steel&tube
STRONGER TOGETHER

2025 HALF YEAR REPORT

STEEL & TUBE HOLDINGS LIMITED

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

Contents

These interim financial statements do not include all the notes and information normally included in the annual financial statements. Accordingly, they should be read in conjunction with the annual financial statements for the year ended 30 June 2024.

Due to rounding, numbers presented throughout the financial statements may not add up precisely to the totals provided.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

	Notes	Unaudited December 2024 $000	Unaudited December 2023 $000
Sales revenue	3	**196,027**	261,750
Other operating income		**40**	64
Cost of sales	2	**(158,933)**	(203,789)
Operating expenses	2	**(47,726)**	(47,510)
Software as a Service (SaaS) upfront expenditure		**(309)**	(381)
Earnings before interest, tax, other gains and losses		**(10,901)**	10,134
Other (losses)/gains		**(21)**	38
Earnings before interest and tax		**(10,922)**	10,172
Finance income		**268**	243
Finance costs		**(3,614)**	(2,924)
(Loss)/Profit before tax		**(14,268)**	7,491
Tax credit/(expense)		**3,874**	(2,143)
(Loss)/Profit for the period attributable to owners of the company		**(10,394)**	5,348
Items that may subsequently be reclassified to profit or loss			
Other comprehensive income/(loss) - hedging reserve		**215**	(272)
Total comprehensive (loss)/income		**(10,179)**	5,076
Basic earnings per share (cents)		**(6.2)**	3.2
Diluted earnings per share (cents)		**(6.2)**	3.1

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2024

	Share capital $000	Retained earnings $000	Hedging reserve $000	Treasury shares $000	Share-based payments $000	Total equity $000
Balance at 1 July 2024	**155,127**	**42,050**	**(26)**	**-**	**1,039**	**198,190**
Comprehensive income						
Loss after tax	**-**	**(10,394)**	**-**	**-**	**-**	**(10,394)**
Other comprehensive income						
Hedging reserve (net of tax)	**-**	**-**	**215**	**-**	**-**	**215**
Total comprehensive (loss)/income	**-**	**(10,394)**	**215**	**-**	**-**	**(10,179)**
Transactions with owners						
Dividends paid	**-**	**(3,348)**	**-**	**-**	**-**	**(3,348)**
Employee share schemes	**285**	**234**	**-**	**-**	**(237)**	**282**
Dividend reinvestment plan	**233**	**-**	**-**	**-**	**-**	**233**
Unaudited balance at 31 December 2024	**155,645**	**28,542**	**189**	**-**	**802**	**185,178**

	Share capital $000	Retained earnings $000	Hedging reserve $000	Treasury shares $000	Share-based payments $000	Total equity $000
Balance at 1 July 2023	**157,168**	**52,741**	**9**	**(2,896)**	**1,132**	**208,154**
Comprehensive income						
Profit after tax	-	5,348	-	-	-	5,348
Other comprehensive (loss)/income						
Hedging reserve (net of tax)	-	-	(272)	-	-	(272)
Total comprehensive income/(loss)	**-**	**5,348**	**(272)**	**-**	**-**	**5,076**
Transactions with owners						
Dividends paid	-	(6,639)	-	-	-	(6,639)
Employee share schemes	834	-	-	-	(219)	615
Unaudited balance at 31 December 2023	**158,002**	**51,450**	**(263)**	**(2,896)**	**913**	**207,206**

The accompanying notes form part of these financial statements.

BALANCE SHEET

As at 31 December 2024

	Notes	Unaudited December 2024 $000	Audited June 2024 $000
Current assets			
Cash and cash equivalents		**17,514**	8,699
Trade and other receivables		**42,034**	58,912
Contract assets		**3,312**	4,925
Inventories	4	**109,595**	121,320
Income tax receivable		**4,812**	4,640
Derivative assets		**1,238**	55
		178,505	198,551
Non-current assets			
Loan receivable		**1,582**	1,532
Deferred tax		**9,300**	5,714
Property, plant and equipment		**40,822**	40,010
Intangibles		**12,836**	12,665
Right-of-use assets		**91,218**	95,337
		155,758	155,258
Total assets		**334,263**	353,809
Current liabilities			
Trade and other payables		**38,365**	41,022
Provisions		**412**	1,099
Derivative liabilities		**6**	170
Short term lease liabilities		**15,255**	14,367
		54,038	56,658
Non-current liabilities			
Trade and other payables		**515**	-
Provisions		**1,329**	1,335
Long term lease liabilities		**93,203**	97,626
		95,047	98,961
Equity			
Share capital		**155,645**	155,127
Retained earnings		**28,542**	42,050
Other reserves		**991**	1,013
		185,178	198,190
Total equity and liabilities		**334,263**	353,809

These financial statements and the accompanying notes were authorised by the board on 23 February 2025.

For the board:

Susan Paterson Chair

Karen Jordan Director

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the six months ended 31 December 2024

	Notes	Unaudited December 2024 $000	Unaudited December 2023 $000
Cash flows from operating activities			
Customer receipts		**215,438**	282,529
Interest receipts		**218**	243
Payments to suppliers and employees		**(188,906)**	(233,388)
Payments for interest on leases		**(3,166)**	(2,468)
Income tax payments		**(28)**	(7,758)
Interest payments		**(408)**	(443)
Net cash inflow from operating activities		**23,148**	38,715
Cash flows from investing activities			
Property, plant and equipment disposal proceeds		**12**	17
Property, plant and equipment and intangible asset purchases		**(3,887)**	(4,443)
Net cash outflow from investing activities		**(3,875)**	(4,426)
Cash flows from financing activities			
Dividends paid		**(3,114)**	(6,639)
Payment for leases		**(7,344)**	(7,872)
Net cash outflow from financing activities		**(10,458)**	(14,511)
Net increase in cash and cash equivalents		**8,815**	19,778
Cash and cash equivalents at the beginning of the period		**8,699**	6,481
Cash and cash equivalents at the end of the period		**17,514**	26,259
Represented by:			
Cash and cash equivalents		**17,514**	26,259
		17,514	26,259

The accompanying notes form part of these financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2024

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

General Information

Steel & Tube Holdings Limited (the company or Steel & Tube) is registered under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013. The company is a limited liability company incorporated and domiciled in New Zealand. The group comprises Steel & Tube Holdings Limited and its subsidiaries.

The registered office of the company is 7 Bruce Roderick Drive, East Tamaki, Auckland, 2013, New Zealand.

These interim financial statements have been reviewed, not audited, and were approved for issue on 23 February 2025.

These interim financial statements are presented in New Zealand dollars and rounded to the nearest thousand.

Basis of Preparation

The group is a for-profit entity. The interim financial statements have been prepared in accordance with, and comply with, New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 34: Interim Financial Reporting and the NZX Main Board Listing Rules (issued 24 July 2024).

These interim financial statements do not include all the information required for an annual financial report and consequently should be read in conjunction with the audited financial statements of the group for the year ended 30 June 2024. Non-GAAP measures shown in the interim financial statements are defined in the 2024 Annual Report.

These interim financial statements have been prepared using the same accounting policies and methods of computation as the financial statements for the year ended 30 June 2024.

The preparation of the interim financial statements requires the exercise of judgements that affect the application of accounting policies, the reported amounts of assets and liabilities, and income and expenses. Where applicable and based on information available at the time of preparing the interim financial statements, the group has updated its judgements, estimates and assumptions adopted since the audited financial statements of the group for the year ended 30 June 2024.

These interim financial statements have been prepared on a going concern basis as the group will be able to discharge its liabilities.

The carrying value of all financial instruments approximates fair value. All financial instruments are held at amortised cost, with the exception of derivative instruments which are accounted for at fair value through profit or loss. The derivative instruments comprise forward foreign exchange contracts, the fair value of which are calculated using forward exchange rates that are quoted in an active market. All financial instruments accounted for at fair value through profit or loss are classified as level 2 of the fair value hierarchy. The group applies hedge accounting and where derivative instruments are designated as hedging instruments in a cash flow hedge, fair value gains/losses are recognised in other comprehensive income and released either to profit or loss or the hedged item when the forecast transaction takes place.

2. EXPENSES

	Unaudited December 2024 $000	Unaudited December 2023 $000
Cost of sales and operating expenses:		
Inventories expensed in cost of sales	**142,785**	187,353
Employee benefits	**37,120**	36,959
Depreciation and amortisation	**11,483**	11,000
Information technology expenses	**3,605**	3,538
Defined contribution plans	**992**	1,027
Directors' fees	**321**	321
Short term and low value lease costs	**87**	157
Impairment loss/(reversal) on trade receivables	**77**	(129)
Foreign exchange losses/(gains)	**11**	(260)
Other expenses	**10,178**	11,333
Total cost of sales and operating expenses	**206,659**	251,299

Inventory sold during the period is expensed as cost of sales. Depreciation of $0.9m (31 December 2023: $0.9m) related to equipment used to manufacture products is included in cost of sales. Depreciation of right-of-use assets and other depreciation is included in operating expenses.

Information technology expenses disclosed in the above table excludes SaaS upfront expenditure. This has been disclosed separately on the Statement of Profit or Loss and Other Comprehensive Income. Employee benefits expense in the current period include restructuring costs of $0.2m recognised as part of a board approved restructuring plan.

Included in the above table is $0.9m of Project Strong costs, primarily within employee benefits. Project Strong is a board approved integrated transformation project and involves increasing the group's warehouse capacity. It includes exiting the Avondale site, increasing palletised product at Bruce Roderick site and optimising processing across Auckland.

3. OPERATING SEGMENTS

The group has identified two reporting segments as at 31 December 2024 having regard for the criteria outlined in NZ IFRS 8 Operating Segments (NZ IFRS 8). The group's Chief Operating Decision Maker (being the CEO) receives financial reports which aggregate the activities of the group's various operating segments into two distinct divisions, being Distribution and Infrastructure.

These reportable segments have been determined by having regard to the nature of products, services and processes the various Business Units undertake to service customers. The group has a diverse range of customers from various industries, with no single customer contributing more than 10% of the group's revenue.

The group derives its revenue from the distribution and processing of steel, metal and associated products. Within the Distribution business, the primary focus is on the distribution of steel and metal products and fasteners, servicing similar customer groups, sharing similar business models and trading skills, and using similar sales channels. The majority of product is traded and sales staff are tasked to know the full range of products. Within the Infrastructure business, product is predominately steel product which is bought and processed/manufactured in warehouse facilities for project/contract customers.

The CEO uses EBIT as a measure to assess the performance of segments. The segment information provided to the CEO for the period ended 31 December 2024 is as follows:

December 2024	**Distribution $000**	**Infrastructure $000**	**Reconciled to group $000**
Timing of revenue recognition			
At a point in time	114,664	54,295	**168,959**
Over time	-	27,068	**27,068**
Revenue from external customers	**114,664**	**81,363**	**196,027**
Depreciation and amortisation	(6,261)	(5,222)	**(11,483)**
Expenses	(115,201)	(80,265)	**(195,466)**
Segment EBIT	**(6,798)**	**(4,124)**	**(10,922)**
Interest on leases	(1,744)	(1,422)	**(3,166)**
Interest - others (net)			**(180)**
Reconciled to group loss before tax			**(14,268)**

December 2023	**Distribution $000**	**Infrastructure $000**	**Reconciled to group $000**
Timing of revenue recognition			
At a point in time	153,144	64,817	**217,961**
Over time	-	43,789	**43,789**
Revenue from external customers	**153,144**	**108,606**	**261,750**
Depreciation and amortisation	(6,521)	(4,479)	**(11,000)**
Expenses	(141,821)	(98,757)	**(240,578)**
Segment EBIT	**4,802**	**5,370**	**10,172**
Interest on leases	(1,538)	(930)	**(2,468)**
Interest - others (net)			**(213)**
Reconciled to group profit before tax			**7,491**

Operating segments are reported in a manner consistent with the internal reports that the CEO uses to assess performance. The operating segments include the reallocation of the head office function costs to respective segments. Comparative figures have been amended to align with current period presentation.

Depreciation and amortisation recognised as at 31 December 2024 is inclusive of depreciation recognised under NZ IFRS 16 Leases, which is in line with the financial reports received by the CEO.

Interest recognised under NZ IFRS 16 Leases is shown separately in the financial reports provided to the CEO. Other interest income and expense are not allocated to segments as these are driven by the central treasury function, which manages the cash position of the group.

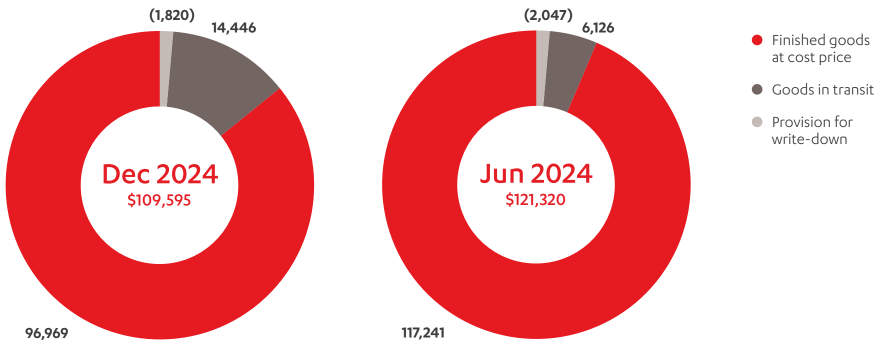
Assets and liabilities are reported to the CEO on a group basis, and are not separately reported with respect to the individual operating segments.

Sales between segments are eliminated on consolidation. The amounts provided to the CEO with respect to segment revenue are measured in a manner consistent with that of the financial statements.

4. INVENTORY

The group holds inventories valued at $109.6m (30 June 2024: $121.3m).

Inventories ($000s)



5. IMPAIRMENT TESTING

Key Judgement - Impairment Testing

NZ IAS 36 Impairment of Assets (NZ IAS 36) requires the group to assess at the end of each reporting period for any indicators of impairment and also to test the recoverable amount of the group's assets against its carrying value to assess whether there is any indication that an asset may be impaired. The recoverable amount is the higher of an asset's fair value less costs of disposal (FVLCD) and value-in-use (VIU).

As at 31 December 2024, the group's market capitalisation was $143.0m and the carrying value of its net assets was $185.2m. Accounting standards consider this to be an indicator of impairment. The market capitalisation value excludes any control premium and may not reflect the value of 100% of the group's net assets.

For the purpose of assessing impairment, assets are grouped in the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating unit or CGU), which as at 31 December 2024 were identified as being Distribution, Reinforcing/CFDL and Rollforming.

To complete the impairment testing, management assessed the recoverable amount of each of the CGU of which goodwill, property plant and equipment and finite life intangible assets have been allocated by undertaking a VIU calculation for each of the CGUs. A VIU calculation is a valuation based on forecast cash flows. These forecast cash flows are discounted back to present value to estimate a value for the CGU. If the VIU exceeds the carrying value of the assets, no impairment is recognised. The recoverable amounts of the CGU were estimated based on the following key assumptions:

Key Assumptions	Distribution	Reinforcing/CFDL	Rollforming
Revenue growth (first 3-year CAGR)	2.9%	5.5%	3.4%
Year 4-5 growth rate (revenue)	7.0% - 9.0%	5.5% - 10.0%	8.5%
Discount rate (post tax)	11.2%	11.4%	11.4%
Discount rate (pre tax)	14.4%	14.6%	14.3%

The forecast 5-year period was based on the board or CEO approved 3-year forecast for 2025 to 2027, and based on forecast expectation of future outcomes, taking into account past experience, sector analysis and adjusted for anticipated revenue growth/decline for the outer years (2028 to 2030). Terminal growth rate of 2.25% was applied to 2030 and thereafter.

The group has conducted analysis of the sensitivity of the impairment test to changes in key assumptions used to determine the recoverable amounts for the applicable CGUs. The group identified that a reasonably possible change in key assumptions could cause the carrying amount to exceed the recoverable amount.

	Input required for the VIU to equate to the carrying value		
Key Assumptions	**Distribution**	**Reinforcing/CFDL**	**Rollforming**
Discount rate (post tax)	12.3%	12.5%	16.7%
Revenue growth (first 3-year CAGR)	1.8%	4.2%	(0.6%)

The group concluded that the recoverable amount of each of the CGU were higher than their respective carrying values and therefore no impairment was considered necessary at 31 December 2024.

The group has also concluded that no reversal of the previous impairment of intangible assets should be made following an assessment that previous assumptions applied remain consistent in the current period.

6. RELATED PARTY AND SHARE BASED PLANS

The group has related party relationships with its subsidiaries and with key management personnel.

There have been no material changes in the nature or amount of related party transactions for the group since 30 June 2024.

7. SUBSEQUENT EVENTS

On 21 February 2025, the board resolved that no interim dividend would be declared for the period ended 31 December 2024.

On 23 February 2025, the group entered into a conditional sale & purchase agreement to purchase the business and assets of Perry Metal Protection Limited and WSB Hamilton Limited. The purchase price is $43.5m plus up to $6m of contingent consideration, both to be paid 70% in cash and 30% in equity of the company. The total amount of the contingent consideration will be based on the financial performance of the assets acquired over a 2 to 3 year period from acquisition.

The group expects to complete the acquisition during the second half of FY25.

Independent Auditor's Review Report

To the shareholders of Steel & Tube Holdings Limited (**Group**)

Report on the interim consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements on pages 2 to 11 do not:

- present fairly, in all material respects, the Group's financial position as at 31 December 2024 and its financial performance and cash flows for the 6 month period then ended; and
- comply with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (**NZ IAS 34**) issued by the New Zealand Accounting Standards Board.

We have completed a review of the accompanying interim consolidated financial statements which comprise:

- the interim balance sheet as at 31 December 2024;
- the interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including material accounting policy information.

Basis for conclusion

We conducted our review of the financial statements in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity (**NZ SRE 2410 (Revised)**). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the interim consolidated financial statements* section of our report.

We are independent of Steel & Tube Holdings Limited in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Use of this Independent Auditor's Review Report

This report is made solely to the shareholders. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders for our review work, this report, or any of the conclusions we have formed.

Responsibilities of Directors for the interim consolidated financial statements

The Directors on behalf of the Group are responsible for:

- the preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34; and
- implementing necessary internal control to enable the preparation of interim consolidated financial statements that is fairly presented and free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim consolidated financial statements

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review.

NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34.

A review of the interim consolidated financial statements prepared in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Laura Youdan.

For and on behalf of:

KPMG

KPMG
Auckland

23 February 2025

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Steve Reindler	Independent Director
Christopher Ellis	Independent Director
John Beveridge	Independent Director
Karen Jordan	Independent Director
Andrew Flavell	Independent Director

Auditor

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Financial Calendar

Half year results announced February

End of financial year 30 June

Annual results announced August

Annual report August

Stock Exchange

The company's shares trade on the
New Zealand Exchange under the code STU