | Long<br>service<br>leave | Shares   | Share<br>units   |                  | Perform-<br>ance<br>rights |
|                                                                                                                                                | \$                              | \$            | \$               |                         | \$                          | \$              | \$                       | \$       | \$               |                  | \$                         |
| <b>Bruce Nicholson<sup>1</sup></b><br><i>Chief Executive Officer (Appointed 01/07/2021)</i><br><i>Managing Director (Appointed 01/08/2022)</i> |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 622,520                         | -             | -                | 27,480                  | 14,366                      | -               | -                        | -        | 101,545          | 765,911          |                            |
| 2022                                                                                                                                           | 600,000                         | -             | -                | 25,000                  | 23,077                      | -               | -                        | -        | 221,209          | 869,286          |                            |
| <b>Andrew Wackett<sup>2</sup></b><br><i>Chief Financial Officer, Company Secretary</i>                                                         |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 424,708                         | -             | -                | 25,292                  | 73,507                      | -               | -                        | -        | (44,658)         | 478,849          |                            |
| 2022                                                                                                                                           | 411,432                         | -             | -                | 23,568                  | 61,715                      | -               | -                        | -        | 42,851           | 539,566          |                            |
| <b>Elizabeth Maynard<sup>3</sup></b><br><i>General Counsel, Company Secretary</i>                                                              |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 341,902                         | -             | -                | 25,292                  | 6,618                       | -               | -                        | -        | (41,941)         | 331,871          |                            |
| 2022                                                                                                                                           | 273,682                         | -             | -                | 23,568                  | 11,884                      | -               | -                        | -        | 32,897           | 342,031          |                            |
| <b>Andrew McCormack<sup>4</sup></b><br><i>General Manager – WHSE &amp; HR</i>                                                                  |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 297,208                         | -             | -                | 25,292                  | 11,082                      | 59,109          | -                        | -        | (36,172)         | 356,519          |                            |
| 2022                                                                                                                                           | 237,690                         | -             | -                | 23,568                  | 9,828                       | 43,540          | -                        | -        | 28,359           | 342,985          |                            |
| <b>Jason Kunkler</b><br><i>Chief Operating Officer - Building Solutions (Resigned 10/05/2022)</i>                                              |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | -                               | -             | -                | -                       | -                           | -               | -                        | -        | -                | -                |                            |
| 2022                                                                                                                                           | 476,809                         | -             | -                | 23,567                  | -                           | -               | -                        | -        | -                | 500,376          |                            |
| <b>Manuel Larre<sup>5</sup></b><br><i>Chief Operating Officer - RV Solutions (Resigned 01/09/2022)</i>                                         |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 166,119                         | -             | -                | 7,083                   | -                           | -               | -                        | -        | (68,528)         | 104,674          |                            |
| 2022                                                                                                                                           | 289,682                         | -             | -                | 28,333                  | 37,441                      | 6,742           | -                        | -        | 36,073           | 398,272          |                            |
| <b>Dominic Letts<sup>6</sup></b><br><i>Chief Operating Officer - Accommodation Solutions (Resigned 31/08/2022)</i>                             |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 257,013                         | -             | -                | 18,021                  | -                           | -               | -                        | -        | (65,942)         | 209,092          |                            |
| 2022                                                                                                                                           | 285,879                         | 124,500       | -                | 27,500                  | 19,597                      | 65,371          | -                        | -        | 34,712           | 557,559          |                            |
| <b>Tara Goldsworthy</b><br><i>Executive General Manager – Manufacturing</i>                                                                    |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 389,171                         | -             | -                | 25,292                  | 7,396                       | -               | -                        | -        | 8,261            | 430,120          |                            |
| 2022                                                                                                                                           | 245,238                         | -             | -                | 16,165                  | 15,895                      | -               | -                        | -        | -                | 277,298          |                            |
| <b>Tom Gleeson</b><br><i>Executive General Manager – Sales (Resigned 28/02/2023)</i>                                                           |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 345,308                         | -             | -                | 23,185                  | -                           | -               | -                        | -        | -                | 368,493          |                            |
| 2022                                                                                                                                           | 127,570                         | -             | -                | 10,159                  | 9,813                       | -               | -                        | -        | -                | 147,542          |                            |
| <b>Giles Everest</b><br><i>Executive General Manager – WA (Appointed 01/08/2022)</i>                                                           |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 286,374                         | -             | -                | 25,292                  | 11,215                      | -               | -                        | -        | 6,752            | 329,633          |                            |
| 2022                                                                                                                                           | -                               | -             | -                | -                       | -                           | -               | -                        | -        | -                | -                |                            |
| <b>David Bolton</b><br><i>Executive General Manager – Building Solutions (Appointed 18/07/2022)</i>                                            |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 355,714                         | -             | -                | 25,292                  | 18,373                      | -               | -                        | -        | 7,943            | 407,322          |                            |
| 2022                                                                                                                                           | -                               | -             | -                | -                       | -                           | -               | -                        | -        | -                | -                |                            |
| <b>Andrew Arapakis</b><br><i>Executive General Manager – RV Solutions (Appointed 01/03/2023)</i>                                               |                                 |               |                  |                         |                             |                 |                          |          |                  |                  |                            |
| 2023                                                                                                                                           | 108,371                         | 50,000        | -                | 16,629                  | 8,702                       | -               | -                        | -        | -                | 183,702          |                            |
| 2022                                                                                                                                           | -                               | -             | -                | -                       | -                           | -               | -                        | -        | -                | -                |                            |
| <b>2023 Total</b>                                                                                                                              | <b>3,594,408</b>                | <b>50,000</b> | <b>-</b>         | <b>244,150</b>          | <b>151,259</b>              | <b>59,109</b>   | <b>-</b>                 | <b>-</b> | <b>(132,740)</b> | <b>3,966,186</b> |                            |
| 2022 Total                                                                                                                                     | 2,947,982                       | 124,500       | -                | 201,428                 | 189,250                     | 115,653         | -                        | -        | 396,101          | 3,974,914        |                            |

**Table 3 Notes:**

- <sup>1</sup> Bruce Nicholson was appointed Managing Director effective from 1 August 2022. Bruce Nicholson was issued 85,837 performance rights on 1 July 2021 as a CEO commencement incentive with a value of \$192,275. The performance rights vested on 1 July 2022 and were converted to fully paid ordinary shares during the period.
- <sup>2</sup> The performance rights issued for the 2020 & 2021 Plans lapsed unvested during the period. There was a net reversal of performance rights remuneration of \$44,658 for Andrew Wackett.
- <sup>3</sup> The performance rights issued for the 2020 & 2021 Plans lapsed unvested during the period. There was a net reversal of performance rights remuneration of \$41,941 for Elizabeth Maynard. Following a review and comparison of industry wide banding ranges for executive remuneration provided by Mercer Consulting and strong executive performance, KMP Elizabeth Maynard received a TFR increase in the FY23. Refer to the Executive Service Agreement details in Table 4 below.
- <sup>4</sup> The performance rights issued for the 2020 & 2021 Plans lapsed unvested during the period. There was a net reversal of performance rights remuneration of \$36,172 for Andrew McCormack. Following a review and comparison of industry wide banding ranges for executive remuneration provided by Mercer Consulting and strong executive performance, KMP Andrew McCormack received a TFR increase in the FY23. Refer to the Executive Service Agreement details in Table 4 below.
- <sup>5</sup> Manny Larre resigned during the period and the performance rights issued for the 2020, 2021 and 2022 Plans lapsed unvested during the period upon resignation. There was a net reversal of performance rights remuneration of \$68,528 for Manny Larre.
- <sup>6</sup> Dominic Letts resigned during the period and the performance rights issued for the 2020, 2021 and 2022 Plans lapsed unvested during the period upon resignation. There was a net reversal of performance rights remuneration of \$65,942 for Dominic Letts.

Included in salary and fees are amounts paid and payable during the reporting period. There are no post-employment benefits other than superannuation. Executive contracts do not provide for any termination payments, other than the payment of accrued leave entitlements. Other long-term benefits comprise annual leave entitlements and long service leave entitlements payable to the Executive in the event of their termination.

STI outcomes are explained in detail in Table 5.

The amount included in remuneration as share-based payments are not related to or indicative of the benefits (if any) that individual executives may ultimately realise should the equity instruments vest, which are subject to performance criteria.

### 3. SERVICE AGREEMENTS

The remuneration and other terms of employment for the Managing Director & CEO and other Executive KMP are covered under individual employment contracts. All employment contracts are for unlimited duration and carry no termination payments other than statutory entitlements. The Executive's TFR is subject to annual review with no obligation on the Company to make changes.

Each Executive KMP employment contract includes provisions requiring the Executive to maintain the confidentiality of Company information, provides for leave entitlements, as a minimum, in accordance with respective legislation and restraint of trade provisions for a period after termination of employment.

Specific details relating to each Executive KMP are as follows:

**Table 4: Executive Service Agreements**

| KEY MANAGEMENT PERSONNEL                      | TFR     | STIP % | LTIP % | NOTICE PERIOD |
|-----------------------------------------------|---------|--------|--------|---------------|
| <b>Bruce Nicholson</b> (Appointed 01/07/2021) | 650,000 | 50%    | 50%    | 6 months      |
| <b>Andrew Wackett</b>                         | 450,000 | 40%    | 50%    | 3 months      |
| <b>Elizabeth Maynard</b>                      | 375,000 | 40%    | 40%    | 3 months      |
| <b>Andrew McCormack</b>                       | 322,500 | 40%    | 40%    | 3 months      |
| <b>Manuel Larre</b> (Resigned 01/09/2022)     | 318,000 | 40%    | 40%    | 3 months      |
| <b>Dominic Letts</b> (Resigned 31/08/2022)    | 315,180 | 40%    | 40%    | 3 months      |
| <b>Tara Goldsworthy</b>                       | 416,000 | 40%    | 40%    | 3 months      |
| <b>Tom Gleeson</b> (Resigned 28/02/2023)      | 388,511 | 40%    | 40%    | 3 months      |
| <b>Giles Everest</b> (Appointed 01/08/2022)   | 340,000 | 40%    | 40%    | 3 months      |
| <b>David Bolton</b> (Appointed 18/07/2022)    | 420,000 | 40%    | 40%    | 3 months      |
| <b>Andrew Arapakis</b> (Appointed 01/03/2023) | 375,000 | 40%    | 40%    | 3 months      |

The Remuneration Committee determines remuneration for all KMP listed under the guidelines contained in section 1 of this Remuneration Report.

#### 4. SHORT TERM INCENTIVE INCLUDED IN REMUNERATION

Details of the STI cash bonuses awarded as remuneration to each KMP, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

Table 5: STI summary

| KEY MANAGEMENT PERSONNEL               | INCLUDED IN REMUNERATION | TOTAL AVAILABLE STI % | EARNED % | FORFEITED % |
|----------------------------------------|--------------------------|-----------------------|----------|-------------|
| Bruce Nicholson (Appointed 01/07/2021) | -                        | 50%                   | 0%       | 100%        |
| Andrew Wackett                         | -                        | 40%                   | 0%       | 100%        |
| Elizabeth Maynard                      | -                        | 40%                   | 0%       | 100%        |
| Andrew McCormack                       | -                        | 40%                   | 0%       | 100%        |
| Jason Kunkler (Resigned 10/05/2022)    | -                        | 40%                   | 0%       | 100%        |
| Manuel Larre                           | -                        | 40%                   | 0%       | 100%        |
| Dominic Letts                          | -                        | 40%                   | 0%       | 100%        |
| Tara Goldsworthy                       | -                        | 40%                   | 0%       | 100%        |
| Tom Gleeson (Resigned 28/02/2023)      | -                        | 40%                   | 0%       | 100%        |
| Giles Everest (Appointed 01/08/2022)   | -                        | 40%                   | 0%       | 100%        |
| David Bolton (Appointed 18/07/2022)    | -                        | 40%                   | 0%       | 100%        |
| Andrew Arapakis (Appointed 01/03/2023) | \$50,000 <sup>1</sup>    | 40%                   | 0%       | 100%        |

Table 5 Notes

<sup>1</sup> During the period Andrew Arapakis received a contractual commencement bonus of \$50,000, which was not related to the STI criteria. The bonus is required to be repaid if Mr Arapakis terminates his employment within 12 months of receiving the bonus.

A description of the STI criteria is detailed in section 1.2 of this report.

There were no other STI's awarded to KMP in relation to the FY23 period.

#### 5. SHARE-BASED REMUNERATION

Fleetwood currently has two share based long term incentive plans, one of which is no longer in use. These are summarised below:

- + FY22-FY23: LTI Performance Rights Plan. Key terms discussed in section 1.3 of this report. A net reversal adjustment of \$132,739 was recorded in the FY23 accounts for this plan, due to the grants under the performance rights plan for previous years, FY20 & FY21, which lapsed without vesting during the period. KMP holdings of share rights under this plan are detailed in table 6.1.
- + FY15-FY18: Share Units Plan. No longer in use. The final grant date in relation to this plan was made on 20 December 2017 with a 5-year vesting period. An accounting expense of \$18,052 was recorded in the FY21 accounts for this plan. KMP holdings of share units under this plan are detailed in table 9.

Details of performance rights over ordinary shares in the Company that were granted as remuneration to each KMP are set out in the table below. Non-Executive Directors are not entitled to participate in the LTI Share Rights Plan.

Table 6: FY22-FY23 LTI Performance Rights Plan summary

| KEY MANAGEMENT PERSONNEL | PLAN | START DATE | NO. AT GRANT DATE | VALUE AT GRANT DATE | NO. UNITS VESTED DURING THE YEAR | VESTING DATE | VALUE OF PERFORMANCE RIGHTS INCLUDED IN REMUNERATION |
|--------------------------|------|------------|-------------------|---------------------|----------------------------------|--------------|------------------------------------------------------|
| Bruce Nicholson          | FY22 | 01/07/21   | 134,120           | 196,754             | -                                | 30/06/24     | 34,721                                               |
|                          | FY23 | 01/07/22   | 222,603           | 340,182             | -                                | 30/06/25     | 66,823                                               |
| Andrew Wackett           | FY22 | 01/07/21   | 74,678            | 109,553             | -                                | 30/06/24     | 19,333                                               |
|                          | FY23 | 01/07/22   | 154,110           | 146,959             | -                                | 30/06/25     | 11,170                                               |
| Elizabeth Maynard        | FY22 | 01/07/21   | 49,785            | 73,035              | -                                | 30/06/24     | 12,888                                               |
|                          | FY23 | 01/07/22   | 102,740           | 97,973              | -                                | 30/06/25     | 7,447                                                |
| Andrew McCormack         | FY22 | 01/07/21   | 42,918            | 62,961              | -                                | 30/06/24     | 11,111                                               |
|                          | FY23 | 01/07/22   | 88,356            | 84,256              | -                                | 30/06/25     | 6,404                                                |
| Tara Goldsworthy         | FY22 | 01/07/21   | -                 | -                   | -                                | 30/06/24     | -                                                    |
|                          | FY23 | 01/07/22   | 113,973           | 108,685             | -                                | 30/06/25     | 8,261                                                |
| Giles Everest            | FY22 | 01/07/21   | -                 | -                   | -                                | 30/06/24     | -                                                    |
|                          | FY23 | 01/07/22   | 93,151            | 88,829              | -                                | 30/06/25     | 6,752                                                |
| David Bolton             | FY22 | 01/07/21   | -                 | -                   | -                                | 30/06/24     | -                                                    |
|                          | FY23 | 01/07/22   | 109,289           | 104,504             | -                                | 30/06/25     | 7,943                                                |
| Total                    | FY22 | 01/07/21   | 301,501           | 442,303             | -                                | 30/06/24     | 78,053                                               |
|                          | FY23 | 01/07/22   | 884,522           | 971,388             | -                                | 30/06/25     | 114,800                                              |

### 5.1 Valuation assumptions for the FY22-FY23 LTI (Performance Rights Plan)

The estimation of the fair value of share-based payment awards requires judgement concerning the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions.

A Monte-Carlo simulation valuation methodology was used to determine the value relative to TSR growth. The valuation methodology used was chosen from those available to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award.

The value recognised in the period for each KMP has been recognised straight-line over the vesting term in line with accounting standards. For those portions of the granted rights with non-market vesting conditions, values have been estimated based on the number of units expected to vest.

Key inputs to the model are detailed below.

Table 7: Key inputs to FY22-FY23 LTI Valuation

| PLAN     | GRANT DATE | START DATE | EXPIRY DATE | VESTING TRANCHE | VOLATILITY | DIVIDEND YIELD | RISK FREE INTEREST RATE | SHARE PRICE AT GRANT DATE | FAIR VALUE AT GRANT DATE |
|----------|------------|------------|-------------|-----------------|------------|----------------|-------------------------|---------------------------|--------------------------|
|          |            |            |             |                 | %          | %              | %                       | \$                        | \$                       |
| 2022     | 23/08/21   | 01/07/21   | 30/06/24    | 1               | 40.00      | 5.00           | 0.10                    | 2.74                      | 1.47                     |
| 2023 - 1 | 22/10/22   | 01/07/22   | 30/06/25    | 1               | 45.00      | 0.00           | 3.34                    | 1.71                      | 1.35                     |
| 2023 - 2 | 30/03/23   | 01/07/22   | 30/06/25    | 1               | 40.00      | 0.00           | 2.99                    | 1.21                      | 0.70                     |

## 6. OTHER INFORMATION

### 6.1 Performance rights held by KMP (FY22-23 LTI)

The number of performance rights to acquire shares in the Company held during the 2023 reporting period by each of the KMP of the Group; including their related parties are set out below. No performance rights were held by the Non-Executive Directors.

Table 8: Details of performance right holdings of KMP

| PERFORMANCE RIGHTS                                                                                                   | RIGHTS AT<br>BEGINNING<br>OF YEAR | GRANTED<br>AS<br>REMUNER-<br>ATION | VESTED<br>DURING<br>THE YEAR | FORFEITED        | RIGHTS AT<br>END OF<br>YEAR |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------|------------------------------|------------------|-----------------------------|
|                                                                                                                      | NO.                               | NO.                                | NO.                          | NO.              | NO.                         |
| <b>Bruce Nicholson</b><br>Chief Executive Officer (Appointed 01/07/2021)<br>Managing Director (Appointed 01/08/2022) |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | 134,120                           | 222,603                            | -                            | -                | 356,723                     |
| 2022                                                                                                                 | -                                 | 134,120                            | -                            | -                | 134,120                     |
| <b>Andrew Wackett</b>                                                                                                |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | 161,098                           | 154,110                            | -                            | (86,420)         | 228,788                     |
| 2022                                                                                                                 | 164,275                           | 74,678                             | -                            | (77,855)         | 161,098                     |
| <b>Elizabeth Maynard</b>                                                                                             |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | 121,390                           | 102,740                            | -                            | (71,605)         | 152,525                     |
| 2022                                                                                                                 | 136,113                           | 49,785                             | -                            | (64,508)         | 121,390                     |
| <b>Andrew McCormack</b>                                                                                              |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | 104,646                           | 88,356                             | -                            | (61,728)         | 131,274                     |
| 2022                                                                                                                 | 117,339                           | 42,918                             | -                            | (55,611)         | 104,646                     |
| <b>Jason Kunkler</b> (Resigned 10/06/2022)                                                                           |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | -                                 | -                                  | -                            | -                | -                           |
| 2022                                                                                                                 | 109,877                           | 76,395                             | -                            | (186,272)        | -                           |
| <b>Manuel Larre</b> (Resigned 01/09/2022)                                                                            |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | 133,111                           | -                                  | -                            | (133,111)        | -                           |
| 2022                                                                                                                 | 149,256                           | 54,592                             | -                            | (70,737)         | 133,111                     |
| <b>Dominic Letts</b> (Resigned 31/08/2022)                                                                           |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | 128,088                           | -                                  | -                            | (128,088)        | -                           |
| 2022                                                                                                                 | 143,624                           | 52,532                             | -                            | (68,068)         | 128,088                     |
| <b>Tara Goldsworthy</b>                                                                                              |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | -                                 | 113,973                            | -                            | -                | 113,973                     |
| 2022                                                                                                                 | -                                 | -                                  | -                            | -                | -                           |
| <b>Giles Everest</b> (Appointed 01/08/2022)                                                                          |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | -                                 | 93,151                             | -                            | -                | 93,151                      |
| 2022                                                                                                                 | -                                 | -                                  | -                            | -                | -                           |
| <b>David Bolton</b> (Appointed 18/07/2022)                                                                           |                                   |                                    |                              |                  |                             |
| 2023                                                                                                                 | -                                 | 109,589                            | -                            | -                | 109,589                     |
| 2022                                                                                                                 | -                                 | -                                  | -                            | -                | -                           |
| <b>2023 Total</b>                                                                                                    | <b>782,453</b>                    | <b>884,522</b>                     | <b>-</b>                     | <b>(480,952)</b> | <b>1,186,023</b>            |
| <b>2022 Total</b>                                                                                                    | <b>820,484</b>                    | <b>485,020</b>                     | <b>-</b>                     | <b>(523,051)</b> | <b>782,453</b>              |

## 6.2 Share units held by KMP (FY15-FY18 LTI)

The number of share units to acquire shares in the Company held during the 2023 reporting period by each of the KMP of the Group; including their related parties are set out below. No share units are held by the Directors.

Table 9: Details of share unit holdings of KMP

| SHARE UNITS                                | UNITS AT BEGINNING OF YEAR | GRANTED AS REM. | FORFEITED        | EXERCISED       | UNITS AT END OF YEAR | VESTED DURING THE YEAR | VESTED AT END OF YEAR | NET PROCEEDS RECEIVED ON EXERCISE |
|--------------------------------------------|----------------------------|-----------------|------------------|-----------------|----------------------|------------------------|-----------------------|-----------------------------------|
| EXECUTIVES                                 | No.                        | No.             | No.              | No.             | No.                  | No.                    | No.                   | \$                                |
| <b>Andrew Wackett</b>                      |                            |                 |                  |                 |                      |                        |                       |                                   |
| 2023                                       | 110,000                    | -               | -                | -               | 110,000              | -                      | -                     | -                                 |
| 2022                                       | 110,000                    | -               | -                | -               | 110,000              | -                      | -                     | -                                 |
| <b>Andrew McCormack</b>                    |                            |                 |                  |                 |                      |                        |                       |                                   |
| 2023                                       | 20,000                     | -               | -                | -               | 20,000               | -                      | 3,400                 | -                                 |
| 2022                                       | 20,000                     | -               | -                | -               | 20,000               | -                      | 3,400                 | -                                 |
| <b>Manuel Larre</b> (resigned 01/09/2022)  |                            |                 |                  |                 |                      |                        |                       |                                   |
| 2023                                       | 155,000                    | -               | (155,000)        | -               | -                    | -                      | -                     | -                                 |
| 2022                                       | 155,000                    | -               | -                | -               | 155,000              | -                      | 71,900                | -                                 |
| <b>Dominic Letts</b> (resigned 31/08/2022) |                            |                 |                  |                 |                      |                        |                       |                                   |
| 2023                                       | 73,200                     | -               | (40,000)         | (33,200)        | -                    | -                      | -                     | 2,899 <sup>1</sup>                |
| 2022                                       | 73,200                     | -               | -                | -               | 73,200               | -                      | 46,800                | -                                 |
| <b>2023 Total</b>                          | <b>358,200</b>             | <b>-</b>        | <b>(195,000)</b> | <b>(33,200)</b> | <b>130,000</b>       | <b>-</b>               | <b>3,400</b>          | <b>2,899</b>                      |
| 2022 Total                                 | 358,200                    | -               | -                | -               | 358,200              | -                      | 122,100               | -                                 |

<sup>1</sup> Gross proceeds of \$44,721 were received on exercise and sale of the shares associated with the share plan units. \$41,822 was repaid to the Company in relation to the loan balance associated with the plan and \$2,899 was received by the KMP.

## 6.3 Loans to KMP (FY15-FY18 LTI)

Loans to KMP in connection with the FY15-FY18 LTI totalling \$321,279 (2022: \$1,010,633) were outstanding at the end of the reporting period. The loan balance reduced during the period due to forfeitures and exercise of the share units resulting in funds received of \$41,822.

The value of shares in the Company held by the Share Trust exceeded the balance of loans outstanding at the end of the reporting period. The loans are non-recourse, there is no fixed term, and no allowance for doubtful debts or impairment loss has been recognised against them. The number of KMP included in the aggregate of loans is two.

## 6.4 Other transactions with KMP

Bruce Nicholson was appointed Chief Executive Officer effective from 1 July 2021. Bruce Nicholson was issued 85,837 performance rights on 1 July 2021 as a CEO commencement incentive with a value of \$192,275. The Company's share price was \$2.24 at the date of grant. The performance rights vested and converted to shares on 1 July 2022 on the condition that the CEO was still employed by Fleetwood. Bruce Nicholson was subsequently appointed Managing Director effective from 1 August 2022.

There were no other transactions with KMP during the period.

## END OF AUDITED REMUNERATION REPORT

## DIRECTORS' DECLARATION

In the opinion of the directors of Fleetwood Limited:

- a) The financial statements and notes set out on pages 43 to 84, are in accordance with the Corporations Act (Cth) 2001, including:
  - i. Complying with Australian Accounting Standards and the Corporations Regulations 2001 (Cth); and
  - ii. Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- c) There are reasonable grounds to believe that the Company and the companies to which the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 applies, as detailed in note 20 to the financial statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

The Directors' draw attention to note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations required by s.295A of the Corporations Act (Cth) 2001 from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



**J Klepec**  
*Non-Executive Chairman*  
30 August 2023  
Perth

## AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 30 June 2023



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
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### Auditor's independence declaration to the directors of Fleetwood Limited

As lead auditor for the audit of the financial report of Fleetwood Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Fleetwood Limited and the entities it controlled during the financial year.

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R J Curtin'.

R J Curtin  
Partner  
30 August 2023

# Consolidated Statement of Profit or Loss And other comprehensive income

For the year ended 30 June 2023

| CONSOLIDATED                                                                 |       |           |           |
|------------------------------------------------------------------------------|-------|-----------|-----------|
|                                                                              |       | 2023      | 2022      |
|                                                                              | NOTE  | \$ '000   | \$ '000   |
| Continuing operations                                                        |       |           |           |
| Sales revenue                                                                | 2     | 409,335   | 445,143   |
| Other income                                                                 |       | 1,231     | 961       |
| Materials used                                                               |       | (139,519) | (154,156) |
| Sub-contract costs                                                           |       | (142,201) | (167,795) |
| Employee benefits                                                            | 3     | (75,660)  | (75,027)  |
| Rent expense                                                                 | 17    | (1,125)   | (731)     |
| Impairment of assets                                                         |       | -         | (35,943)  |
| Warranty and defects expense                                                 | 15    | (550)     | (3,896)   |
| Onerous contracts                                                            | 15    | -         | (14,127)  |
| Other expenses                                                               |       | (30,472)  | (29,986)  |
| Profit / (Loss) before interest, tax, depreciation and amortisation (EBITDA) |       | 21,039    | (35,557)  |
| Depreciation                                                                 | 3     | (16,834)  | (16,584)  |
| Profit / (Loss) before interest, tax and amortisation (EBITA)                |       | 4,205     | (52,141)  |
| Amortisation of contract intangible                                          | 13    | -         | (1,137)   |
| Profit / (Loss) before interest and tax (EBIT)                               |       | 4,205     | (53,278)  |
| Finance costs                                                                | 3     | (1,585)   | (1,494)   |
| Profit / (Loss) before income tax expense                                    |       | 2,620     | (54,772)  |
| Income tax benefit / (expense)                                               | 4     | (574)     | 7,887     |
| Profit / (Loss) from continuing operations                                   |       | 2,046     | (46,885)  |
| Loss from discontinued operation                                             |       | -         | (579)     |
| Profit / (Loss) for the year                                                 | 7, 18 | 2,046     | (47,464)  |
| Other comprehensive income                                                   |       |           |           |
| Items that may subsequently be reclassified to profit or loss:               |       |           |           |
| Net exchange difference - foreign controlled entities (net of tax)           | 8     | -         | (163)     |
| Total comprehensive profit (loss) for the year                               |       | 2,046     | (47,627)  |
| Earnings (loss) per share                                                    |       |           |           |
| NOTE                                                                         |       |           |           |
| CENTS                                                                        |       |           |           |
| CENTS                                                                        |       |           |           |
| Basic earnings (loss) per share                                              |       |           |           |
| Continuing operations                                                        |       | 2.2       | (49.8)    |
| Discontinued operations                                                      |       | -         | (0.6)     |
| Total                                                                        | 7     | 2.2       | (50.4)    |
| Diluted earnings (loss) per share                                            |       |           |           |
| Continuing operations                                                        |       | 2.2       | (49.8)    |
| Discontinued operations                                                      |       | -         | (0.6)     |
| Total                                                                        | 7     | 2.2       | (50.4)    |

To be read in conjunction with the accompanying notes

# Consolidated Statement of Financial Position

As at 30 June 2023

|                                      |      | CONSOLIDATED   |                |
|--------------------------------------|------|----------------|----------------|
|                                      |      | 2023           | 2022           |
|                                      | NOTE | \$ '000        | \$ '000        |
| <b>Current assets</b>                |      |                |                |
| Cash and cash equivalents            | 8    | 46,578         | 55,266         |
| Trade and other receivables          | 9    | 43,442         | 54,698         |
| Contract assets                      | 9    | 31,724         | 43,939         |
| Inventories                          | 10   | 32,554         | 29,433         |
| Other financial assets               | 21   | 21             | -              |
| Tax assets                           | 4    | 7,522          | 577            |
| <b>Total current assets</b>          |      | <b>161,841</b> | <b>183,913</b> |
| <b>Non-current assets</b>            |      |                |                |
| Trade and other receivables          | 9    | 1,198          | 1,697          |
| Property, plant and equipment        | 11   | 32,560         | 35,346         |
| Right-of-use assets                  | 17   | 24,235         | 26,329         |
| Goodwill                             | 12   | 43,522         | 43,522         |
| Intangible assets                    | 13   | 3,871          | 3,323          |
| Deferred tax assets                  | 4    | 8,960          | 16,065         |
| <b>Total non-current assets</b>      |      | <b>114,346</b> | <b>126,282</b> |
| <b>Total assets</b>                  |      | <b>276,187</b> | <b>310,195</b> |
| <b>Current liabilities</b>           |      |                |                |
| Trade and other payables             | 14   | 37,216         | 62,224         |
| Contract liabilities                 | 14   | 38,308         | 30,794         |
| Lease liabilities                    | 17   | 5,970          | 5,027          |
| Tax liabilities                      |      | 199            | 199            |
| Provisions                           | 15   | 9,348          | 25,892         |
| Other financial liabilities          | 21   | -              | 19             |
| <b>Total current liabilities</b>     |      | <b>91,041</b>  | <b>124,155</b> |
| <b>Non-current liabilities</b>       |      |                |                |
| Lease liabilities                    | 17   | 19,375         | 22,154         |
| Provisions                           | 15   | 137            | 366            |
| <b>Total non-current liabilities</b> |      | <b>19,512</b>  | <b>22,520</b>  |
| <b>Total liabilities</b>             |      | <b>110,553</b> | <b>146,675</b> |
| <b>Net assets</b>                    |      | <b>165,634</b> | <b>163,520</b> |
| <b>Equity</b>                        |      |                |                |
| Issued capital                       | 18   | 253,361        | 253,170        |
| Reserves                             | 18   | (1,499)        | (1,192)        |
| Retained earnings                    | 18   | (86,228)       | (88,458)       |
| <b>Total equity</b>                  |      | <b>165,634</b> | <b>163,520</b> |

To be read in conjunction with the accompanying notes

## Consolidated Statement of Changes In Equity

For the year ended 30 June 2023

|                                                                   |      | ISSUED<br>CAPITAL | SHARE<br>BASED<br>PAYMENT<br>RESERVE | SHARE<br>PLAN<br>RESERVE | FOREIGN<br>CURRENCY<br>TRANS-<br>LATION<br>RESERVE | RETAINED<br>EARNINGS | TOTAL          |
|-------------------------------------------------------------------|------|-------------------|--------------------------------------|--------------------------|----------------------------------------------------|----------------------|----------------|
| Consolidated                                                      | NOTE | \$ '000           | \$ '000                              | \$ '000                  | \$ '000                                            | \$ '000              | \$ '000        |
| <b>Balance at 30 June 2021</b>                                    |      | <b>253,726</b>    | <b>-</b>                             | <b>(2,126)</b>           | <b>260</b>                                         | <b>(29,395)</b>      | <b>222,465</b> |
| Loss for the year                                                 |      | -                 | -                                    | -                        | -                                                  | (47,464)             | (47,464)       |
| Share plan settlements                                            |      | -                 | -                                    | -                        | -                                                  | -                    | -              |
| Exchange differences arising on translation of foreign operations |      | -                 | -                                    | -                        | (163)                                              | -                    | (163)          |
| Total comprehensive profit (loss) for the year                    |      | -                 | -                                    | -                        | (163)                                              | (47,464)             | (47,627)       |
| Dividends paid to shareholders                                    |      | -                 | -                                    | -                        | -                                                  | (11,775)             | (11,775)       |
| Share-based payments                                              |      | -                 | 281                                  | -                        | -                                                  | 176                  | 457            |
| Transfer from Issued Capital to Share Based Payment Reserve       |      | (556)             | 556                                  | -                        | -                                                  | -                    | -              |
| <b>Balance at 30 June 2022</b>                                    |      | <b>253,170</b>    | <b>837</b>                           | <b>(2,126)</b>           | <b>97</b>                                          | <b>(88,458)</b>      | <b>163,520</b> |
| Profit for the year                                               |      | -                 | -                                    | -                        | -                                                  | 2,046                | 2,046          |
| Share plan settlements                                            | 18   | -                 | -                                    | 42                       | -                                                  | -                    | 42             |
| Exchange differences arising on translation of foreign operations |      | -                 | -                                    | -                        | -                                                  | -                    | -              |
| Total comprehensive profit (loss) for the year                    |      | -                 | -                                    | 42                       | -                                                  | 2,046                | 2,088          |
| Share-based payments                                              | 18   | -                 | (158)                                | -                        | -                                                  | 191                  | 33             |
| Issue of share capital                                            | 18   | 191               | (191)                                | -                        | -                                                  | -                    | -              |
| Other                                                             |      | -                 | -                                    | -                        | -                                                  | (7)                  | (7)            |
| <b>Balance at 30 June 2023</b>                                    |      | <b>253,361</b>    | <b>488</b>                           | <b>(2,084)</b>           | <b>97</b>                                          | <b>(86,228)</b>      | <b>165,634</b> |

To be read in conjunction with the accompanying notes

# Consolidated Statement of Cash Flows

For the year ended 30 June 2023

|                                                                    | NOTE | CONSOLIDATED    |                 |
|--------------------------------------------------------------------|------|-----------------|-----------------|
|                                                                    |      | 2023<br>\$ '000 | 2022<br>\$ '000 |
| <b>Cash flows from operating activities</b>                        |      |                 |                 |
| Receipts from customers                                            |      | 461,586         | 487,357         |
| Payments to customers and suppliers                                |      | (454,497)       | (464,094)       |
| Interest received                                                  |      | 442             | 144             |
| Income taxes paid                                                  |      | (462)           | (6,661)         |
| Finance costs paid                                                 |      | (1,585)         | (1,494)         |
| <b>Net cash provided by operating activities</b>                   | 8    | <b>5,484</b>    | <b>15,252</b>   |
| <b>Cash flows from investing activities</b>                        |      |                 |                 |
| Acquisition of property, plant and equipment                       |      | (6,126)         | (9,027)         |
| Proceeds from sale of non-current assets                           |      | 1,084           | 2,950           |
| Payment for intangible assets                                      |      | (1,692)         | (926)           |
| <b>Net cash used in investing activities</b>                       |      | <b>(6,734)</b>  | <b>(7,003)</b>  |
| <b>Cash flows from financing activities</b>                        |      |                 |                 |
| Project finance advance                                            |      | -               | 8,698           |
| Dividends paid                                                     |      | -               | (11,775)        |
| Share plan loan repayment                                          |      | 42              | -               |
| Repayment of lease liabilities                                     |      | (7,480)         | (7,473)         |
| <b>Net cash (used in) / provided by financing activities</b>       |      | <b>(7,438)</b>  | <b>(10,550)</b> |
| <b>Net increase in cash and cash equivalents</b>                   |      | <b>(8,688)</b>  | <b>(2,301)</b>  |
| Cash and cash equivalents at the beginning of the financial year   |      | 55,266          | 57,567          |
| Effect of exchange rate changes on cash held in foreign currencies |      | -               | -               |
| <b>Cash and cash equivalents at the end of the financial year</b>  | 8    | <b>46,578</b>   | <b>55,266</b>   |

To be read in conjunction with the accompanying notes

## SUMMARY OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| BUSINESS PERFORMANCE   | FINANCIAL POSITION                                    | FINANCING                                     | CAPITAL                 | GROUP STRUCTURE               | OTHER                         |
|------------------------|-------------------------------------------------------|-----------------------------------------------|-------------------------|-------------------------------|-------------------------------|
| 2. SALES REVENUE       | 8. CASH AND CASH EQUIVALENTS                          | 16. FINANCING ARRANGEMENTS                    | 6. DIVIDEND INFORMATION | 20. DEED OF CROSS GUARANTEE   | 19. AUDITORS REMUNERATION     |
| 3. EXPENSES            | 9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS    | 17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES | 18. EQUITY AND RESERVES | 23. CONTROLLED ENTITIES       | 21. FINANCIAL RISK MANAGEMENT |
| 4. TAX EXPENSE         | 10. INVENTORIES                                       |                                               |                         | 25. PARENT ENTITY DISCLOSURES | 22. CONTINGENT LIABILITIES    |
| 5. SEGMENT INFORMATION | 11. PROPERTY, PLANT AND EQUIPMENT                     |                                               |                         |                               | 24. RELATED PARTIES           |
| 7. EARNINGS PER SHARE  | 12. GOODWILL                                          |                                               |                         |                               | 26. SUBSEQUENT EVENTS         |
|                        | 13. INTANGIBLE ASSETS                                 |                                               |                         |                               |                               |
|                        | 14. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES |                                               |                         |                               |                               |
|                        | 15. PROVISIONS                                        |                                               |                         |                               |                               |

## 1. ABOUT THIS REPORT

Fleetwood Limited (Fleetwood or the Company) is a for profit entity limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The consolidated financial statements for the year ended 30 June 2023 comprises the consolidated financial statements of Fleetwood and its controlled entities (the Group).

The significant general policies which have been adopted in the preparation of this financial report are:

## 1.1 STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 (Cth), Accounting Standards and Interpretations, and complies with other requirements of the law. Compliance with Australian Accounting Standards ensures the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards.

The financial statements were authorised for issue by the Directors on 30 August 2023.

## New and revised Standards and Interpretations adopted during the reporting period

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting year. The adoption has not resulted in any material changes to the measurement or disclosure of the balances and transactions reported in these financial statements. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128

## Impact of standards issued but not yet applied

There have been a number of standard amendments and interpretation that have recently been issued by the AASB but are not yet effective for periods ended 30 June 2023. The Group has reviewed these standards and interpretations and determined that none of these will materially affect the Group's accounting policies or balances and transactions currently reported in these financial statements.

**1. ABOUT THIS REPORT (CONT'D)****1.2 BASIS OF PREPARATION**

The financial report has been prepared on the basis of historical costs, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Cost is generally based on the fair values of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136. Accounting policies have been consistently applied and except where there are changes in accounting policy, are consistent with those of the previous year. All amounts are presented in Australian Dollars unless otherwise noted.

The Company has applied the relief available to it under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016 / 191 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest \$1,000, or in certain cases, the nearest dollar.

**1.3 BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. All subsidiaries have a reporting date of 30 June.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders, potential voting rights held by the Company, other vote holders or other parties, rights arising from other contractual arrangements, and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings. Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Company loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 'Financial Instruments' or, when applicable, the cost on initial recognition of an investment in an associate.

**1.4 TAX CONSOLIDATION**

The Company and its wholly-owned Australian resident entities elected from 1 July 2003 to be taxed as a single entity.

Fleetwood Limited, as the head entity, and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The amounts are measured as if each entity continues to be a stand-alone taxpayer in its own right. The current tax balances are then transferred to the head entity via intercompany balances. The entities within the Company have entered a tax funding arrangement whereby each subsidiary will compensate the head entity for the amount of tax payable that would be calculated as if the subsidiary was a tax paying entity.

The method used to calculate current and deferred tax amounts is summarised in note 4.

**1.5 FOREIGN CURRENCY****Functional currency**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each group entity are expressed in Australian Dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

**1. ABOUT THIS REPORT (CONT'D)****Transactions**

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rate of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of profit or loss in the financial year in which they arise.

**Translation of controlled foreign operations**

The assets and liabilities of foreign operations, including subsidiaries, are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. Exchange differences arising from translation are taken directly to the foreign currency reserve until disposal or partial disposal of the operations. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognised in other comprehensive income and accumulated in equity.

**1.6 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of accounting policies, management is required to make judgments, estimates and assumptions. The estimates and associated assumptions are based on experience and other factors that are considered relevant. Actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- + Accounting for construction contracts involves the continuous use of assessed estimates based on assumptions consistent with project scope and schedule, contract and risk management processes. Contracts may span over more than one accounting period. Estimates of forecast costs are regularly updated in accordance with the agreed work scope and schedule under the contract. Forecasts are based on the cost expected to apply when the related activity is undertaken. Contingencies are included in order to cover the risks in those forecasts. Forecasted costs are used to determine revenue recognition over time as described in note 2. Revenues reflect the price agreed in the contract and variations where they have been approved or if it is highly probable they will be approved and a significant revenue reversal will not occur in the future. Claims are included in contract revenue only where negotiations have reached an advanced stage such that it is probable that the client will accept the claim and recovery of the amount involved is probable.
- + Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated except for where fair value less cost to sell has been applied. The value in use and fair value less cost to dispose calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of goodwill and the subsequent testing for impairment are set out in note 12. Details of other intangible assets are set out in note 13. Where the actual future cash flows are less than expected, a material impairment loss may arise.
- + The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of share rights and share units issued during the year. Refer to note 3.
- + Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling price. The Company is generally pro-active in identifying and stopping orders on slow moving or discontinued items such that these items are not carried at material amounts.

**1.7 GENERAL INFORMATION**

Fleetwood Limited is a public company listed on the Australian Securities Exchange (trading under the symbol 'FWD'), incorporated in Australia and operating in Australia and New Zealand.

The registered and business address of the Company is Level 2, 464 Hay Street, Subiaco, Western Australia. The telephone number of the Company is (08) 9323 3300.

**2. SALES REVENUE**

|                                             | CONSOLIDATED    |                 |
|---------------------------------------------|-----------------|-----------------|
|                                             | 2023<br>\$ '000 | 2022<br>\$ '000 |
| <b>Continuing operations</b>                |                 |                 |
| <b>Sales revenue</b>                        |                 |                 |
| <b>Recognised at a point in time:</b>       |                 |                 |
| RV Solutions                                | 72,619          | 74,988          |
| Total revenue recognised at a point in time | 72,619          | 74,988          |
| <b>Recognised over time:</b>                |                 |                 |
| RV Solutions                                | 7,706           | 6,218           |
| Building Solutions                          | 295,357         | 332,241         |
| Community Solutions                         | 33,653          | 31,696          |
| Total revenue recognised over time          | 336,716         | 370,155         |
| <b>Total Sales Revenue</b>                  | <b>409,335</b>  | <b>445,143</b>  |

**RECOGNITION AND MEASUREMENT****SALES REVENUE**

Revenue from contracts with customers primarily arises from the following streams:

**RV Solutions segment:**

- + The sale of recreational vehicle parts and accessories;
- + The installation of vehicle parts and accessories; and
- + Repairs and maintenance services of customers' vehicles.

**Building Solutions segment:**

- + The construction of modular accommodation units sold to customers; and
- + The hiring of modular accommodation units on short-term contracts.

**Community Solutions segment:**

- + Hiring of Company-owned accommodation units; and
- + Management fees for a village.

**To determine whether to recognise revenue, the Company follows a 5-step process:**

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The transaction price is the fair value of consideration received or receivable net of goods and services tax (GST).

**RV Solutions**

Revenue from the sale of parts and services is for a fixed fee and recognised at a point in time. Recognition occurs when the Company transfers control of the asset to the customer.

For parts and services, transfer of control of the asset to the customer is the date of receipt by the customer for the good or where the Company is providing a service such as installation, repairs or maintenance, recognition is the date in which the customer drives away with the installed or repaired product.

The sale of parts and services are accompanied by standard manufacturer's warranty arrangements, of which are not separately or incrementally paid for by the customer. Under these conditions, customers can return product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Refer to note 15.

**2. SALES REVENUE (CONT'D)****Building Solutions**

The Company enters into contracts for the construction of modular accommodation units in exchange for a fixed fee and recognises the related revenue over time. Many of the Company's contracts comprise the construction of several accommodation units each representing performance obligations under the contract. The Company evaluates the separability of each good or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- + the customer benefits from the item either on its own or together with other readily available resources; and
- + it is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customising it).

The transaction price for a contract excludes any amounts collected on behalf of third parties.

To depict the progress by which the Company transfers control of a build to the customer, and to establish when and to what extent revenue can be recognised, the Company measures its progress towards complete satisfaction of the performance obligation by comparing actual costs spent to date with the total estimated costs required to construct each unit. This cost-to-cost basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Company's ability to make reliable estimates of the total costs required to perform, arising from its significant historical experience constructing similar units.

In addition to the fixed fee, some contracts include bonus payments which the Company can earn by completing a project in advance of a targeted delivery date. At inception of each contract, the Company begins by estimating the amount of the bonus to be received using the "most likely amount" approach. This amount is then included in the Company's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty surrounding the bonus is resolved. In making this assessment, the Company considers its historical record of performance on similar contracts, whether the Company has access to the labour and materials resources needed to meet the agreed-upon completion date, and the potential impact of other reasonably foreseen constraints.

Most such arrangements include detailed customer payment schedules. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises a contract asset in its statement of financial position.

The construction of accommodation units typically takes between 6-12 months from commencement of design through to completion and delivery. In some situations, customer payments will be received over a period of one year or more. In these circumstances, the Company adjusts the transaction price used in determining revenue recognition by the effects of financing.

In obtaining some of these contracts, the Company incurs a number of incremental costs, such as commissions paid to sales staff. The Company recognises such incremental costs as a contract asset if it expects to recover those costs from the customer. The contract asset is then amortised on a systematic basis consistent with the transfer to the customer the good or service to which the contract asset relates.

However, as noted above, in some contracts the amortisation period of these costs, if capitalised, would be less than one year, and thus the Company makes use of the practical expedient in AASB 15.94 and expenses them when incurred.

**Community Solutions**

The Company rents its owned accommodation units to customers and recognises revenue over time based on either fixed or variable daily rental rates depending on whether formal arrangements with customers exist. Revenue for these transactions is therefore recognised over time based on monthly billing in arrears for daily accommodation services provided. In this respect, the Company has a right to the consideration and the amount billed corresponds directly with the value to the customer for the Company's performance completed to date.

For Osprey which the Company manages on behalf of its customer, revenue is recognised over time based on a fixed management fee billed to the customer as per the management contract. Revenue is therefore recognised upon billing as that timing corresponds directly with the value to the customer for the Company's performance completed to date.

**3. EXPENSES**

Expenses from continuing operations contain the following:

|                                     | NOTE | CONSOLIDATED  |               |
|-------------------------------------|------|---------------|---------------|
|                                     |      | 2023          | 2022          |
| Continuing operations               |      | \$ '000       | \$ '000       |
| Cost of sales                       |      | 324,790       | 377,612       |
| <b>Employee benefits</b>            |      |               |               |
| Salaries and wages <sup>1</sup>     |      | 71,979        | 68,980        |
| Equity settled share-based payments |      | 33            | 457           |
| Superannuation                      |      | 3,648         | 5,590         |
| <b>Total</b>                        |      | <b>75,660</b> | <b>75,027</b> |

<sup>1</sup> Employee benefits expense included in Cost of Sales is \$35.2m (FY22: \$24.9m)

**Depreciation and amortisation of:**

|                        |    |               |               |
|------------------------|----|---------------|---------------|
| Buildings              | 11 | 34            | 34            |
| Leasehold improvements | 11 | 1,034         | 748           |
| Plant and equipment    | 11 | 7,001         | 6,960         |
| Product development    | 13 | 301           | 456           |
| ERP Software           | 13 | 707           | 718           |
| Right-of-use assets    | 17 | 7,757         | 7,668         |
| <b>Total</b>           |    | <b>16,834</b> | <b>16,584</b> |

**Finance costs:**

|                        |              |              |
|------------------------|--------------|--------------|
| Financing arrangements | 778          | 685          |
| Lease liabilities      | 807          | 809          |
| <b>Total</b>           | <b>1,585</b> | <b>1,494</b> |

**EQUITY SETTLED SHARE-BASED PAYMENTS****Employee Plan**

A scheme under which rights to acquire ordinary shares may be issued by the Company to employees for no consideration was approved by shareholders at the 2014 annual general meeting. Employees who have been continuously employed by the Company for at least one year are eligible to participate in the scheme. Employees will be issued shares in Fleetwood Limited upon the exercise of rights. One third of the rights are exercisable one year from the date of issue and a further one third of the rights are exercisable in each of the next two years. One share right represents one Fleetwood Limited share. There are no voting rights or dividend entitlements attaching to the rights. No amount is payable upon exercise of the rights and shares issued upon exercise rank equally with existing shares on the ASX.

**Executive Plans****Long Term Incentive (LTI)**

Long-term incentives in the form of performance rights received by Executives are determined in accordance with the provisions of the Executive Long Term Incentive Plan (LTI Plan), which was approved by shareholders at the 2018 Annual General Meeting (AGM). The objective of this plan is to retain and reward executives and to align their long-term interests with those of shareholders.

50% of the performance rights grant are performance tested against total shareholder return (TSR), 25% of the grant are tested against earnings per share (EPS) performance and the remaining 25% of the grant are tested against Return on Capital Employed (ROCE) performance over a 3-year period from a start date (Start Date) to a test date (End Date).

The FY22 and FY23 issue TSR tranche (50% of the grant) will vest up to 50% at the TSR equal to the ASX small industrials index and to 100% at the 75th percentile of that index. Performance will be tested each year and averaged over the three testing years.

The FY22 and FY23 issue EPS tranche (25% of the grant) vests to 50% at a 7.5% compound annual growth and to 100% at a 15% annual growth rate. Performance will be tested each year and averaged over the three testing years. Given EPS was negative in FY22, the Board have set a base EPS for the FY23 issue at 12.0cps from which compound growth must occur for this tranche to vest.

The FY22 and FY23 ROCE performance condition (25% of the grant) will be met if the Company's ROCE is at or above 15% in the financial year. Performance will be tested each year and averaged over the three testing years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the year ended 30 June 2023

### 3. EXPENSES (CONT'D)

The maximum amount of LTI awards is based on a percentage of the Executive's Total Fixed Remuneration (TFR).

Up until the implementation of the LTI Plan at the 2018 AGM, Executives participated in the Executive Share Unit Plan. The share units granted pursuant to the plan are noted and discussed in the 2018 Remuneration Report. The plan will remain in effect until all granted units have been exercised, forfeited or expired. No share units have been granted or issued since the introduction of the LTI Plan in 2018.

#### Valuation assumptions for the FY20-FY23 LTI (Performance Rights Plan)

The estimation of the fair value of share-based payment awards requires judgement concerning the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions.

A Monte-Carlo simulation valuation methodology was used to determine the value relative to TSR growth. The valuation methodology used was chosen from those available to incorporate an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the award.

The value recognised in the period for each KMP has been recognised straight-line over the vesting term as in line with accounting standards. For those portions of the granted rights with non-market vesting conditions, values have been estimated based on management's judgments as to the number of units expected to vest.

The following principal assumptions were used in the valuation:

| PLAN   | GRANT DATE | EXPIRY DATE | VESTING TRANCHE | VOLATILITY | DIVIDEND YIELD | RISK FREE INTEREST RATE | SHARE PRICE AT GRANT DATE | FAIR VALUE AT GRANT DATE |
|--------|------------|-------------|-----------------|------------|----------------|-------------------------|---------------------------|--------------------------|
|        |            |             |                 | %          | %              | %                       | \$                        | \$                       |
| 2020   | 12/11/19   | 30/06/22    | 1               | 54.11      | 0.00           | 1.97                    | 2.18                      | 0.82                     |
| 2021   | 29/01/21   | 30/06/23    | 1               | 50.82      | 0.00           | 1.58                    | 2.16                      | 0.72                     |
| 2022   | 23/08/21   | 30/06/24    | 1               | 40.00      | 5.00           | 0.10                    | 2.74                      | 1.47                     |
| 2023-1 | 22/10/22   | 30/06/25    | 1               | 45.00      | 0.00           | 3.34                    | 1.71                      | 1.35                     |
| 2023-2 | 30/03/23   | 30/06/25    | 1               | 40.00      | 0.00           | 2.99                    | 1.21                      | 0.70                     |

#### PERFORMANCE RIGHTS PLAN

|                                             | 2023-1         | 2023-2           | 2022           | 2021      | 2020      |
|---------------------------------------------|----------------|------------------|----------------|-----------|-----------|
| Grant date                                  | 22/10/22       | 30/03/23         | 23/08/21       | 29/01/21  | 12/11/19  |
| Start date                                  | 01/07/22       | 01/07/22         | 01/07/21       | 01/07/20  | 01/07/19  |
| Expiry date                                 | 30/06/25       | 30/06/25         | 30/06/24       | 30/06/23  | 30/06/22  |
| Share Price at Grant date (\$)              | 1.71           | 1.21             | 2.74           | 2.16      | 2.18      |
| Fair Value at Grant date (\$)               | 1.35           | 0.70             | 1.47           | 0.72      | 0.82      |
| Balance at the start of the year (no.)      | -              | -                | 912,787        | 806,922   | 586,527   |
| Granted (no.)                               | 222,603        | 1,219,879        | -              | -         | -         |
| Exercised (no.)                             | -              | -                | -              | -         | -         |
| Forfeited (no.)                             | -              | -                | (242,352)      | (806,922) | (586,527) |
| <b>Balance at the end of the year (no.)</b> | <b>222,603</b> | <b>1,219,879</b> | <b>670,435</b> | <b>-</b>  | <b>-</b>  |

#### Valuation assumptions for the FY15-FY18 LTI (Share Units Plan)

The fair value at grant date for share units, is determined under option pricing methodology using a Monte-Carlo simulation model. The expected volatility is based on historical share price volatility over the past five years, and the risk-free interest rate and dividend yield have been assessed based on prevailing market conditions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the year ended 30 June 2023

### 3. EXPENSES (CONT'D)

Key inputs to the model are as follows:

| PLAN          | GRANT DATE | EXPIRY DATE | VESTING TRANCHE | VOLA- TILITY | DIVIDEND YIELD | RISK FREE INTEREST RATE | FAIR VALUE AT GRANT DATE | EXERCISE PRICE | WEIGHTED AVER-AGE SHARE PRICE AT GRANT DATE |
|---------------|------------|-------------|-----------------|--------------|----------------|-------------------------|--------------------------|----------------|---------------------------------------------|
|               |            |             |                 | %            | %              | %                       | \$                       | \$             | \$                                          |
| <b>2015</b>   | 18/12/14   | 18/12/19    | 1               | 47.57        | 3.20           | 2.40                    | 0.43                     | 1.35           | 1.35                                        |
|               |            |             | 2               | 47.57        | 3.20           | 2.40                    | 0.42                     | 1.35           | 1.35                                        |
|               |            |             | 3               | 47.57        | 3.20           | 2.40                    | 0.39                     | 1.35           | 1.35                                        |
| <b>2016</b>   | 18/12/15   | 18/12/20    | 1               | 50.21        | 3.20           | 1.73                    | 0.46                     | 1.22           | 1.22                                        |
|               |            |             | 2               | 50.21        | 3.20           | 1.73                    | 0.42                     | 1.22           | 1.22                                        |
|               |            |             | 3               | 50.21        | 3.20           | 1.73                    | 0.37                     | 1.22           | 1.22                                        |
| <b>2017-1</b> | 20/12/16   | 18/12/21    | 1               | 49.48        | 3.20           | 2.33                    | 0.82                     | 1.94           | 1.94                                        |
|               |            |             | 2               | 49.48        | 3.20           | 2.33                    | 0.74                     | 1.94           | 1.94                                        |
|               |            |             | 3               | 49.48        | 3.20           | 2.33                    | 0.68                     | 1.94           | 1.94                                        |
| <b>2017-2</b> | 12/06/17   | 12/06/22    | 1               | 49.48        | 1.90           | 2.53                    | 0.91                     | 2.19           | 2.19                                        |
|               |            |             | 2               | 49.48        | 1.90           | 2.53                    | 0.83                     | 2.19           | 2.19                                        |
|               |            |             | 3               | 49.48        | 1.90           | 2.53                    | 0.72                     | 2.19           | 2.19                                        |
| <b>2018</b>   | 20/12/17   | 20/12/22    | 1               | 51.84        | 1.80           | 2.43                    | 1.21                     | 2.84           | 2.84                                        |
|               |            |             | 2               | 51.84        | 1.80           | 2.43                    | 1.12                     | 2.84           | 2.84                                        |
|               |            |             | 3               | 51.84        | 1.80           | 2.43                    | 1.01                     | 2.84           | 2.84                                        |

Set out below are summaries of rights and units granted under each plan:

|                                             | SHARE UNITS   |               |               |          |          |
|---------------------------------------------|---------------|---------------|---------------|----------|----------|
|                                             | 2018          | 2017-2        | 2017-1        | 2016     | 2015     |
| Grant date                                  | 20/12/17      | 12/06/17      | 20/12/16      | 18/12/15 | 18/12/14 |
| Expiry date                                 | 20/12/22      | 12/06/22      | 18/12/21      | 18/12/20 | 18/12/19 |
| Share Price at Grant date (\$)              | 2.84          | 2.19          | 1.94          | 1.20     | 1.35     |
| Fair Value at Grant date (\$)               | 1.01          | 0.72          | 0.68          | 0.37     | 0.39     |
| Balance at the start of the year (no.)      | 175,000       | 60,000        | 56,100        | 50,000   | 43,200   |
| Granted (no.)                               | -             | -             | -             | -        | -        |
| Exercised (no.)                             | -             | -             | -             | 20,000   | 13,200   |
| Forfeited (no.)                             | (80,000)      | -             | (46,100)      | (30,000) | (30,000) |
| <b>Balance at the end of the year (no.)</b> | <b>95,000</b> | <b>60,000</b> | <b>10,000</b> | <b>-</b> | <b>-</b> |

### RECOGNITION AND MEASUREMENT

#### Defined contribution superannuation

Contributions to employee superannuation funds are expensed when the employees have rendered service entitling them to the contributions.

**4. TAX EXPENSE****CURRENT TAX EXPENSE**

|                                                                                              | 2023<br>\$ '000 | 2022<br>\$ '000 |
|----------------------------------------------------------------------------------------------|-----------------|-----------------|
| Current tax expense (benefit) from continuing and discontinued operations                    | (6,747)         | 215             |
| Current tax expense relating to prior period                                                 | 214             | -               |
| Deferred tax expense (benefit) relating to origination and reversal of temporary differences | 7,107           | (8,350)         |
| Deferred tax expense relating to recoupment of prior year tax losses                         | -               | -               |
| Under provision of income tax in prior year                                                  | -               | -               |
| <b>Continuing and discontinued operations</b>                                                | <b>574</b>      | <b>(8,135)</b>  |

Reconciliation of income tax expense to the accounting profit:

|                                                                      |       |          |
|----------------------------------------------------------------------|-------|----------|
| Profit (loss) before tax from continuing and discontinued operations | 2,620 | (55,598) |
|----------------------------------------------------------------------|-------|----------|

The tax rate used for 2022 and 2021 is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

|                                                            |            |                |
|------------------------------------------------------------|------------|----------------|
| Income tax expense (benefit) calculated at 30% (2022: 30%) | 786        | (16,679)       |
| Amortisation of leasehold improvements                     | 8          | 8              |
| Effect of lower tax rates on overseas income               | (16)       | (23)           |
| Non-assessable income (Camec NZ dividend)                  | (600)      | -              |
| Non-deductible expenses                                    | 10         | 8,563          |
| Sundry items                                               | 172        | (4)            |
| Adjustments relating to income tax in prior year           | 214        | -              |
| <b>Continuing and discontinued operations</b>              | <b>574</b> | <b>(8,135)</b> |

Income tax expense (benefit) from:

|                                               |            |                |
|-----------------------------------------------|------------|----------------|
| Continuing operations                         | 574        | (7,887)        |
| Discontinued operations                       | -          | (248)          |
| <b>Continuing and discontinued operations</b> | <b>574</b> | <b>(8,135)</b> |

**DEFERRED TAX ASSETS**

|                                      | BALANCE<br>2021<br>\$ '000 | CHARGED<br>TO INCOME<br>\$ '000 | BALANCE<br>2022<br>\$ '000 | CHARGED<br>TO INCOME<br>\$ '000 | BALANCE<br>2023<br>\$ '000 |
|--------------------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| <b>Deferred tax relating to:</b>     |                            |                                 |                            |                                 |                            |
| Property, plant and equipment        | 5,122                      | 1,863                           | 6,984                      | (2,075)                         | 4,909                      |
| Contract intangible                  | (1,154)                    | 1,154                           | -                          | -                               | -                          |
| Employee provisions                  | 2,158                      | 265                             | 2,422                      | 19                              | 2,441                      |
| Provision for inventory obsolescence | 574                        | 477                             | 1,051                      | 239                             | 1,290                      |
| Provision for onerous contracts      | -                          | 4,238                           | 4,238                      | (4,238)                         | -                          |
| Provision for warranty costs         | 492                        | 573                             | 1,065                      | (880)                           | 186                        |
| Other provisions                     | 637                        | (102)                           | 535                        | (136)                           | 399                        |
| Accruals                             | 36                         | (10)                            | 26                         | 42                              | 68                         |
| AASB16 leases                        | (148)                      | (108)                           | (256)                      | (78)                            | (333)                      |
| <b>Total</b>                         | <b>7,717</b>               | <b>8,350</b>                    | <b>16,065</b>              | <b>(7,107)</b>                  | <b>8,960</b>               |

**4. TAX EXPENSE (CONT'D)**

The Company anticipates future profits will be earned to utilise deferred tax assets.

The current tax asset recognised on the balance sheet represents a refund due within 12 months.

**RECOGNITION AND MEASUREMENT****CURRENT TAX**

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

**DEFERRED TAX**

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that a sufficient taxable amount will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets and the liabilities giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

**CURRENT AND DEFERRED TAX FOR THE PERIOD**

Current and deferred tax is recognised as an expense or income in the statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

**GOODS AND SERVICES TAX**

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

Receivables and payables are stated with the amount of GST included. The net GST recoverable from, or payable to, the taxation authority 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 component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

**UNCERTAIN INCOME TAX TREATMENTS**

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company has an overseas subsidiary, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company applied a risk weighted measurement to the tax treatments used in the Company and has determined that there is no change required under AASB Interpretation 23 Uncertainty over Income Tax Treatments.

## 5. SEGMENT INFORMATION

Operating segments are based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

| Business segments   | Products / Services                                                                              |
|---------------------|--------------------------------------------------------------------------------------------------|
| RV Solutions        | Manufacture, installation, repair and distribution of recreational vehicle parts and accessories |
| Building Solutions  | Design, construction, manufacture and sale of accommodation units                                |
| Community Solutions | Construction and operation of accommodation villages                                             |

### Revenue and results by reportable operating segment:

|                                                                   | SEGMENT REVENUE<br>AND<br>OTHER INCOME |                | DEPRECIATION AND<br>AMORTISATION |               | SEGMENT RESULT<br>(EBITA) <sup>2</sup> |                       |
|-------------------------------------------------------------------|----------------------------------------|----------------|----------------------------------|---------------|----------------------------------------|-----------------------|
|                                                                   | 2023                                   | 2022           | 2023                             | 2022          | 2023                                   | 2022                  |
|                                                                   | \$ '000                                | \$ '000        | \$ '000                          | \$ '000       | \$ '000                                | \$ '000               |
| RV Solutions                                                      | 80,603                                 | 81,209         | 3,782                            | 3,605         | 6,858                                  | 9,808                 |
| Building Solutions <sup>1</sup>                                   | 295,857                                | 333,090        | 9,206                            | 8,958         | (5,510) <sup>1</sup>                   | (64,151) <sup>1</sup> |
| Community Solutions                                               | 33,653                                 | 31,696         | 3,060                            | 3,203         | 10,198                                 | 8,277                 |
| <b>Operating segment total</b>                                    | <b>410,113</b>                         | <b>445,995</b> | <b>16,048</b>                    | <b>15,766</b> | <b>11,546</b>                          | <b>(46,066)</b>       |
| Unallocated                                                       | 453                                    | 109            | 786                              | 818           | (7,341)                                | (6,075)               |
| <b>Total</b>                                                      | <b>410,566</b>                         | <b>446,104</b> | <b>16,834</b>                    | <b>16,584</b> | <b>4,205</b>                           | <b>(52,141)</b>       |
| Amortisation of contract intangible (Building Solutions)          |                                        |                |                                  |               | -                                      | (1,137)               |
| <b>Profit before interest and tax (EBIT)</b>                      |                                        |                |                                  |               | <b>4,205</b>                           | <b>(53,278)</b>       |
| Finance costs                                                     |                                        |                |                                  |               | (1,585)                                | (1,494)               |
| <b>Profit before income tax expense</b>                           |                                        |                |                                  |               | <b>2,620</b>                           | <b>(54,772)</b>       |
| Income tax expense                                                |                                        |                |                                  |               | (574)                                  | 7,887                 |
| <b>Profit (loss) from continuing operations</b>                   |                                        |                |                                  |               | <b>2,046</b>                           | <b>(46,885)</b>       |
| Loss from discontinued operations                                 |                                        |                |                                  |               | -                                      | (579)                 |
| <b>Profit (loss) attributable to members of the parent entity</b> |                                        |                |                                  |               | <b>2,046</b>                           | <b>(47,464)</b>       |

<sup>1</sup> Underlying EBITA for Building Solutions for the period was a \$5.5m loss (30 June 2022: \$24.3m loss).

<sup>2</sup> Earnings before interest, tax and amortisation (EBITA) is considered a non-IFRS measure.

The unallocated line represents the results of the corporate function of the Company.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in the notes to the Financial Statements. Segment results represents earnings before interest and tax and amortisation without the allocation of corporate overheads.

### Company assets and liabilities by reportable operating segment:

|                                | SEGMENT ASSETS |                | SEGMENT LIABILITIES |                |
|--------------------------------|----------------|----------------|---------------------|----------------|
|                                | 2023           | 2022           | 2023                | 2022           |
|                                | \$ '000        | \$ '000        | \$ '000             | \$ '000        |
| RV Solutions                   | 53,411         | 50,705         | 14,155              | 14,036         |
| Building Solutions             | 139,770        | 172,762        | 85,802              | 122,029        |
| Community Solutions            | 21,419         | 23,072         | 4,791               | 5,381          |
| <b>Operating segment total</b> | <b>214,600</b> | <b>246,539</b> | <b>104,748</b>      | <b>141,446</b> |
| Unallocated                    | 61,587         | 63,656         | 5,805               | 5,229          |
| <b>Total</b>                   | <b>276,187</b> | <b>310,195</b> | <b>110,553</b>      | <b>146,675</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the year ended 30 June 2023

### 5. SEGMENT INFORMATION (CONT'D)

For the purposes of monitoring segment performance and allocating resources all assets and liabilities are allocated to the reportable segments other than current and deferred tax amounts and assets and liabilities directly utilised by the Corporate entity.

The Company operates in two principal geographical areas - Australia (country of domicile) and New Zealand. Company non-current assets and revenues by geographical segment:

| GEOGRAPHICAL AREA | SEGMENT<br>NON-CURRENT ASSETS |                | REVENUE AND<br>OTHER INCOME |                |
|-------------------|-------------------------------|----------------|-----------------------------|----------------|
|                   | 2023                          | 2022           | 2023                        | 2022           |
|                   | \$ '000                       | \$ '000        | \$ '000                     | \$ '000        |
| Australia         | 112,754                       | 126,239        | 402,913                     | 437,325        |
| New Zealand       | 1,592                         | 43             | 7,653                       | 8,779          |
| <b>Total</b>      | <b>114,346</b>                | <b>126,282</b> | <b>410,566</b>              | <b>446,104</b> |

### 6. DIVIDEND INFORMATION

During the period the following dividends were declared by the Directors and paid to shareholders of the Company.

|                                                      | CONSOLIDATED |               |
|------------------------------------------------------|--------------|---------------|
|                                                      | 2023         | 2022          |
|                                                      | \$ '000      | \$ '000       |
| <b>Recognised amounts</b>                            |              |               |
| Final 2021 - paid 10.5 cents per share fully franked | -            | 9,891         |
| Interim 2022 - paid 2 cents per share fully franked  | -            | 1,884         |
| <b>Total</b>                                         | <b>-</b>     | <b>11,775</b> |

#### Declared and not recognised as liabilities

|                                                         |              |          |
|---------------------------------------------------------|--------------|----------|
| Final 2023 - declared 2.1 cents per share fully franked | 1,978        | -        |
| <b>Total</b>                                            | <b>1,978</b> | <b>-</b> |

#### Dividend franking account

|                                                                                          |               |               |
|------------------------------------------------------------------------------------------|---------------|---------------|
| 30% franking credits available to shareholders of Fleetwood Limited for subsequent years | <b>18,778</b> | <b>18,645</b> |
|------------------------------------------------------------------------------------------|---------------|---------------|

### 7. EARNINGS PER SHARE

|                                                                                                                      | 2023         | 2022            |
|----------------------------------------------------------------------------------------------------------------------|--------------|-----------------|
|                                                                                                                      | \$ '000      | \$ '000         |
| Earnings used in the calculation of basic and diluted earnings per share from continuing and discontinued operations | 2,046        | (47,464)        |
| Adjustment to exclude loss from discontinued operation                                                               | -            | 579             |
| Earnings used in the calculation of basic and diluted earnings per share from continuing operations                  | <b>2,046</b> | <b>(46,885)</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the year ended 30 June 2023

### 7. EARNINGS PER SHARE (CONT'D)

The weighted average number of ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

|                                                                                            | WEIGHTED AVERAGE<br>NUMBER<br>OF SHARES USED |                   |
|--------------------------------------------------------------------------------------------|----------------------------------------------|-------------------|
|                                                                                            | 2023                                         | 2022              |
| Weighted average number of ordinary shares used in the calculation of basic EPS            | 94,284,579                                   | 94,198,742        |
| Number of shares deemed to be issued for no consideration in respect of performance rights | -                                            | -                 |
| <b>Weighted average number of ordinary shares used in the calculation of diluted EPS</b>   | <b>94,284,579</b>                            | <b>94,198,742</b> |

| <b>Earnings (loss) per share</b>       | <b>Cents</b> | <b>Cents</b>  |
|----------------------------------------|--------------|---------------|
| <b>Basic earnings (loss) per share</b> |              |               |
| Continuing operations                  | 2.2          | (49.8)        |
| Discontinued operations                | -            | (0.6)         |
| <b>Total</b>                           | <b>2.2</b>   | <b>(50.4)</b> |

|                                          |            |               |
|------------------------------------------|------------|---------------|
| <b>Diluted earnings (loss) per share</b> |            |               |
| Continuing operations                    | 2.2        | (49.8)        |
| Discontinued operations                  | -          | (0.6)         |
| <b>Total</b>                             | <b>2.2</b> | <b>(50.4)</b> |

**8. CASH AND CASH EQUIVALENTS**

|                                  | 2023<br>\$ '000 | 2022<br>\$ '000 |
|----------------------------------|-----------------|-----------------|
| <b>Cash and cash equivalents</b> | <b>46,578</b>   | <b>55,266</b>   |

Reconciliation of operating profit after income tax to net cash provided by operating activities:

|                                                                   |              |                 |
|-------------------------------------------------------------------|--------------|-----------------|
| <b>Operating profit (loss) after income tax</b>                   | <b>2,046</b> | <b>(47,464)</b> |
| <b>Items classified as investing activities:</b>                  |              |                 |
| Loss on sale of non-current assets                                | (588)        | (278)           |
| <b>Non-cash items:</b>                                            |              |                 |
| Equity settled share-based payments                               | 33           | 457             |
| Depreciation and amortisation expense                             | 16,834       | 16,584          |
| Amortisation of contract intangible                               | -            | 1,137           |
| Impairment of goodwill                                            | -            | 28,544          |
| Impairment of current assets                                      | 1,902        | 7,399           |
| Impairment reversal of plant and equipment                        | (754)        | -               |
| Other                                                             | (691)        | (88)            |
| Exchange differences arising on translation of foreign operations | -            | 163             |
| <b>Changes in assets and liabilities during the year:</b>         |              |                 |
| (Increase) decrease in trade and other receivables                | 11,755       | (2,221)         |
| (Increase) decrease in contract assets                            | 12,215       | (16,590)        |
| (Increase) decrease in inventories                                | (3,121)      | (1,336)         |
| (Increase) in other financial assets                              | (21)         | 2               |
| Increase (decrease) in trade and other payables                   | (25,008)     | 7,320           |
| Increase (decrease) in contract liabilities                       | 7,514        | 17,847          |
| Increase (decrease) in provisions                                 | (16,773)     | 17,409          |
| Increase (decrease) in other financial liabilities                | (19)         | 19              |
| Increase (decrease) in income taxes payable                       | (6,945)      | (5,304)         |
| (Increase) decrease in deferred taxes receivable                  | 7,105        | (8,348)         |
| <b>Net cash provided by operating activities</b>                  | <b>5,484</b> | <b>15,252</b>   |

**RECOGNITION AND MEASUREMENT**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in fair value and have a maturity of three months or less at the date of acquisition.

**9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS**

|                                            | NOTE | 2023<br>\$ '000 | 2022<br>\$ '000 |
|--------------------------------------------|------|-----------------|-----------------|
| <b>Trade and other receivables</b>         |      |                 |                 |
| Current                                    |      |                 |                 |
| Trade receivables                          |      | 36,680          | 50,855          |
| Less: allowance for expected credit losses | 15   | (608)           | (1,701)         |
| Finance lease receivable                   |      | 499             | 1,295           |
| Other debtors                              |      | 6,704           | 4,249           |
| Other current assets                       |      | 167             | -               |
| <b>Total</b>                               |      | <b>43,442</b>   | <b>54,698</b>   |
| <b>Non-Current</b>                         |      |                 |                 |
| Finance lease receivable                   |      | 1,198           | 1,697           |
| <b>Total</b>                               |      | <b>1,198</b>    | <b>1,697</b>    |
| <b>Contract assets<sup>1</sup></b>         |      |                 |                 |
| <b>Current</b>                             |      | <b>31,724</b>   | <b>43,939</b>   |
| <b>Non-Current</b>                         |      | <b>-</b>        | <b>-</b>        |

<sup>1</sup> As of 30 June 2023, approximately \$113.6 million of revenue is expected to be recognised from the remaining performance obligations. Fleetwood expects to recognise 100% of these remaining performance obligations as revenue over the next 12 months.

Trade and other debtors are non-interest bearing and are generally on terms ranging between 7 and 60 days. The average credit period on sales of goods is 30 to 60 days. All trade and other debtors are expected to be settled within 60 days of year end.

The allowance for expected credit losses is allocated within the Company's segments as shown below:

|                    | NOTE | EXPECTED CREDIT LOSSES |                 |
|--------------------|------|------------------------|-----------------|
|                    |      | 2023<br>\$ '000        | 2022<br>\$ '000 |
| <b>Current</b>     |      |                        |                 |
| RV Solutions       |      | (584)                  | (553)           |
| Building Solutions |      | (24)                   | (578)           |
| Discontinued       |      | -                      | (570)           |
| <b>Total</b>       |      | <b>(608)</b>           | <b>(1,701)</b>  |

Refer to Note 15 – Provisions for movements of the expected credit losses provision during the period.

The Company records finance lease receivables at the net present value of lease payments over the lease period as shown below.

|                                 | LEASE<br>PAYMENTS<br>\$'000 | FINANCE<br>CHARGES<br>\$'000 | NET PRESENT<br>VALUE<br>\$'000 |
|---------------------------------|-----------------------------|------------------------------|--------------------------------|
| <b>Finance Lease Receivable</b> |                             |                              |                                |
| Current                         | 540                         | (41)                         | 499                            |
| Non-current                     | 1,215                       | (17)                         | 1,198                          |
| <b>Total</b>                    | <b>1,755</b>                | <b>(58)</b>                  | <b>1,697</b>                   |

**RECOGNITION AND MEASUREMENT****CONTRACT ASSETS**

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on made-to-order buildings. Contract assets are assessed for impairment as part of the Company's expected credit losses assessment under AASB 9.

**9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS (CONT'D)****ALLOWANCE FOR EXPECTED CREDIT LOSSES**

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. Note 21 includes disclosures relating to the credit risk analysis relating to the allowance for expected credit losses.

**FINANCE LEASES**

The Company applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company retains ownership of the asset at the end of the lease term. The rate applied in discounting lease payments is equivalent to the rate implicit in the lease. Refer to note 17 for the accounting policy applicable to finance leases.

**10. INVENTORIES**

|                              | NOTE | 2023<br>\$ '000 | 2022<br>\$ '000    |
|------------------------------|------|-----------------|--------------------|
| <b>Current</b>               |      |                 |                    |
| Raw materials & stores       |      | 9,119           | 15,433             |
| Work in progress             |      | 5,181           | 1,575 <sup>1</sup> |
| Finished goods               |      | 22,558          | 15,932             |
| Stock obsolescence provision | 15   | (4,304)         | (3,507)            |
| <b>Total</b>                 |      | <b>32,554</b>   | <b>29,433</b>      |

<sup>1</sup> For comparative purposes, \$1,575 million of Property Plant & Equipment – Assets Under Construction has been reclassified to work in progress inventory for the prior financial year ended 30 June 2022.

The cost of inventories recognised as an expense during the year in respect of continuing operations was \$139.5 million (2022: \$154.2 million).

The stock obsolescence provision is allocated within the Company's segments as shown below:

|                    | NOTE | 2023<br>\$ '000 | 2022<br>\$ '000 |
|--------------------|------|-----------------|-----------------|
| <b>Current</b>     |      |                 |                 |
| RV Solutions       |      | (350)           | (548)           |
| Building Solutions |      | (3,954)         | (2,959)         |
| <b>Total</b>       |      | <b>(4,304)</b>  | <b>(3,507)</b>  |

Refer to Note 15 – Provisions for movements of the stock obsolescence provision during the period.

**RECOGNITION AND MEASUREMENT****INVENTORIES**

Inventories are carried at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal capacity. Costs of ordinarily interchangeable items are assigned using standard cost. Net realisable value represents the estimated selling prices for the inventories less all estimated costs of completion and costs necessary to make the sale.

**11. PROPERTY, PLANT AND EQUIPMENT**

|                                            | 2023<br>\$ '000 | 2022<br>\$ '000 |
|--------------------------------------------|-----------------|-----------------|
| <b>Freehold land</b>                       |                 |                 |
| Cost                                       | 1,408           | 1,408           |
|                                            | <b>1,408</b>    | <b>1,408</b>    |
| <b>Buildings</b>                           |                 |                 |
| Cost                                       | 1,343           | 1,343           |
| Accumulated depreciation                   | (574)           | (540)           |
|                                            | <b>769</b>      | <b>803</b>      |
| <b>Leasehold property and improvements</b> |                 |                 |
| Cost                                       | 53,162          | 51,854          |
| Accumulated amortisation                   | (44,287)        | (43,417)        |
|                                            | <b>8,875</b>    | <b>8,437</b>    |
| <b>Plant and equipment</b>                 |                 |                 |
| Cost                                       | 98,186          | 97,126          |
| Accumulated depreciation                   | (76,821)        | (73,124)        |
|                                            | <b>21,365</b>   | <b>24,002</b>   |
| <b>Assets under construction</b>           |                 |                 |
| Cost                                       | 143             | 696             |
| <b>Total</b>                               | <b>32,560</b>   | <b>35,346</b>   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the year ended 30 June 2023

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                                    | FREEHOLD<br>LAND | BUILDINGS  | LEASEHOLD<br>PROPERTY | PLANT AND<br>EQUIPMENT | ASSETS<br>UNDER<br>CON-<br>STRUCTION | TOTAL         |
|------------------------------------|------------------|------------|-----------------------|------------------------|--------------------------------------|---------------|
|                                    | \$ '000          | \$ '000    | \$ '000               | \$ '000                | \$ '000                              | \$ '000       |
| <b>2023 Financial Year</b>         |                  |            |                       |                        |                                      |               |
| <b>Balance at 1 July 2022</b>      | <b>1,408</b>     | <b>803</b> | <b>8,437</b>          | <b>24,002</b>          | <b>696</b>                           | <b>35,346</b> |
| Additions                          | -                | -          | 1,472                 | 4,679                  | -                                    | 6,151         |
| Reclassified to inventory          | -                | -          | -                     | -                      | (553)                                | (553)         |
| Disposals                          | -                | -          | -                     | (1,069)                | -                                    | (1,069)       |
| Depreciation and amortisation      | -                | (34)       | (1,034)               | (7,001)                | -                                    | (8,069)       |
| Impairment reversal on disposal    | -                | -          | -                     | 754                    | -                                    | 754           |
| <b>Balance at 30 June 2023</b>     | <b>1,408</b>     | <b>769</b> | <b>8,875</b>          | <b>21,365</b>          | <b>143</b>                           | <b>32,560</b> |
| <b>2022 Financial Year</b>         |                  |            |                       |                        |                                      |               |
| <b>Balance at 1 July 2021</b>      | <b>1,408</b>     | <b>837</b> | <b>8,395</b>          | <b>27,192</b>          | <b>2,011</b>                         | <b>39,843</b> |
| Additions                          | -                | -          | 790                   | 5,697                  | 1,459                                | 7,946         |
| Transferred to product development | -                | -          | -                     | (392)                  | -                                    | (392)         |
| Transferred to plant and equipment | -                | -          | -                     | 1,199                  | (1,199)                              | -             |
| Reclassified to inventory          | -                | -          | -                     | -                      | (1,575) <sup>1</sup>                 | (1,575)       |
| Transferred to project             | -                | -          | -                     | 129                    | -                                    | 129           |
| Disposals                          | -                | -          | -                     | (2,863)                | -                                    | (2,863)       |
| Depreciation and amortisation      | -                | (34)       | (748)                 | (6,960)                | -                                    | (7,742)       |
| <b>Balance at 30 June 2022</b>     | <b>1,408</b>     | <b>803</b> | <b>8,437</b>          | <b>24,002</b>          | <b>696</b>                           | <b>35,346</b> |

<sup>1</sup> For comparative purposes, \$1,575 million of Property Plant & Equipment – Assets Under Construction has been reclassified to work in progress inventory for the prior financial year ended 30 June 2022.

Each class of property, plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost or fair value of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land is not depreciated.

The cost of self-constructed assets includes the cost of materials and direct labour and any other costs attributable to bringing an asset to a working condition ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### ACQUISITION OF ASSETS

All assets including property, plant and equipment and intangibles are initially recorded at their cost at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. The costs of assets constructed or internally generated by the consolidated entity, include the cost of materials, direct labour, directly attributable overheads and other incidental costs.

Expenditure, including that on internally generated assets other than development costs, is only recognised as an asset when it is probable that future economic benefits will eventuate and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable future economic benefits will flow to the consolidated entity. Costs that do not meet the criteria for capitalisation are expensed as incurred.

**11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)****DEPRECIATION AND AMORTISATION**

All non-financial assets of the entity (except land) have limited useful lives and are depreciated/amortised using the straight-line method over their estimated useful lives to their estimated residual values. Assets are depreciated or amortised from the time an asset is ready for use.

Depreciation and amortisation rates and methods and residual values are reviewed annually for appropriateness. When changes are made adjustments are reflected in current and future periods only. Depreciation and amortisation are expensed, except to the extent they are included in the carrying amount of another asset as an allocation of production overheads.

Depreciation/amortisation rates used for each class of asset are as follows:

|                                     | 2023       | 2022       |
|-------------------------------------|------------|------------|
| Buildings                           | 2.5%       | 2.5%       |
| Leasehold property and improvements | 1% - 25%   | 2% - 25%   |
| Plant and equipment                 | 2.5% - 50% | 2.5% - 50% |

**IMPAIRMENT OF ASSETS OTHER THAN GOODWILL**

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, 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 which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the reversal of the impairment loss is treated as a revaluation increase.

**12. GOODWILL**

|                                                           | 2023            | 2022            |
|-----------------------------------------------------------|-----------------|-----------------|
|                                                           | \$ '000         | \$ '000         |
| <b>Goodwill</b>                                           | <b>43,522</b>   | <b>43,522</b>   |
| <b>Reconciliation of the carrying amount of Goodwill:</b> |                 |                 |
| Gross carrying amount                                     |                 |                 |
| Opening balance                                           | 104,046         | 104,046         |
|                                                           | <b>104,046</b>  | <b>104,046</b>  |
| <b>Accumulated impairment</b>                             |                 |                 |
| Opening balance                                           | (60,524)        | (31,980)        |
| Impairment loss in respect of Building Solutions          | -               | (28,544)        |
|                                                           | <b>(60,524)</b> | <b>(60,524)</b> |
| RV Solutions                                              | 9,110           | 9,110           |
| Community Solutions                                       | 2,196           | 2,196           |
| Building Solutions                                        | 32,216          | 32,216          |
| <b>Total</b>                                              | <b>43,522</b>   | <b>43,522</b>   |

Goodwill is allocated to the Company's three cash-generating units: RV Solutions, Community Solutions and Building Solutions. Testing for impairment is carried out on an annual basis or whenever there is an indicator of impairment. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**IMPAIRMENT OF GOODWILL**

Testing for impairment is carried out on an annual basis or whenever there is an indicator of impairment. Goodwill is allocated to the Company's three cash-generating units: RV Solutions, Community Solutions and Building Solutions. The recoverable amount of the cash generating units has been determined based on value in use or fair value less cost to dispose. The value in use has been calculated using cashflow projections based on financial budgets approved by the board with key assumptions based on past experience and where applicable external sources of information. Projections are extrapolated over a 5-year period with the inclusion of a terminal value.

Community Solutions' recoverable amount was determined using fair value less cost to dispose. Management reviewed the carrying value at 31 May 2023. The fair value less cost to dispose used in impairment testing was based on external valuations. The outcome of the review was that no impairment charge to goodwill (30 June 2022: nil) was recognised for Community Solutions. There are no reasonably possible changes in key assumptions which would result in the carrying amount exceeding the recoverable amount.

The assumptions used to calculate the recoverable amount of each cash-generating unit and the scenario analysis performed in relation to RV Solutions and Building Solutions are detailed below:

**RV Solutions - Cash-Generating Unit**

RV Solutions' recoverable amount was determined using value in use. Management reviewed the carrying value at 31 May 2023. The five-year cash flow estimates used in impairment testing were based on Board approved budgets. The outcome of the review was that no impairment charge to goodwill (30 June 2022: nil) was recognised for RV Solutions. There are no reasonably possible changes in key assumptions which would result in the carrying amount exceeding the recoverable amount.

For the year ended 30 June 2023

**12. GOODWILL (CONT'D)**

| Assumptions           | 2023<br>Rate  | 2022<br>Rate  |
|-----------------------|---------------|---------------|
| Pre-tax discount rate | 13.6% - 17.1% | 13.6% - 17.1% |
| Revenue growth rate   | 2.5%          | 2.3%          |
| Terminal growth rate  | 2.5%          | 2.3%          |
| EBITDA margin         | 10.24%        | 12.82%        |

**Sensitivity analysis:**

| Assumption            | Increase /<br>(decrease) | 2023<br>Effect                                     | 2022<br>Effect                                     |
|-----------------------|--------------------------|----------------------------------------------------|----------------------------------------------------|
| Pre-tax discount rate | 1.0%                     | Valuation reduction of approximately \$4.3 million | Valuation reduction of approximately \$6.5 million |
| Revenue               | (0.5%)                   | Valuation reduction of approximately \$2.1 million | Valuation reduction of approximately \$3.5 million |
| EBITDA margin         | (0.25%)                  | Valuation reduction of approximately \$2.1 million | Valuation reduction of approximately \$2.6 million |

**Building Solutions Cash - Generating Unit**

Building Solutions' recoverable amount was determined using Fair value less cost to dispose. Management reviewed the carrying value at 31 May 2023. The five-year cash flow estimates used in impairment testing were based on Board approved budgets and external valuations of land. The outcome of the review was that no impairment charge to goodwill (30 June 2022: 28.5 million) was recognised for building Solutions. There are no reasonably possible changes in key assumptions which would result in the carrying amount exceeding the recoverable amount.

The calculation of fair value less cost of disposal for the Building Solutions cash-generating unit is most sensitive to the following assumptions summarised below:

| Assumptions           | 2023<br>Rate   | 2022<br>Rate  |
|-----------------------|----------------|---------------|
| Pre-tax discount rate | 13.6% - 17.1%  | 13.6% - 17.1% |
| Revenue growth rate   | 2.5%           | 3.5% - 2.5%   |
| Terminal growth rate  | 2.5%           | 2.5%          |
| EBITDA margin         | 3.2% - 5.0%    | 4.2% - 5.0%   |
| Value of land         | \$23.5 million | -             |
| Cost of disposal      | \$0.4 million  | -             |

**Discount rate** - The mid-point discount rate of 15.4% (30 June 2022: 15.4%) represents the current market assessment of the risks specific to the cash-generating unit, taking into consideration the time value of money and any individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows to reflect a pre-tax discount rate.

**Growth rate** - A growth rate of 2.5% (30 June 2022: 3.5% - 2.5%) has been estimated based on Management's historical ability to grow the cash-generating unit's revenues.

**Average EBITDA margin** - an EBITDA margin of 4.08% (30 June 2022: 4.75%) has been determined based on the FY24 Budget.

The following table describes the effect of changes to the above estimates on the impairment loss recorded in the Building Solutions cash-generating unit:

**Sensitivity analysis:**

| Assumption            | Increase /<br>(decrease) | 2023<br>Effect                                      | 2022<br>Effect                                       |
|-----------------------|--------------------------|-----------------------------------------------------|------------------------------------------------------|
| Pre-tax discount rate | 1.0%                     | Valuation reduction of approximately \$5.4 million. | Valuation reduction of approximately \$4.9 million.  |
| Revenue               | (0.5%)                   | Valuation reduction of approximately \$7.9 million. | Valuation reduction of approximately \$4.5 million.  |
| EBITDA margin         | (0.25%)                  | Valuation reduction of approximately \$6.4 million. | Valuation reduction of approximately \$10.2 million. |

**13. INTANGIBLE ASSETS**

|                                | 2023<br>\$ '000 | 2022<br>\$ '000 |
|--------------------------------|-----------------|-----------------|
| <b>Product development</b>     |                 |                 |
| At cost                        | 3,408           | 4,377           |
| Accumulated amortisation       | (2,047)         | (3,678)         |
|                                | <b>1,361</b>    | <b>699</b>      |
| <b>Product development WIP</b> |                 |                 |
| At cost                        | -               | -               |
|                                | <b>-</b>        | <b>-</b>        |
| <b>Contract intangible</b>     |                 |                 |
| Acquired                       | 14,924          | 14,924          |
| Accumulated amortisation       | (14,924)        | (14,924)        |
|                                | <b>-</b>        | <b>-</b>        |
| <b>ERP Software</b>            |                 |                 |
| At cost                        | 4,291           | 3,890           |
| Accumulated amortisation       | (2,825)         | (2,006)         |
|                                | <b>1,466</b>    | <b>1,884</b>    |
| <b>ERP Software WIP</b>        |                 |                 |
| At cost                        | 1,044           | 740             |
| <b>Total</b>                   | <b>3,871</b>    | <b>3,323</b>    |

## 13. INTANGIBLE ASSETS (CONT'D)

|                                      | PRODUCT<br>DEVELOP-<br>MENT<br>\$ '000 | PRODUCT<br>DEVELOP-<br>MENT WIP<br>\$ '000 | CONTRACT<br>INTANGIBLE<br>\$ '000 | ERP<br>SOFTWARE<br>\$ '000 | ERP<br>SOFTWARE<br>WIP<br>\$ '000 | TOTAL<br>\$ '000 |
|--------------------------------------|----------------------------------------|--------------------------------------------|-----------------------------------|----------------------------|-----------------------------------|------------------|
| <b>2023 Financial Year</b>           |                                        |                                            |                                   |                            |                                   |                  |
| <b>Balance at 1 July 2022</b>        | <b>699</b>                             | <b>-</b>                                   | <b>-</b>                          | <b>1,884</b>               | <b>740</b>                        | <b>3,323</b>     |
| Additions                            | 963                                    | -                                          | -                                 | 37                         | 674                               | 1,674            |
| Transferred from ERP Software WIP    | -                                      | -                                          | -                                 | 364                        | -                                 | 364              |
| Transferred to ERP                   | -                                      | -                                          | -                                 | -                          | (364)                             | (364)            |
| Disposals                            | -                                      | -                                          | -                                 | (112)                      | (6)                               | (118)            |
| Depreciation and amortisation        | (301)                                  | -                                          | -                                 | (707)                      | -                                 | (1,008)          |
| <b>Balance at 30 June 2023</b>       | <b>1,361</b>                           | <b>-</b>                                   | <b>-</b>                          | <b>1,466</b>               | <b>1,044</b>                      | <b>3,871</b>     |
| <b>2022 Financial Year</b>           |                                        |                                            |                                   |                            |                                   |                  |
| <b>Balance at 1 July 2021</b>        | <b>894</b>                             | <b>1,949</b>                               | <b>3,845</b>                      | <b>1,298</b>               | <b>1,514</b>                      | <b>9,500</b>     |
| Additions                            | 1,954                                  | -                                          | -                                 | 87                         | 798                               | 2,839            |
| Transferred from ERP Software WIP    | -                                      | -                                          | -                                 | 1,217                      | -                                 | 1,217            |
| Transferred from plant and equipment | 392                                    | -                                          | -                                 | -                          | -                                 | 392              |
| Transferred to product development   | -                                      | (1,949)                                    | -                                 | -                          | (1,572)                           | (3,521)          |
| Disposals                            | (136)                                  | -                                          | -                                 | -                          | -                                 | (136)            |
| Depreciation and amortisation        | (456)                                  | -                                          | (1,137)                           | (718)                      | -                                 | (2,311)          |
| Impairment                           | (1,949)                                | -                                          | (2,708)                           | -                          | -                                 | (4,657)          |
| Other                                | -                                      | -                                          | -                                 | -                          | -                                 | -                |
| <b>Balance at 30 June 2022</b>       | <b>699</b>                             | <b>-</b>                                   | <b>-</b>                          | <b>1,884</b>               | <b>740</b>                        | <b>3,323</b>     |

Intangible assets have a useful life of 2 to 5 years.

## RECOGNITION AND MEASUREMENT

## PRODUCT DEVELOPMENT

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An intangible asset arising from product development (or from the development phase of an internal project) is recognised if the following are demonstrated:

- + the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- + the intention to complete the intangible asset and use or sell it;
- + the ability to use or sell the intangible asset;
- + how the intangible asset will generate probable future economic benefits;
- + the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- + the expenditure attributable to the intangible asset during its development can be measured reliably.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the asset first meets the recognition criteria. Where no internally generated asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses and are amortised on a straight-line basis over their useful lives of 2 to 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## CONTRACT INTANGIBLE

Contract intangible assets are initially recognised at fair value and amortised over the useful life of the asset. The fair value for the contract intangible asset had arisen from the acquisition of Modular Building Systems Pty Ltd and was estimated using the estimated future cash flows. The future cash flows were based on contracts at acquisition, supply contracts and synergies with the Company's existing businesses.

**13. INTANGIBLE ASSETS (CONT'D)****DEPRECIATION AND AMORTISATION**

All intangible assets of the entity have limited useful lives and are amortised using the straight-line method over their estimated useful lives to their estimated residual values. Assets are amortised from the time an asset is ready for use.

Amortisation rates and methods and residual values are reviewed annually for appropriateness. When changes are made, adjustments are reflected in current and future periods only. Amortisation is expensed, except to the extent it is included in the carrying amount of another asset as an allocation of production overheads.

Amortisation rates used for each class of asset are as follows:

|                            | 2023      | 2022      |
|----------------------------|-----------|-----------|
| Software                   | 20% - 50% | 20% - 50% |
| Product development        | 20% - 50% | 20% - 50% |
| Contract intangible assets | 20% - 50% | 20% - 50% |

**IMPAIRMENT OF ASSETS OTHER THAN GOODWILL**

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, 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 which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value through equity, in which case the reversal of the impairment loss is treated as a revaluation increase.

**14. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES**

|                                         | 2023<br>\$ '000 | 2022<br>\$ '000 |
|-----------------------------------------|-----------------|-----------------|
| <b>Current</b>                          |                 |                 |
| Trade creditors                         | 24,083          | 42,944          |
| Payments in advance                     | 971             | 130             |
| Other creditors and accruals            | 12,162          | 19,150          |
| <b>Total</b>                            | <b>37,216</b>   | <b>62,224</b>   |
| <b>Contract liabilities<sup>1</sup></b> | <b>38,308</b>   | <b>30,794</b>   |

<sup>1</sup> As of 30 June 2023, approximately \$113.6million of revenue is expected to be recognised from the remaining performance obligations. Fleetwood expects to recognise 100% of these remaining performance obligations as revenue over the next 12 months.

Trade and other payables are non-interest bearing. The average credit period on purchases is 45 days.

**RECOGNITION AND MEASUREMENT****TRADE CREDITORS, OTHER CREDITORS AND ACCRUALS**

Liabilities are recognised for amounts to be paid in the future for goods or services received regardless of whether they have been billed to the Company. They are carried at amortised cost.

**CONTRACT LIABILITIES**

The contract liabilities primarily relate to the advance consideration received from customers for construction of buildings, for which revenue is recognised over time. Changes in contract liabilities are due to the stage of projects in progress and the timing of customer invoicing.

## 14. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONT'D)

## 15. PROVISIONS

|                                    | 2023<br>\$ '000 | 2022<br>\$ '000 |
|------------------------------------|-----------------|-----------------|
| <b>Current</b>                     |                 |                 |
| Employee benefits                  | 8,003           | 7,711           |
| Onerous contracts                  | -               | 14,127          |
| Warranty & defects                 | 623             | 3,969           |
| Other provisions                   | 722             | 85              |
| <b>Total</b>                       | <b>9,348</b>    | <b>25,892</b>   |
| <b>Non-current</b>                 |                 |                 |
| Employee benefits                  | 137             | 366             |
| <b>Total</b>                       | <b>137</b>      | <b>366</b>      |
| <b>Aggregate employee benefits</b> | <b>8,140</b>    | <b>8,077</b>    |

Accruals for employee benefits represent accrued annual leave and long service leave entitlements. Based on past experience, the consolidated entity does not expect the full amount of annual leave and long service leave balances classified as current liabilities to be settled within the next 12 months.

The warranty, defects and onerous contracts is allocated within the Company's segments as shown below:

|                    | NOTE | WARRANTY & DEFECTS |                 | ONEROUS CONTRACTS |                 |
|--------------------|------|--------------------|-----------------|-------------------|-----------------|
|                    |      | 2023<br>\$ '000    | 2022<br>\$ '000 | 2023<br>\$ '000   | 2022<br>\$ '000 |
| <b>Current</b>     |      |                    |                 |                   |                 |
| Building Solutions |      | 623                | 3,896           | -                 | 14,127          |
| Unallocated        |      | -                  | 73              | -                 | -               |
| <b>Total</b>       |      | <b>623</b>         | <b>3,969</b>    | <b>-</b>          | <b>14,127</b>   |

The estimation technique for accounting for warranties and defects in the Building Solutions business has been reassessed following growth in the size and complexity of projects undertaken.

An onerous contracts provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue. The provision is recognised in full in the period in which the loss-making contracts are identified under AASB 137.

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

|                        | NOTE | 2022<br>\$'000 | ARISING<br>DURING THE<br>YEAR<br>\$'000 | UTILISED<br>\$'000 | UNUSED<br>AMOUNTS<br>REVERSED<br>\$'000 | 2023<br>\$'000 |
|------------------------|------|----------------|-----------------------------------------|--------------------|-----------------------------------------|----------------|
|                        |      |                |                                         |                    |                                         |                |
| Expected credit losses | 9    | 1,701          | 30                                      | (1,123)            | -                                       | 608            |
| Stock obsolescence     | 10   | 3,507          | 1,322                                   | (525)              | -                                       | 4,304          |
| Onerous contracts      |      | 14,127         | -                                       | (14,127)           | -                                       | -              |
| Warranty & defects     |      | 3,969          | 550                                     | (2,280)            | (1,616)                                 | 623            |
| Other                  |      | 85             | 675                                     | (38)               | -                                       | 722            |
| <b>Total</b>           |      | <b>23,389</b>  | <b>2,577</b>                            | <b>(18,093)</b>    | <b>(1,616)</b>                          | <b>6,257</b>   |

## RECOGNITION AND MEASUREMENT

## PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

**15. PROVISIONS (CONT'D)**

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**EMPLOYEE BENEFITS****Annual and long service leave**

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions which are not expected to be settled within 12 months are measured as the present value of the estimated future cash flows to be made in respect of services provided by employees up to the reporting date. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash flows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

**16. FINANCING ARRANGEMENTS**

|                                          | 2023<br>\$ '000 | 2022<br>\$ '000 |
|------------------------------------------|-----------------|-----------------|
| <b>Facilities available</b>              |                 |                 |
| Multi-option                             | 46,000          | 50,000          |
| Surety Bonds                             | 35,000          | 35,000          |
| <b>Total Facilities available</b>        | <b>81,000</b>   | <b>85,000</b>   |
| <b>Facilities utilised</b>               |                 |                 |
| Multi-option                             | 10,354          | 8,957           |
| Surety Bonds                             | 8,364           | 18,091          |
| <b>Total Facilities utilised</b>         | <b>18,718</b>   | <b>27,048</b>   |
| <b>Facilities not utilised</b>           |                 |                 |
| Multi-option                             | 35,646          | 41,043          |
| Surety Bonds                             | 26,636          | 16,909          |
| <b>Total Facilities not utilised</b>     | <b>62,282</b>   | <b>57,952</b>   |
| <b>Multi-option facility utilisation</b> |                 |                 |
| Bank Loans                               | -               | -               |
| Bank Guarantees                          | 10,354          | 8,957           |
| <b>Multi-option facility utilised</b>    | <b>10,354</b>   | <b>8,957</b>    |

**Multi-option facility**

The multi-option facility allows Fleetwood to utilise the facility available at its discretion for bank loans and bank guarantees. Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at a BBSY rate plus 2.60% (2022: 0.90%) cash advance fee at the date of drawdown. A facility line fee of 1.1% (2022: 0.85%) is payable quarterly on the facility limit. Bank guarantees are utilised for construction contracts. No liability has been recognised in the consolidated statement of financial position in respect of bank guarantees.

**Surety Bonds**

Surety bonds are utilised for construction contracts. No liability has been recognised in the statement of financial position in respect of surety bonds.

**17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****RIGHT-OF-USE ASSETS**

The statement of financial position movements in right-of-use assets is shown below:

|                                                        | 2023<br>\$ '000 | 2022<br>\$ '000 |
|--------------------------------------------------------|-----------------|-----------------|
| <b>Cost</b>                                            |                 |                 |
| Opening balance                                        | 45,259          | 43,278          |
| Right-of-use additions                                 | 5,646           | 3,274           |
| Right-of-use modifications                             | -               | -               |
| Disposals                                              | (4,265)         | (1,293)         |
|                                                        | <b>46,640</b>   | <b>45,259</b>   |
| <b>Accumulated depreciation</b>                        |                 |                 |
| Opening balance                                        | 18,930          | 12,392          |
| Depreciation charged this year (continuing operations) | 7,757           | 7,668           |
| Disposals                                              | (4,282)         | (1,130)         |
|                                                        | <b>22,405</b>   | <b>18,930</b>   |
| <b>Total</b>                                           | <b>24,235</b>   | <b>26,329</b>   |

The Company has leases for offices, production facilities and related warehouses, and some IT equipment. With the exception of short-term leases and leases of low-value assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend of an index or a rate (such as lease payments based on a percentage of Company sales) are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use assets can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on the statement of financial position:

|                                         | NO. OF RIGHT-OF-USE ASSETS LEASED | RANGE OF REMAINING TERM | AVERAGE REMAINING LEASE TERM | NO. OF LEASES WITH OPTIONS TO PURCHASE | NO. OF LEASES WITH VARIABLE PAYMENTS LINKED TO AN INDEX OR RATE | NO. OF LEASES WITH TERMINATION OPTIONS |
|-----------------------------------------|-----------------------------------|-------------------------|------------------------------|----------------------------------------|-----------------------------------------------------------------|----------------------------------------|
| <b>30 June 2023</b>                     |                                   |                         |                              |                                        |                                                                 |                                        |
| Office buildings/<br>spaces             | 4                                 | 1-4 years               | 4 years                      | -                                      | 4                                                               | -                                      |
| Production facilities and<br>warehouses | 18                                | 1-7 years               | 4 years                      | -                                      | 18                                                              | -                                      |
| <b>30 June 2022</b>                     |                                   |                         |                              |                                        |                                                                 |                                        |
| Office buildings/<br>spaces             | 4                                 | 1-5 years               | 3 years                      | -                                      | 3                                                               | -                                      |
| Production facilities and<br>warehouses | 23                                | 1-8 years               | 2 years                      | -                                      | 15                                                              | -                                      |

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

Lease liabilities are presented in the statement of financial position as follows:

|                                 | 2023          | 2022          |
|---------------------------------|---------------|---------------|
|                                 | \$ '000       | \$ '000       |
| Lease liabilities (current)     | 5,970         | 5,027         |
| Lease liabilities (non-current) | 19,375        | 22,154        |
| <b>Total lease liabilities</b>  | <b>25,345</b> | <b>27,181</b> |

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2023 were as follows:

|                           | MINIMUM LEASE PAYMENTS DUE |              |              |              |              |                  |               |
|---------------------------|----------------------------|--------------|--------------|--------------|--------------|------------------|---------------|
|                           | LESS THAN<br>1 YEAR        | 1-2<br>YEARS | 2-3<br>YEARS | 3-4<br>YEARS | 4-5<br>YEARS | AFTER 5<br>YEARS | TOTAL         |
| <b>30 June 2023</b>       |                            |              |              |              |              |                  |               |
| Lease payments            | 8,489                      | 7,019        | 4,099        | 3,617        | 2,882        | 1,313            | 27,419        |
| Finance charges           | (798)                      | (566)        | (348)        | (215)        | (110)        | (37)             | (2,074)       |
| <b>Net present values</b> | <b>7,691</b>               | <b>6,453</b> | <b>3,751</b> | <b>3,402</b> | <b>2,772</b> | <b>1,276</b>     | <b>25,345</b> |
| <b>30 June 2022</b>       |                            |              |              |              |              |                  |               |
| Lease payments            | 7,339                      | 6,485        | 5,271        | 3,322        | 3,138        | 3,595            | 29,150        |
| Finance charges           | (672)                      | (498)        | (345)        | (230)        | (145)        | (79)             | (1,969)       |
| <b>Net present values</b> | <b>6,667</b>               | <b>5,987</b> | <b>4,926</b> | <b>3,092</b> | <b>2,993</b> | <b>3,516</b>     | <b>27,181</b> |

**Lease payments not recognised as a liability**

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of a lease liability is as follows:

|                                 | 2023         | 2022       |
|---------------------------------|--------------|------------|
|                                 | \$ '000      | \$ '000    |
| Short term and low value leases | 1,125        | 731        |
| <b>Total</b>                    | <b>1,125</b> | <b>731</b> |

**The Company as a lessee**

For any new contracts entered into, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- + the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- + the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- + the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

**The Company as a lessor**

The Company's accounting policy under AASB 16 has not changed from the comparative period. As a lessor the Company classified its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

**RECOGNITION AND MEASUREMENT****The Company as a lessee**

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentive received).

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

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, of if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, of statement of profit or loss and other comprehensive income if the right-of-use asset is already reduced to zero.

The Company has elected to account for short term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**18. EQUITY AND RESERVES****ISSUED CAPITAL**

|                                                           | 2023<br>\$ '000 | 2022<br>\$ '000 |
|-----------------------------------------------------------|-----------------|-----------------|
| Issued and paid-up capital                                |                 |                 |
| 94,284,579 (2022: 94,198,742) ordinary shares, fully paid | 253,361         | 253,170         |

Holders of ordinary shares are entitled to receive dividends as declared and to one vote per share held.

|                                                     | 2023<br># SHARES  | 2023<br>\$ '000 | 2022<br># SHARES  | 2022<br>\$ '000 |
|-----------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| Movements in ordinary share capital                 |                   |                 |                   |                 |
| Balance at beginning of year                        | 94,198,742        | 253,170         | 94,198,742        | 253,726         |
| Equity settled share-based payments                 | -                 | -               | -                 | -               |
| Issue of shares on conversion of performance rights | 85,837            | 191             | -                 | -               |
| Transfer to Share based payment reserve             | -                 | -               | -                 | (556)           |
| <b>Balance at the end of year</b>                   | <b>94,284,579</b> | <b>253,361</b>  | <b>94,198,742</b> | <b>253,170</b>  |

**RESERVES**

|                                                           | 2023<br>\$ '000 | 2022<br>\$ '000 |
|-----------------------------------------------------------|-----------------|-----------------|
| <b>Foreign currency translation reserve</b>               |                 |                 |
| Balance at beginning of year                              | 97              | 260             |
| Translation of foreign operations                         | -               | (163)           |
|                                                           | <b>97</b>       | <b>97</b>       |
| <b>Share Plan reserve</b>                                 |                 |                 |
| Balance at beginning of year                              | (2,126)         | (2,126)         |
| Share plan settlements                                    | 42              | -               |
|                                                           | <b>(2,084)</b>  | <b>(2,126)</b>  |
| <b>Share Based Payment reserve</b>                        |                 |                 |
| Balance at beginning of year                              | 837             | -               |
| Equity settled share-based payments                       | 33              | 457             |
| Issue of shares on conversion of performance rights       | (191)           | -               |
| Transfer share-based payments from ordinary share capital | -               | 556             |
| Forfeiture of equity settled share-based payments         | (191)           | (176)           |
|                                                           | <b>488</b>      | <b>837</b>      |
| <b>Balance at end of year</b>                             | <b>(1,499)</b>  | <b>(1,192)</b>  |

**18. EQUITY AND RESERVES (CONTINUED)**

Foreign currency translation reserve relates to exchange difference on the translation of self-sustaining foreign operations.

Share Plan reserve relates to funds advanced to the Company's Executive Share Trust in respect of grants the Directors have elected to satisfy by advancing money to the trust to purchase shares on market for the executive long-term incentive plans.

Share Based Payment reserve refers to performance rights received by employees determined in accordance with the provisions of Executive Long Term Incentive Plan which was approved by the shareholders.

**RETAINED EARNINGS**

|                                                     | 2023<br>\$ '000 | 2022<br>\$ '000 |
|-----------------------------------------------------|-----------------|-----------------|
| <b>Balance at beginning of year</b>                 | <b>(88,458)</b> | <b>(29,395)</b> |
| Profit attributable to members of the parent entity | 2,046           | (47,464)        |
| Forfeiture of equity settled share-based payments   | 191             | 176             |
| Dividends paid to shareholders                      | -               | (11,775)        |
| Other                                               | (7)             | -               |
| <b>Balance at end of year</b>                       | <b>(86,228)</b> | <b>(88,458)</b> |

**19. AUDITORS REMUNERATION**

Fleetwood Limited's auditor in FY23 is Ernst & Young.

|                               | 2023<br>\$     | 2022<br>\$     |
|-------------------------------|----------------|----------------|
| Audit and review services     | 333,000        | 254,000        |
| Other Services - Tax services | 62,620         | 29,250         |
|                               | <b>395,620</b> | <b>283,250</b> |

**20. DEED OF CROSS GUARANTEE**

Fleetwood Limited and certain wholly-owned subsidiaries are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the other. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The companies below represent a 'closed group' for the purposes of the class order:

- + Fleetwood Limited
- + Camec Pty Ltd
- + Northern RV Pty Ltd
- + Recreational Vehicle Concepts Pty Ltd
- + Fleetwood WA & SA Pty Ltd (formerly Fleetwood Pty Ltd)
- + Glyde Digital Pty Ltd (formerly ACN 050 031 993 Pty Ltd)
- + Fleetwood VIC & QLD Pty Ltd (formerly BRB Modular Pty Ltd)
- + Fleetwood NSW Pty Ltd (formerly Modular Building Systems Pty Ltd)
- + Fleetwood Finance (WA) Pty Ltd

**20. DEED OF CROSS GUARANTEE (CONTINUED)**

Set out below is a consolidated statement of comprehensive income and statement of financial position of the 'closed group'.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|                                                                                   | CONSOLIDATED  |                 |
|-----------------------------------------------------------------------------------|---------------|-----------------|
|                                                                                   | 2023          | 2022            |
|                                                                                   | \$'000        | \$'000          |
| <b>Deed of cross guarantee (continuing operations)</b>                            |               |                 |
| Sales revenue                                                                     | 403,495       | 438,446         |
| Other income                                                                      | 1,223         | 961             |
| Materials used                                                                    | (135,929)     | (149,692)       |
| Sub-contract costs                                                                | (142,201)     | (167,795)       |
| Employee benefits expense                                                         | (80,173)      | (74,590)        |
| Rent expense                                                                      | (1,123)       | (730)           |
| Impairment of assets                                                              | (2,742)       | (35,943)        |
| Warranty and defects expense                                                      | (550)         | (3,896)         |
| Onerous contracts                                                                 | -             | (14,127)        |
| Other expenses                                                                    | (22,165)      | (29,653)        |
| <b>Profit (loss) before interest, tax, depreciation and amortisation (EBITDA)</b> | <b>19,835</b> | <b>(37,019)</b> |
| Depreciation and amortisation expense                                             | (16,463)      | (16,240)        |
| <b>Profit (loss) before interest, tax and amortisation (EBITA)</b>                | <b>3,372</b>  | <b>(53,259)</b> |
| Amortisation of contract intangible                                               | -             | (1,137)         |
| <b>Profit (loss) before interest and tax (EBIT)</b>                               | <b>3,372</b>  | <b>(54,396)</b> |
| Finance costs                                                                     | (1,523)       | (1,487)         |
| <b>Profit (loss) before income tax expense</b>                                    | <b>1,849</b>  | <b>(55,883)</b> |
| Income tax expense                                                                | (379)         | 8,205           |
| <b>Profit (loss) from continuing operations</b>                                   | <b>1,470</b>  | <b>(47,678)</b> |
| Loss from discontinued operation                                                  | -             | (579)           |
| <b>Total profit (loss) for the year</b>                                           | <b>1,470</b>  | <b>(48,257)</b> |

**20. DEED OF CROSS GUARANTEE (CONTINUED)**  
**STATEMENT OF FINANCIAL POSITION**

|                                      | CONSOLIDATED   |                |
|--------------------------------------|----------------|----------------|
|                                      | 2023           | 2022           |
|                                      | \$'000         | \$'000         |
| <b>Deed of cross guarantee</b>       |                |                |
| <b>Current assets</b>                |                |                |
| Cash and cash equivalents            | 46,402         | 52,445         |
| Trade and other receivables          | 42,319         | 54,429         |
| Contract assets                      | 31,724         | 43,939         |
| Inventories                          | 29,511         | 27,297         |
| Other financial assets               | 21             | -              |
| Tax assets                           | 8,215          | 1,119          |
| <b>Total current assets</b>          | <b>158,192</b> | <b>179,229</b> |
| <b>Non-current assets</b>            |                |                |
| Trade and other receivables          | 1,198          | 1,697          |
| Investments                          | 77             | 83             |
| Property, plant and equipment        | 32,548         | 35,327         |
| Right-of-use assets                  | 22,642         | 26,235         |
| Goodwill                             | 43,522         | 43,522         |
| Intangible assets                    | 3,871          | 3,323          |
| Deferred tax assets                  | 8,861          | 16,025         |
| <b>Total non-current assets</b>      | <b>112,719</b> | <b>126,212</b> |
| <b>Total assets</b>                  | <b>270,911</b> | <b>305,441</b> |
| <b>Current liabilities</b>           |                |                |
| Trade and other payables             | 36,770         | 62,312         |
| Contract liabilities                 | 38,308         | 30,794         |
| Lease liabilities                    | 5,630          | 4,963          |
| Provisions                           | 9,555          | 25,967         |
| Other financial liabilities          | -              | 19             |
| <b>Total current liabilities</b>     | <b>90,263</b>  | <b>124,055</b> |
| <b>Non-current liabilities</b>       |                |                |
| Interest bearing liabilities         | 122            | 122            |
| Lease liabilities                    | 18,077         | 22,118         |
| Provisions                           | 137            | 366            |
| <b>Total non-current liabilities</b> | <b>18,336</b>  | <b>22,606</b>  |
| <b>Total liabilities</b>             | <b>108,599</b> | <b>146,661</b> |
| <b>Net assets</b>                    | <b>162,312</b> | <b>158,780</b> |
| <b>Equity</b>                        |                |                |
| Issued capital                       | 253,356        | 253,166        |
| Reserves                             | (1,429)        | (1,042)        |
| Retained earnings                    | (89,615)       | (93,344)       |
| <b>Total equity</b>                  | <b>162,312</b> | <b>158,780</b> |

## 21. FINANCIAL RISK MANAGEMENT

### CAPITAL MANAGEMENT

The Company manages capital to ensure it will be able to continue as a going concern, while maximising returns to shareholders through optimisation of debt and equity balances. The categories of financial instruments of the entity are apparent from the statement of financial position.

The capital structure of the Company includes borrowings and related repayment terms (as detailed in note 16), cash and cash equivalents (as detailed in note 8) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings (as detailed in note 18).

Operating cash flows are used to maintain and expand the Company's operating assets, make payments of tax and dividends and to repay debt. Company policy is to borrow centrally to meet funding requirements. The Company does not have a target gearing ratio.

The Company has covenants imposed under its facility agreement with its financier.

### FINANCIAL RISK MANAGEMENT OBJECTIVES

Financial instruments comprise cash, receivables, payables, hire purchase creditors, and bank loans. All financial instruments except forward foreign exchange contracts are carried at amortised cost. The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company financial risk management framework. The objective of the framework is to support delivery of financial targets whilst providing financial security.

The main financial instrument risks are interest rate, foreign currency, credit and liquidity risk. Different methods are used to measure and manage risks including monitoring exposure to interest and foreign exchange rates and assessments of market forecasts for interest and foreign exchange rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of rolling cash flow forecasts.

### FOREIGN CURRENCY RISK MANAGEMENT

The Company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. The Company is mainly exposed to United States Dollars and the Euro.

|             | - 10%   |         |         | + 10%   |         |         |
|-------------|---------|---------|---------|---------|---------|---------|
|             | USD     | EURO    | TOTAL   | USD     | EURO    | TOTAL   |
|             | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| 2023 Profit | (1)     | (132)   | (133)   | 1       | 132     | 133     |
| 2022 Profit | (1,233) | (1,055) | (2,288) | 1,233   | 1,055   | 2,288   |
| 2023 Equity | (1)     | (132)   | (133)   | 1       | 132     | 133     |
| 2022 Equity | (1,233) | (1,055) | (2,288) | 1,233   | 1,055   | 2,288   |

### FORWARD FOREIGN EXCHANGE CONTRACTS

Company policy is to enter into forward foreign exchange contracts to manage the risk associated with anticipated purchases denominated in foreign currency. Anticipated purchases are assessed out to twelve months from the date the contract is entered into, with 0-100% of the anticipated exposure covered. Basis adjustments are made to the carrying amounts of non-financial items when the anticipated purchase transaction takes place.

| OUTSTANDING<br>CONTRACTS | AVERAGE<br>EXCHANGE RATE |      | FOREIGN<br>CURRENCY |        | NOTIONAL<br>VALUE |        | FAIR VALUE |             |
|--------------------------|--------------------------|------|---------------------|--------|-------------------|--------|------------|-------------|
|                          | 2023                     | 2022 | 2023                | 2022   | 2023              | 2022   | 2023       | 2022        |
|                          | \$                       | \$   | FC'000              | FC'000 | \$'000            | \$'000 | \$'000     | \$'000      |
| <b>Buy USD</b>           |                          |      |                     |        |                   |        |            |             |
| Less than 3 months       | 0.67                     | 0.72 | 503                 | 615    | 751               | 855    | 15         | 36          |
| 3 to 6 months            | -                        | -    | -                   | -      | -                 | -      | -          | -           |
| 6 to 12 months           | -                        | -    | -                   | -      | -                 | -      | -          | -           |
| <b>Buy Euro</b>          |                          |      |                     |        |                   |        |            |             |
| Less than 3 months       | 0.62                     | 0.62 | 557                 | 450    | 899               | 721    | 6          | (35)        |
| 3 to 6 months            | -                        | 0.63 | -                   | 300    | -                 | 480    | -          | (20)        |
| 6 to 12 months           | -                        | -    | -                   | -      | -                 | -      | -          | -           |
|                          |                          |      |                     |        |                   |        | <b>21</b>  | <b>(19)</b> |

During 2023 a gain of \$21,130, was recognised in profit and loss pertaining to forward exchange contracts (2022: \$20,555 loss)

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****INTEREST RATE RISK MANAGEMENT**

Interest rate risk arises from borrowings. Company policy is to manage finance costs by using a mix of fixed and variable rate debt after considering market forecasts.

|                                         |                    | - 75 BPS     |              | + 75 BPS   |            |
|-----------------------------------------|--------------------|--------------|--------------|------------|------------|
|                                         | CARRYING<br>AMOUNT | PROFIT       | EQUITY       | PROFIT     | EQUITY     |
|                                         | \$ '000            | \$ '000      | \$ '000      | \$ '000    | \$ '000    |
| <b>Financial assets</b>                 |                    |              |              |            |            |
| <b>2023 - Cash and cash equivalents</b> | <b>46,578</b>      | <b>(349)</b> | <b>(349)</b> | <b>349</b> | <b>349</b> |
| 2022 - Cash and cash equivalents        | 55,266             | (414)        | (414)        | 414        | 414        |
| <b>Financial liabilities</b>            |                    |              |              |            |            |
| <b>2023 - Borrowings</b>                | <b>-</b>           | <b>-</b>     | <b>-</b>     | <b>-</b>   | <b>-</b>   |
| 2022 - Borrowings                       | -                  | -            | -            | -          | -          |
| <b>2023</b>                             |                    | <b>(349)</b> | <b>(349)</b> | <b>349</b> | <b>349</b> |
| 2022                                    |                    | (414)        | (414)        | 414        | 414        |

**CREDIT RISK MANAGEMENT**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Company policy is to deal with creditworthy counterparties and obtain sufficient collateral where appropriate as a means of mitigating the risk of financial loss from default. Reviews of customer creditworthiness are undertaken before payment and delivery terms are offered. The review assesses credit quality of the customer, taking into account its financial position, past experience, industry reputation and other factors. Purchase limits are established for each customer, and compliance with credit limits is regularly monitored. Customers that fail to meet benchmark creditworthiness may transact with the Company only on a prepayment basis. Sales to retail customers are required to be settled in cash or by using major credit cards, mitigating credit risk.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Company's maximum exposure to credit risk at the report date was:

|                           |      | 2023           | 2022           |
|---------------------------|------|----------------|----------------|
|                           | NOTE | \$ '000        | \$ '000        |
| Cash and cash equivalents | 8    | 46,578         | 55,266         |
| Trade receivables         | 9    | 36,680         | 50,855         |
| Contract assets           | 9    | 31,724         | 43,939         |
|                           |      | <b>114,982</b> | <b>150,060</b> |

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables and contract assets. In measuring the expected credit losses, the trade receivables have been assessed on an individual customer basis. They have been grouped based on the days past due.

Trade receivables are written off (derecognised) when there is no reasonable expectation of recovery. Cessation of customer operations or failure to engage with the Company on alternative payment arrangement amongst others are considered indicators of no reasonable expectation of recovery.

For the year ended 30 June 2023

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)**

The aging of the Company's non-impaired trade receivables past due at reporting date was:

|                                     | CURRENT | GREATER<br>THAN 30 DAYS | GREATER<br>THAN 60 DAYS | TOTAL  |
|-------------------------------------|---------|-------------------------|-------------------------|--------|
| <b>30 June 2023</b>                 |         |                         |                         |        |
| Gross carrying amount (\$'000s)     | 24,071  | 9,649                   | 2,960                   | 36,680 |
| Expected credit loss rate (\$'000s) | -       | 8                       | 600                     | 608    |
| Lifetime expected credit loss       | 0%      | 0%                      | 20%                     | 2%     |
| <b>30 June 2022</b>                 |         |                         |                         |        |
| Gross carrying amount (\$'000s)     | 22,742  | 15,646                  | 12,467                  | 50,855 |
| Expected credit loss rate (\$'000s) | -       | -                       | 1,701                   | 1,701  |
| Lifetime expected credit loss       | 0%      | 0%                      | 14%                     | 3%     |

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

**LIQUIDITY RISK MANAGEMENT**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk framework for the management of short, medium and long-term funding. Liquidity risk is managed by maintaining adequate reserves and banking facilities, by monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Note 16 lists unused facilities that the Company has at its disposal to reduce liquidity risk. The remaining contractual maturities of the Company are:

- + 3 months or less: Trade and other payables as disclosed at note 14. Trade and other payables do not attract an interest charge and are expected to be settled within 60 days of year end.
- + 12 months or more: Lease Liabilities as disclosed at note 17.

**FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The fair value of financial assets and liabilities recognised in the statement of financial position is based on cash flows due from customers or payable to suppliers. The cash flows have not been discounted to their present value, except as disclosed in the table below. The carrying values approximate fair value. The fair values of financial instruments are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. There are clearly observable quoted prices all financial instruments held by the Company. Some of the Company's financial assets and liabilities are measured at fair value and the end of each reporting period. Information about how the fair values of these financial liabilities are determined (in particular, the valuation techniques and inputs used).

|                                    | FAIR VALUE AS AT |        | FAIR VALUE<br>HIERARCHY | VALUATION<br>TECHNIQUE AND KEY<br>INPUTS                                                                                                             |
|------------------------------------|------------------|--------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | 2023             | 2022   |                         |                                                                                                                                                      |
|                                    | \$'000           | \$'000 |                         |                                                                                                                                                      |
| <b>Financial assets</b>            |                  |        |                         |                                                                                                                                                      |
| Foreign currency forward contracts | 21               | Nil    | Level 2                 | Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract forward rates, discounted to their present value. |
| <b>Financial liabilities</b>       |                  |        |                         |                                                                                                                                                      |
| Foreign currency forward contracts | Nil              | 19     | Level 2                 | Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract forward rates, discounted to their present value. |

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****RECOGNITION AND MEASUREMENT****FOREIGN CURRENCY FORWARD CONTRACTS**

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

The Company's foreign currency forward contracts are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. These contracts are fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The resulting gain or loss is recognised in Statement of Profit or Loss and Other Comprehensive Income immediately.

**22. CONTINGENT LIABILITIES**

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totalling \$108,599,000 (2022: \$146,661,000) in the event any of the entities which are party to the Deed are wound up.

The Directors are not aware of any circumstances or information that would lead them to believe these liabilities will crystallise and consequently no provisions are included in the financial statements in respect of these matters.

Certain claims arising out of construction and insurance contracts have been made by or against controlled entities in the ordinary course of business, some of which involved litigation or adjudication. The Directors do not consider the outcome of any of these claims will have a material adverse impact on the financial position of the consolidated entity.

**23. CONTROLLED ENTITIES**

Fleetwood Limited (Ultimate parent entity)

**Continuing Operations**

| CONTROLLED ENTITIES                                                                                        | PLACE OF INCORPORATION | PRINCIPAL ACTIVITIES                                                                                      | INTEREST HELD (%) |      |
|------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------------------------------------|-------------------|------|
|                                                                                                            |                        |                                                                                                           | 2023              | 2022 |
| <b>Northern RV Pty Ltd</b><br>ACN 008 763 193                                                              | Australia              | Caravan plumbing and electrical services and parts supplier.                                              | 100               | 100  |
| <b>Camec Pty Ltd</b><br>ACN 004 846 584                                                                    | Australia              | Manufacturer and distributor of parts and accessories to the recreational vehicles industry.              | 100               | 100  |
| <b>Camec (NZ) Limited</b><br>NZBN 9429038762321                                                            | New Zealand            | Manufacturer and distributor of parts and accessories to the recreational vehicles industry.              | 100               | 100  |
| <b>Fleetwood VIC &amp; QLD Pty Ltd</b><br>(Formerly BRB Modular Pty Ltd)<br>ACN 114 678 349                | Australia              | Accommodation solutions provider to the resources, education and affordable housing sectors.              | 100               | 100  |
| <b>Fleetwood WA &amp; SA Pty Ltd</b><br>(Formerly Fleetwood Building Solutions Pty Ltd)<br>ACN 009 306 950 | Australia              | Accommodation solutions provider to the resources, education and affordable housing sectors.              | 100               | 100  |
| <b>Fleetwood NSW Pty Ltd</b><br>(Formerly Modular Building Systems Pty Ltd)<br>ACN 127 380 330             | Australia              | Accommodation solutions provider to the resources, education, affordable housing and corrections sectors. | 100               | 100  |
| <b>Glyde Digital Pty Ltd</b><br>(Formerly ACN 050 031 993 Pty Ltd)                                         | Australia              | Development and commercialisation of a keyless lock and energy management system.                         | 100               | 100  |
| <b>Fleetwood Share Plans Pty Ltd</b><br>ACN 603 368 903                                                    | Australia              | Administration of Employee Long Term Incentive Plan                                                       | 100               | 100  |

**23. CONTROLLED ENTITIES (CONTINUED)****Discontinued and Dormant operations**

| CONTROLLED ENTITIES                                             | PLACE OF INCORPORATION | PRINCIPAL ACTIVITIES                                             | INTEREST HELD (%) |      |
|-----------------------------------------------------------------|------------------------|------------------------------------------------------------------|-------------------|------|
|                                                                 |                        |                                                                  | 2023              | 2022 |
| <b>Fleetwood Finance (WA) Pty Ltd</b><br>ACN 008 740 743        | Australia              | Dormant                                                          | 100               | 100  |
| <b>Recreational Vehicle Concepts Pty Ltd</b><br>ACN 008 682 513 | Australia              | Discontinued caravan manufacturing operation                     | 100               | 100  |
| <b>ACN 625 111 328 Pty Ltd</b>                                  | Australia              | Discontinued retail of caravans, parts and accessories operation | 100               | 100  |
| <b>ACN 625 109 702 Pty Ltd</b>                                  | Australia              | Dormant                                                          | 100               | 100  |
| <b>ACN 625 109 793 Pty Ltd</b>                                  | Australia              | Dormant                                                          | 100               | 100  |
| <b>Fleetwood Limited</b><br>NZBN 9429038426193                  | New Zealand            | Dormant                                                          | 100               | 100  |

Fleetwood Limited is the head entity within the tax consolidated group. All companies incorporated in Australia are members of the tax consolidated group.

**24. RELATED PARTIES****DIRECTORS**

The names of each person holding the position of Director of Fleetwood Limited during the financial year were John Klepec, Bruce Nicholson, Adrienne Parker, Jeff Dowling, Mark Southey, and Martin Monro.

No Director has entered into a material contract with the Company or the consolidated entity during and since the end of the financial year and there were no material contracts involving directors' interests existing at year-end.

Directors of the Company or its controlled 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.

Further information on remuneration of directors and key management personnel can be found in the Remuneration Report.

**KEY MANAGEMENT PERSONNEL**

Aggregate compensation of the key management personnel of the consolidated entity and the Company for the year:

|                              | CONSOLIDATED     |                  |
|------------------------------|------------------|------------------|
|                              | 2023             | 2022             |
|                              | \$               | \$               |
| Short-term employee benefits | 4,197,373        | 3,622,709        |
| Post-employment benefits     | 291,185          | 251,201          |
| Other long-term benefits     | 210,368          | 304,903          |
| Share-based payments         | (132,740)        | 396,101          |
| <b>Total</b>                 | <b>4,566,186</b> | <b>4,574,914</b> |

**Transactions between Fleetwood Limited and its related parties**

During the financial year subsidiaries of the parent company paid \$2,000,000 (2022: \$5,000,000) dividends to the parent entity. Non-current loans totaling \$123,271,481 (2022: \$138,239,317) repayable to the parent are outstanding at reporting date.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of the consolidated financial statements of the Company.

**25. PARENT ENTITY DISCLOSURES**

|                                                          |      | PARENT         |                |
|----------------------------------------------------------|------|----------------|----------------|
|                                                          | NOTE | 2023<br>\$'000 | 2022<br>\$'000 |
| <b>28.1 Financial position</b>                           |      |                |                |
| <b>Assets</b>                                            |      |                |                |
| Current assets                                           |      | 51,320         | 53,514         |
| Non-current assets                                       |      | 164,469        | 165,561        |
| <b>Total assets</b>                                      |      | <b>215,789</b> | <b>219,075</b> |
| <b>Liabilities</b>                                       |      |                |                |
| Current liabilities                                      |      | 2,702          | 2,408          |
| Non-current liabilities                                  |      | 3,142          | 3,538          |
| <b>Total liabilities</b>                                 |      | <b>5,844</b>   | <b>5,946</b>   |
| <b>Equity</b>                                            |      |                |                |
| Issued capital                                           |      | 253,361        | 253,170        |
| Reserves                                                 |      | (1,597)        | (1,288)        |
| Retained earnings                                        |      | (41,819)       | (38,752)       |
| <b>Total equity</b>                                      |      | <b>209,945</b> | <b>213,130</b> |
| <b>28.2 Financial performance</b>                        |      |                |                |
| (Loss) / profit for the year                             |      | (241)          | 415            |
| Other comprehensive income                               |      | -              | -              |
| <b>Total comprehensive loss</b>                          |      | <b>(241)</b>   | <b>415</b>     |
| <b>28.3 Guarantees entered into by the parent entity</b> |      |                |                |
| Guarantee provided under the deed of cross guarantee     | 20   | 108,599        | 146,661        |

The accounting policies of the parent entity, which have been applied in determining the financial information above are the same as those applied in the consolidated financial statements.

Under the terms of the Deed of Cross Guarantee, the Company has guaranteed the repayment of all current and non-current liabilities totaling \$108,599,000 (2022: \$146,661,000) in the event any of the entities which are party to the Deed are wound up.

The parent entity had no other contingent liabilities as at 30 June 2023 (2022: nil).

**26. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

On 30 August 2023, the Directors declared a final dividend of 2.1 cents per share with respect to the year ended 30 June 2023.

No adjusting or significant non-adjusting events occurred between the reporting date and the date of authorisation of this report.

The report is provided separately



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## Independent auditor's report to the members of Fleetwood Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Fleetwood Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



### Revenue Recognition on Construction Contracts

| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Group recognises revenue from construction contracts in accordance with the requirements of AASB 15 <i>Revenues from Contracts with Customers</i>, by measuring the percentage of completion with reference to costs incurred relative to the total expected costs to be incurred on each contract. Total revenue recognised in connection with construction contracts for the year ended 30 June 2023 was \$296 million.</p> <p>This is a key audit matter due to the degree of complexity, estimation and judgement required with regard to:</p> <ul style="list-style-type: none"> <li>• Determining the transaction price under the customer contract</li> <li>• Assessing the total contract costs</li> <li>• Measuring the Group's progress towards the complete satisfaction of the performance obligations under the customer contract</li> </ul> <p>The Group's accounting policies and disclosures for revenue are detailed in Note 1.6 Critical Accounting Judgement and Sources of Estimation Uncertainty and Note 2 Sales Revenue of the financial report.</p> | <p>In our testing of the revenue recognition for the reporting period, we selected construction contracts on a sample basis and:</p> <ul style="list-style-type: none"> <li>► Held discussions with applicable Group executives to understand the specific terms and risks of those contracts to assess the revenue recognition policies adopted by the Group;</li> <li>► Understood the performance and status of the major contracts through enquiries with Group executives with oversight over the various contract portfolios;</li> <li>► Assessed the contract status through the examination of external evidence, such as signed contracts, approved variations and customer correspondence</li> <li>► Analysed the Group's estimates of total contract costs and forecast costs to complete</li> <li>► Tested costs incurred during the year to supporting documentation such as supplier invoices or approved timesheets and cost allocations to projects</li> <li>► Recalculated the percentage of completion based on the forecast costs and the total actual costs incurred; and</li> <li>► Recalculated the revenue recognised based on the percentage of completion.</li> </ul> <p>We assessed the adequacy of the related disclosures in the financial report.</p> |

### Goodwill - Building Solutions

| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>As at 30 June 2023, the Group carries \$32 million in Goodwill in the Building Solutions cash generating unit (CGU). In accordance with the requirements of Australian Accounting Standards, the Group is required to test all CGUs annually for impairment where goodwill is present. The Group assesses the recoverable amount of the Building Solutions CGU using a fair value less cost of disposal methodology.</p> <p>As disclosed in Note 12 to the financial statements, no impairment of goodwill was</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>► Assessed whether the methodology applied by the Group in testing the recoverable amount of Building Solutions CGU met the requirements of Australian Accounting Standards.</li> <li>► Assessed the basis for the determination of the Group's CGUs based on our understanding of the nature of the Group's business, the interdependence of cash flows, and the economic environment in which it operates.</li> </ul> |



| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>recognised during the year (2022: \$28.5m impairment of goodwill).</p> <p>Assumptions used in the forecasting of cash flows are highly judgmental and inherently subjective. As disclosed in Note 12, the fair value less cost of disposal calculations are sensitive to a number of key assumptions requiring management judgement.</p> <p>As a result, we considered the recoverability of the carrying value of the Building Solutions cash generating unit (CGU), inclusive of goodwill and the related disclosures in the financial report to be a key audit matter.</p> | <p>► Tested the mathematical accuracy of the discounted cash flow model and cost of disposal calculation.</p> <p>► Assessed the cash flow forecasts with reference to historical budgeting accuracy and current trading performance, historical growth rates, historical operating results, market data and forecasts, ratio analysis, and discussions with management and senior executives.</p> <p>► Involved our valuation specialists to:</p> <ul style="list-style-type: none"> <li>○ Assess the discount rates and terminal growth rates with reference to publicly available information on comparable companies in the industry and markets in which the Group operates;</li> <li>○ Review the appropriateness of the methodology and assumptions used in valuing the land property of the Building Solutions CGU;</li> <li>○ Perform sensitivity analyses and evaluate the impact of reasonably possible changes in certain assumptions on the recoverable amount.</li> </ul> <p>We also assessed the adequacy of the disclosures concerning impairment of the CGU as described in Note 12 of the financial report.</p> |



### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express 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 and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial report

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

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

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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



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

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Fleetwood Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

Ernst & Young

R J Curtin  
Partner  
Perth  
30 August 2023

## ASX ADDITIONAL INFORMATION

As at 22 August 2023

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below:

### FULLY PAID ORDINARY SHARES Twenty largest shareholders

| NAME                                                             | NUMBER OF<br>ORDINARY<br>SHARES HELD | %              |
|------------------------------------------------------------------|--------------------------------------|----------------|
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                        | 16,880,861                           | 17.90%         |
| CITICORP NOMINEES PTY LIMITED                                    | 13,339,823                           | 14.15%         |
| PALM BEACH NOMINEES PTY LIMITED                                  | 12,421,946                           | 13.17%         |
| KARRAD PTY LTD                                                   | 7,344,389                            | 7.79%          |
| NATIONAL NOMINEES LIMITED                                        | 5,268,270                            | 5.59%          |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                        | 5,036,121                            | 5.34%          |
| SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>                | 4,013,363                            | 4.26%          |
| T MITCHELL PTY LTD <THE T MITCHELL S/F A/C>                      | 1,426,646                            | 1.51%          |
| JARLI PTY LTD                                                    | 1,094,000                            | 1.16%          |
| NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>             | 966,399                              | 1.02%          |
| EQUITY T S PTY LTD                                               | 877,340                              | 0.93%          |
| BNP PARIBAS NOMS PTY LTD <DRP>                                   | 642,681                              | 0.68%          |
| HUNT PROSPERITY PTY LTD <INVESTIUS PB MICRO CAP A/C>             | 600,000                              | 0.64%          |
| BRAZIL FARMING PTY LTD                                           | 573,694                              | 0.61%          |
| MR GREG TATE                                                     | 338,873                              | 0.36%          |
| MR JOHN IAN AMOS + MRS CINTRA GAIL AMOS <NINGANA SUPER FUND A/C> | 329,143                              | 0.35%          |
| GOSAVI PTY LTD                                                   | 295,000                              | 0.31%          |
| KAILVA PTY LTD <SUPERANNUATION A/C>                              | 270,000                              | 0.29%          |
| HEATH SUPER (AUST) PTY LTD <HEATH SUPER FUND A/C>                | 247,000                              | 0.26%          |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2                | 243,141                              | 0.26%          |
|                                                                  | <b>72,208,690</b>                    | <b>76.95%</b>  |
| Other minority shareholders                                      | 22,075,889                           | 23.05%         |
| <b>TOTAL FULLY PAID ORDINARY SHARES (FWD)</b>                    | <b>94,284,579</b>                    | <b>100.00%</b> |

### Substantial shareholders

The number of shares held by substantial shareholders are set out below:

| NAME                                      |            |        |
|-------------------------------------------|------------|--------|
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 16,880,861 | 17.90% |
| CITICORP NOMINEES PTY LIMITED             | 13,339,823 | 14.15% |
| PALM BEACH NOMINEES PTY LIMITED           | 12,421,946 | 13.17% |
| KARRAD PTY LTD                            | 7,344,389  | 7.79%  |
| NATIONAL NOMINEES LIMITED                 | 5,268,270  | 5.59%  |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 5,036,121  | 5.34%  |

### Distribution of equity security holders

| CATEGORY         | NUMBER OF<br>SHAREHOLDERS | %              |
|------------------|---------------------------|----------------|
| 1 -1,000         | 1,812                     | 41.57%         |
| 1,001 - 5,000    | 1,721                     | 37.28%         |
| 5,001 - 10,000   | 440                       | 9.86%          |
| 10,001 - 100,000 | 466                       | 10.37%         |
| 100,001 and over | 31                        | 0.92%          |
|                  | <b>4,147</b>              | <b>100.00%</b> |

### Unmarketable Parcels

Shareholders holding less than a marketable parcel  
(Minimum \$ 500.00 parcel at \$ 2.0000 per unit)

634

## ASX ADDITIONAL INFORMATION

As at 22 August 2023

### Voting rights of shareholders

On a show of hands, every member in person or by proxy shall have one vote. Upon a poll, voting rights of such members shall be one vote for each share held.

### PERFORMANCE RIGHTS

As at 22 August 2023, the Company has 2,112,918 unquoted performance rights (FWDAR) on issue, held by 35 employees pursuant to an employee incentive scheme.

### Distribution of performance rights holders

| CATEGORY         | NUMBER OF<br>HOLDERS | %           |
|------------------|----------------------|-------------|
| 1 -1,000         | -                    | 0.00%       |
| 1,001 - 5,000    | 1                    | 2.86%       |
| 5,001 - 10,000   | 4                    | 11.43%      |
| 10,001 - 100,000 | 24                   | 68.57%      |
| 100,001 and over | 6                    | 17.14%      |
|                  | <b>35</b>            | <b>100%</b> |

### Voting rights of performance rights holders

Performance rights holders are not entitled to voting rights. Upon conversion to fully paid ordinary shares, holders will have voting rights equal to the rights of shareholders.

### On market buy-back

There is no current on market buy-back.

### Other information

Fleetwood Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares (ASX:FWD).



