Reliance Worldwide Corporation Limited

Annual Report

2022

Plumbing matters. We make it better.

Our products and services are essential to building and maintaining a sustainable built environment. Better to install, better to use, better for our planet.

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Chairman's and CEO's Report

Dear shareholders,

We are pleased to present RWC's annual report for 2022, a demanding year by any measure, and one in which the company performed strongly.

The business was able to consolidate and build on the exceptionally strong growth in volumes delivered in the prior year. At the same time, we contended with rapidly rising materials and other costs and disruption of global supply chains while our operations continued to be impacted by COVID. Despite these challenges the business delivered a record underlying earnings performance in the 2022 financial year and successfully executed on two acquisitions. The first of these was the acquisition of the LCL business in Australia and the second was the acquisition of EZ-Flo in the US. Both of these businesses were successfully integrated into RWC during the year.

Health and Safety

Health and Safety continues to be our highest priority. As in the previous year, we continued to implement best practice for COVID infection mitigation including telecommuting, on-site social distancing, and distribution of hand sanitisers and personal protective equipment. Additionally, incentives were offered to employees to encourage them to achieve and maintain full-vaccination status.

Pleasingly, all regions improved their health and safety performance in FY2022 as measured by the Reportable Injury Frequency Rate (RIFR). The RIFR measures the rate of all recorded lost time injuries, cases or alternate work, and other injuries requiring medical treatment, per one million hours worked. The Group RIFR reduced by 15%, from 6.08 at the end of FY2021 to 5.17 at the end of FY2022. Each region undertook specific initiatives to lift their performance which are detailed further in this report.

Following the establishment of the Board Health and Safety Committee during the year, we have initiated a best practice benchmark review of health and safety policies and procedures between regions. We are looking to further develop RWC's health and safety culture and systems, and to achieve performance outcomes that compare favourably with similar companies in comparable industries. We are utilising external consultants with specific expertise in this area to assist with the benchmarking exercise.

Stuart Crosby
Chairman

Financial Performance

FY2022 is the first year in which we reported our results in US dollars, a change we announced last year. This change better reflects RWC's business revenue, cost base and earnings mix, as the US market is our largest by a significant factor in terms of people, sales revenue, operating earnings and capital deployed.

Reported net earnings (NPAT) for the year was $137.4 million, which was 3% lower than the prior year. After adjusting for one-off items, relating principally to the acquisitions of LCL and EZ-Flo, Adjusted NPAT was 2% higher at $161.4 million.

A very pleasing aspect of FY2022 was the strength of demand in most of our markets. FY2021 was a record year in terms of volumes across the business. This growth in volumes we experienced in FY2022 was significantly helped by the continued strength of repair and remodel activity, particularly in the US. In Australia, volume growth was also aided by very strong new residential construction markets. Sales growth in Continental Europe was strong as that region opened up fully once COVID restrictions were relaxed.

Net sales in FY2022 of $1,172.2 million were up 17% on the prior year. This includes a partial contribution from EZ-Flo following completion of the acquisition in mid-November 2021. Excluding EZ-Flo, sales growth for the period was 5% on pcp. In addition to EZ-Flo, price increases implemented in all regions to offset continued cost pressures contributed to sales growth.

The Americas region recorded sales of $791 million, 26% higher than the prior year, reflecting the inclusion of sales from EZ-Flo and the impact of price increases implemented during the year. Excluding EZ-Flo, sales grew by 6% for the year. This is even more impressive when we remember that the results for the prior year included $42 million in sales arising from a winter freeze in Texas and surrounding US states.

In FY2022 sales in the Americas were negatively impacted by changes implemented by retail channel partner Lowe's to their distribution processes. Adjusting for these two items and excluding EZ-Flo's sales, Americas like-for-like sales grew by 15% for the year.

Asia Pacific sales were 6% higher on a constant currency basis. External sales were up 9% driven by increased new residential construction and remodelling activity in Australia. Intercompany sales were down 5% on the prior year, with FY2021 having benefitted from higher sales to the Americas in response to the winter freeze in the US which did not recur in FY2022.

EMEA net sales were 1% higher in constant currency. UK Plumbing and Heating volumes were down compared to FY2021 as demand returned to more typical levels after the heightened activity in the prior year post the COVID lockdowns. During the year the UK's warehousing and logistics operations were moved to a third-party logistics provider. This change impacted sales in the third quarter but a catch up was achieved in the fourth quarter. Demand in Continental Europe remained strong throughout the year with sales up 17% for the year driven principally by growth in demand for water filtration and drinks dispense products.

The rapid rise in costs for input materials, freight and logistics, packaging, and energy costs and other costs adversely impacted margins. The price increases we implemented to offset these cost increases typically lagged the rise in costs. Consequently, operating margins were impacted, with the FY2022 Reported EBITDA margin (excluding EZ-Flo) of 24.2% compared with 26.0% in FY2021.

Operational Performance

FY2022 was a particularly challenging year from an operational perspective. As already mentioned, rapidly rising costs meant that we had to adjust our pricing dynamically to ensure that these cost increases were recovered. At the same time, we saw significant disruption to international shipping and domestic freight and logistics activities in all our markets. We also experienced further disruption to our manufacturing and distribution activities as a result of fresh outbreaks of COVID.

We would like to acknowledge the hard work and dedication of RWC people around the world as we managed through these extremely challenging circumstances. It was our people's efforts that ensured we continued to deliver for our customers, differentiating us in many cases from other suppliers and strengthening customer relationships.

Chairman's and CEO's Report

During the year we opened our new distribution centre in Cullman in the US. This has greatly expanded the warehousing and despatch capacity of our Americas business. And as mentioned already, in the UK we transitioned our freight and logistics activities to a third-party provider. These changes position us for future growth and ensure we are able to manage our distribution activities more efficiently.

Further operational challenges during the year were the integration of the LCL and EZ FLO businesses following their acquisition. Both have been successfully brought into RWC and we're very pleased with the progress we have made with each of these businesses.

EZ-Flo and LCL Acquisitions

The two acquisitions we made during the year are quite different in character.

EZ-Flo was acquired in November for a total cost of US$332 million. It supplies a broad range of plumbing products principally used in behind the wall and rough plumbing applications. EZ-Flo was established in 1980 and has a track record of material organic growth since that time. In 2000, the company acquired Eastman, a brand founded more than 50 years ago. Since that acquisition, EZ-Flo has grown Eastman into the leading brand for US large appliance connectors. Today, approximately half of EZ-Flo's revenue come from large appliance connectors and a further 20% from adjacent products related to those installations.

We estimate that the total market size for US large appliance connectors is approximately $1.2 billion. This compares with the estimated total market size for US residential, potable water pipe and fittings of $2 billion. We consider the large appliance connector market to be a significant market that we will serve competitively with EZ-Flo.

In considering the EZ-Flo acquisition, we identified a strong correlation between RWC's and EZ-Flo's customer value propositions. A key part of the sales process for retailers of large appliances is to cross-sell the installation and delivery services of these appliances. In addition, major retailers require the purchase of new connection kits when selecting the delivery and install options for these appliances. For these reasons, having high quality connectors available that will outlast the life of the appliance is fundamental to supporting a positive experience for all those involved in the purchase and installation.

While the Eastman brand is synonymous with premium quality appliance and plumbing connectors, the EZ-Flo brand is associated with quality repair and maintenance plumbing products used by property maintenance professionals. The majority of EZ-Flo products are complementary to RWC's product offering.

Heath Sharp
Chief Executive Officer

EZ-Flo manufactures products in a facility it owns in the Ningbo Free Trade Zone in China. These products generate about half of EZ-Flo's revenue, principally large appliance and water heater connectors, water fixture connectors, appliance outlet boxes and gas connector products. A further 20% of products sold by EZ-Flo are manufactured through exclusive arrangements with vendor partners in China.

At the time of the acquisition, we identified revenue and cost synergies that could be delivered over the three years following the acquisition. We are on track to deliver these synergies. As with the rest of our business, EZ-Flo's operating margins were adversely impacted by higher materials and freight costs, however, price rises implemented post acquisition have restored margins. We expect to deliver higher margins over time as the revenue and cost synergies are fully realised.

LCL was acquired in August for US$28 million. LCL is Australia's largest producer of high-quality copper-based alloys and processes both new and recycled materials to produce a range of brass alloys. With this acquisition, we have secured control of a critical piece of our manufacturing supply chain. In addition to being the principal supplier of brass to RWC in Australia, LCL also recycles excess brass arising from RWC's product manufacturing activities. RWC's brass forging operations are co-located with LCL's brass production facility in Melbourne, enabling us to optimise materials handling and manufacturing efficiencies. Importantly, with LCL we have secured a favourable long-term cost position for our brass rod requirements.

> **"LCL is Australia's largest producer of high-quality copper-based alloys and processes both new and recycled materials."**

Cash Flow and Capital Management

Following the strong performance of the company in FY2021, we started FY2022 with a low leverage ratio (net debt to EBITDA) of 0.51 times. Consequently, we were able to finance the LCL and EZ-Flo acquisitions entirely with debt whilst remaining within our target leverage range of 1.5 to 2.5 times. Net debt to EBITDA was 2.1 times at year end.

Operating cash flow generation in FY2022 was down on the prior year due to the investment we made in maintaining higher inventory levels throughout the year to counter shipping and logistics delays and other potential supply chain disruptions. In the year ahead, we expect earnings cash conversion to improve, with inventory levels having stabilised in recent months.

This year we increased our investment in the business's infrastructure, with total capital expenditure of $60.4 million compared with $35.8 million in the prior year. Approximately two thirds of this investment was focused on growth initiatives. Key projects included the expansion of production capacity for SharkBite and Speedfit fittings, and PEX pipe. We expect a similar or slightly higher expenditure in FY2023 as we complete some of these capacity and growth-oriented projects.

We completed a restructuring of our borrowing facilities during the year. We established new committed borrowing facilities with a group of lenders totalling US$800 million, with maturity dates apportioned between 3 and 5 years. These facilities replaced a secured A$750 million syndicated facility agreement we had in place previously and provide additional borrowing capacity. In addition, we completed a US$250 million unsecured note issuance in the US private placement market in April. The notes have fixed coupon rates and maturities between 7 and 15 years.

Following the completion of these two debt funding transactions, RWC has access to debt facilities totalling US$1,050 million, with $551 million of net debt at year end.

Chairman's and CEO's Report

Dividend

Total dividends declared for the year are US9.5 cents per share, representing a payout of 55% of Reported NPAT and 47% of Adjusted NPAT. Last year's dividend was A$ 13.0 cents per share, which equates to approximately US9.3 cents per share. The interim dividend was 20% franked, and the final dividend is 10% franked. With the continued expansion of RWC's activities beyond Australia, we expect future dividends will be less than 20% franked.

While dividends are now declared in US dollars, following our change in presentation currency from Australian to US dollars, they will continue to be paid in Australian dollars.

Board

There were no changes to the Board in FY2022. During the year the Board was all able to meet in person for the first time in over two years. The Board was also able to visit RWC's manufacturing facilities in both the UK and the US and meet face to face with the management teams in these regions.

We have established two new Board committees. One has responsibility for ESG and is chaired by Sharon McCrohan, and the second has responsibility for Health and Safety and is chaired by Darlene Knight. These two committees are a further milestone along our path of building out our capability and focus on these areas.

Social Impact Report

In March we published our third social impact report. This year's report included our inaugural response to the Task Force on Climate-related Financial Disclosures (TCFD) framework as well as the publication of our base level data for Scope 1 and Scope 2 greenhouse gas emissions. In the current year we will be establishing greenhouse gas emissions reduction targets. Work is well underway to determine what practical steps we can implement across RWC to meaningfully reduce our Scope 1 and Scope 2 emissions and ensure we are able to meet the emission reduction targets we set.

Outlook

The outlook for FY2023 is uncertain. In most markets the backlog of remodel and new construction work should underpin volumes in the short term. Beyond this, macro-economic risks being faced in each of our key markets may become headwinds. Rising interest rates, inflation and declining consumer confidence may negatively impact demand. While RWC has relatively low exposure to the new residential construction market, a downturn in sentiment amongst homeowners may lessen demand for home remodelling projects. Against this risk, we expect the repair part of our business to remain strong regardless of economic cycles. We will keep you informed of our progress as FY2023 unfolds through our regular quarterly updates to the market.

We look forward to presenting to shareholders at the annual general meeting to be held in Melbourne on 27 October 2022. This will be the first in-person annual meeting since 2019. Full details including the time and venue will be outlined in the Notice of Meeting.

Stuart Crosby
Chairman

Heath Sharp
Chief Executive Officer

EZ-Flo Eastman acquisition

In November 2021, RWC completed the acquisition of EZ-Flo International for $332 million.

EZ-Flo is a leading manufacturer and distributor of plumbing supplies including plumbing specialty products, appliance supply lines, flexible water connectors, gas connectors, and other accessories. Established in 1980, EZ-Flo has grown rapidly by continuously expanding its product range. In 2000, EZ-Flo acquired the Eastman brand which is the leading brand in large appliance connectors in the US The Eastman brand has positioned RWC as a leader in supporting all those who service major appliance installations including plumbed appliances, gas, hot water, and dryer venting.

Approximately half of EZ-Flo's revenues are generated from products manufactured at its plant located within the Ningbo Free Trade Zone in China, with a further 20% sourced from exclusive third-party manufacturers in China. In the US, EZ-Flo has a network of seven distribution centres from which its extensive product range is distributed through 5,000 channel partner outlets.

As part of the acquisition process, RWC identified significant revenue and cost synergy opportunities. Revenue growth opportunities include pursuing further Appliance Installation programmes across retail and wholesale channels, gas connector market share gains with retail, wholesale and OEM channels, leveraging RWC and EZ-Flo combined product basket across channels, and product line extensions. We believe that EZ-Flo can achieve sales growth of 10% p.a. through pursuing these opportunities.

In addition, cost reduction opportunities are expected to generate annual savings of $10 million p.a. on a run rate basis by the end of Year 3 through eliminating duplicated activities, distribution efficiencies, and procurement savings by accessing EZ-Flo's suppliers in China.

The acquisition of EZ-Flo is strongly aligned with RWC's strategy of adding complementary products that broaden the depth of solutions offered to end users and expand our market presence in aligned sectors. Together, we manufacture some of the most trusted brands in the industry, including SharkBite, HoldRite, John Guest, JG Speedfit and Cash Acme. With EZ-Flo and Eastman, the number one brand in the US appliance connector market, we are now positioned as a leader in supporting all those who service major appliance installations.

Following completion of the acquisition, a joint integration team was formed, including team members from EZ-Flo and RWC, representing every major function of the company. The team have made good progress in bringing the companies together effectively, learning from and leveraging our collective strengths. Through combining the experience and strengths of the two teams we are driving accelerated growth.

> **"The combination of EZ-Flo's product portfolio, manufacturing and sourcing capabilities, distribution footprint, customer service, performance track record and future growth prospects made it an important and attractive addition to RWC.**
>
> We are leveraging our extensive channel partner network in North America to expand the distribution footprint for EZ-Flo, while at the same time we are benefiting from EZ-Flo's strong relationships with retail merchants and OEM customers.
>
> Customers are benefitting from more top-quality products and trusted brands, enhanced fulfilment capabilities and improved service, thanks to a more extensive national warehouse footprint. Our combined supply chain capabilities help to ensure products are available where and when our customers need them, strengthening customer service across every channel. Our 'first-time-right' performance commitment provides end users with products they can count on, protecting customers' hard-won reputations."
>
> **Heath Sharp, CEO**

LCL acquisition

In August 2021 RWC completed the acquisition of the business activities of LCL Pty. Ltd, Australia's largest producer of high-quality bronze brass copper alloys.

LCL processes both new and recycled non-ferrous materials to produce a range of brass copper alloys. In addition to being the principal supplier of brass to RWC in Australia, LCL also recycles excess brass (swarf) arising from RWC's product manufacturing activities.

LCL was established in 1983 as a privately owned manufacturing and recycling business specialising in the production of high-quality brass rod. It operates from two locations within the greater Melbourne area. The Moorabbin plant is immediately adjacent to RWC's brass forging operations facility and produces brass alloys through the processing of scrap metals, melting and casting of scrap into brass rods. The Dandenong South facility recycles insulated copper wire.

Over many years, RWC's requirement for quality brass rod, together with the recycling of brass scrap generated by our manufacturing processes, has grown considerably. The acquisition of LCL has ensured RWC continues to have access to the supply of high-quality brass to support its future operations.

“The efficiency of the production process has been underpinned by investment in plant and machinery and continued research and development.

LCL's activities are centred around recycling copper material and the manufacture of lead-free brass for use in the delivery of potable water. With this acquisition, RWC has secured a favourable long-term cost position for its brass rod requirements in Australia and secured control of a critical piece of our manufacturing supply chain. The co-location of our brass forging operations with LCL's brass production facility at Moorabbin has enabled us to optimise materials handling and manufacturing efficiencies. LCL's rigorous production process control involves the sourcing of high-grade materials, continuous casting, machining, and heat treatment in order to deliver a high grade finished product.

The efficiency of the production process has been underpinned by investment in plant and machinery and continued research and development which we will look to leverage more broadly across RWC.”

Heath Sharp, CEO

New distribution centre and automation

RWC's new US distribution centre in Cullman opened in late in 2021 with the second stage completed early in 2022.

As a result of customer demand, RWC had outgrown the three separate distribution centres in Cullman. The new centre improves efficiency by streamlining operations and housing all packaging and distribution activities under one roof.

The new facility provides 600,000-square-feet of warehouse and packaging space, allows for future growth and illustrates RWC's commitment to serving customers. The new facility has a total footprint equivalent to 45,000 pallet positions and speeds customer fulfillment by 10 percent.

> "It makes jobs easier. Increasing efficiency. Reducing the load on our people. It is a win-win."

Eric Shaddix, Director – Supply Chain Transformation in the Americas

As part of the investment in the new facility, RWC has introduced increased automation utilising automated picking carts. Known as Chucks, these robot carts are enabled through machine learning and artificial intelligence to simplify picking, sorting, and counting tasks. Eight robotic Chucks are now operational in the Cullman distribution centre.

As demand surged during COVID and supply chain constraints put increased pressure on our operations teams, our distribution and warehousing teams worked thousands of hours and many weekends to try to keep up with demand. The Americas leadership team looked for solutions to relieve these pressures. The automation project was identified as a highly effective way of increasing efficiency and making things easier for our distribution centre employees.

While the ability to provide a system to relieve and support employees in their daily work is a critical win, there have been some necessary adjustments. Operators are rapidly getting up to speed and the productivity improvements are coming into view.

> "This is a 600,000 square foot warehouse. Prior to the automated system, some individuals had to walk from one side while pushing a cart to fill one order. This system removes a tremendous amount of wasted movement. Ensuring the Chucks have clear routes has also improved safety, cleanliness, and order for the teams."

Candace Paterson, Onsite Engineering Consultant

CashAcme®

Celebrating twenty years

In 2002, RWC acquired Cash Acme, the world's largest volume temperature and pressure relief safety valve manufacturer. During the year we celebrated the 20th anniversary of the acquisition that helped jumpstart RWC's transition from an Australian private company to a global leader in water control systems and plumbing solutions.

The acquisition of Cash Acme provided RWC with a foothold in the North American market and has greatly contributed to the company's overarching success over the past 20 years. This acquisition paved the way for organic growth, provided a platform for additional M&A activity, and facilitated the expansion of RWC's manufacturing and distribution capabilities in North America. The Cash Acme team was instrumental in creating our foundation in the Americas.

> For over 20 years, the core strategy, focused on product leadership and customer partnership, has allowed us to create this amazing business. RWC and Cash Acme's growth is driven by creating solutions that allow the plumbing trade to be more efficient and effective. Our capabilities, underpinned by our culture, allow us to continue to grow as a leader in the industry.

Heath Sharp, CEO

Since Cash Acme joined the RWC portfolio, the company has grown from 70 employees to more than 1,000 in North America and from $12 million to nearly $1 billion in revenue, helping RWC grow into a $1.2 billion global company. Since Cash Acme's acquisition, RWC has grown to include several other brands. It introduced SharkBite push-to-connect fittings to North America in 2004 and acquired HoldRite in 2017, John Guest in 2018, and the EZ-Flo and Eastman brands in 2021.

These investments have given RWC a more extensive distribution footprint in the Americas, accelerating entry into the US and Canadian residential and commercial new construction markets. They have also further enhanced RWC's fulfilment and service capabilities while expanding our offering of high-quality products.

During the 20 years since Cash Acme's acquisition, the brand has continued to introduce new innovations, including thermostatic mixing valves for safe and comfortable water temperature and easy-to-service pressure reducing valves with replaceable cartridges.

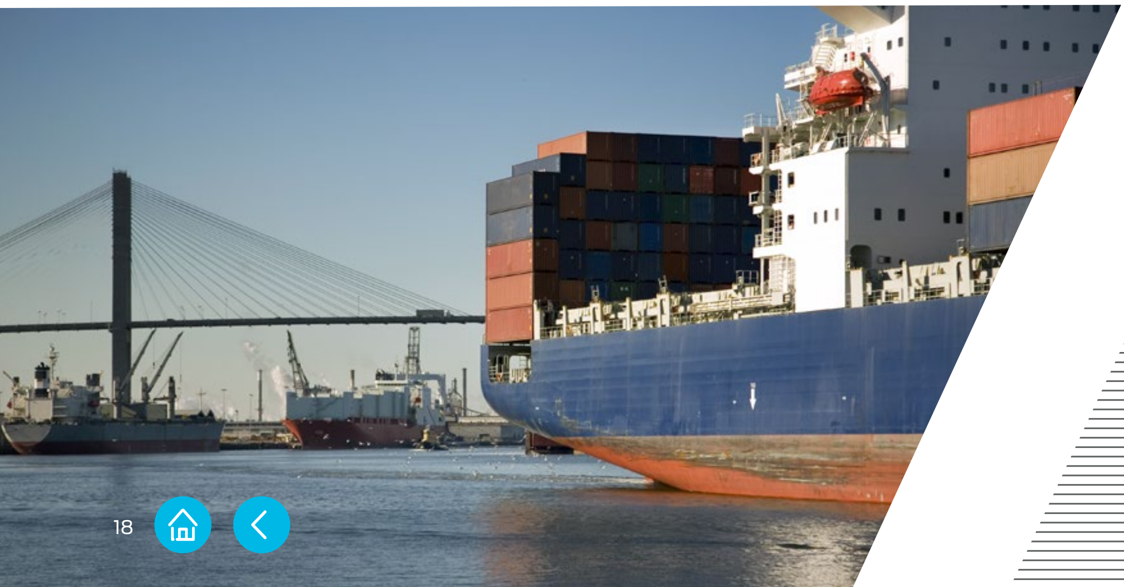
Australian export milestone reached

In May 2022, we celebrated an important milestone for our APAC and Americas teams as the 2,000th full container of Australian-made SharkBite fittings departed Australia to begin its journey to the US. With this shipment, APAC marked the official export of 351 million SharkBite fittings to the US.

When SharkBite was introduced to the US market 17 years ago, it revolutionised plumbing repair by eliminating the need for special tools, glue, or solder. This market-disrupting product has had an incredible journey from its beginnings to becoming the leading brass push-to-connect product in the world. This milestone has been achieved through the strong alignment of our APAC and Americas teams. RWC operations, manufacturing, and supply chain teams continue to work to deliver cutting-edge, high-quality solutions for our customers around the globe.

> “In 2005, we signed on to a dream that we could manufacture something truly special for the American market. The thing I most clearly remember was the unwavering pride felt by the Australian team in providing a game-changing product to our American colleagues. Over the years no challenge has ever been too great, and I can proudly say, no challenge has ever beaten the team.”

Brad Reid, Supply Chain



Global Reach, Local Strength

14 Manufacturing Facilities

29 Distributor Hubs

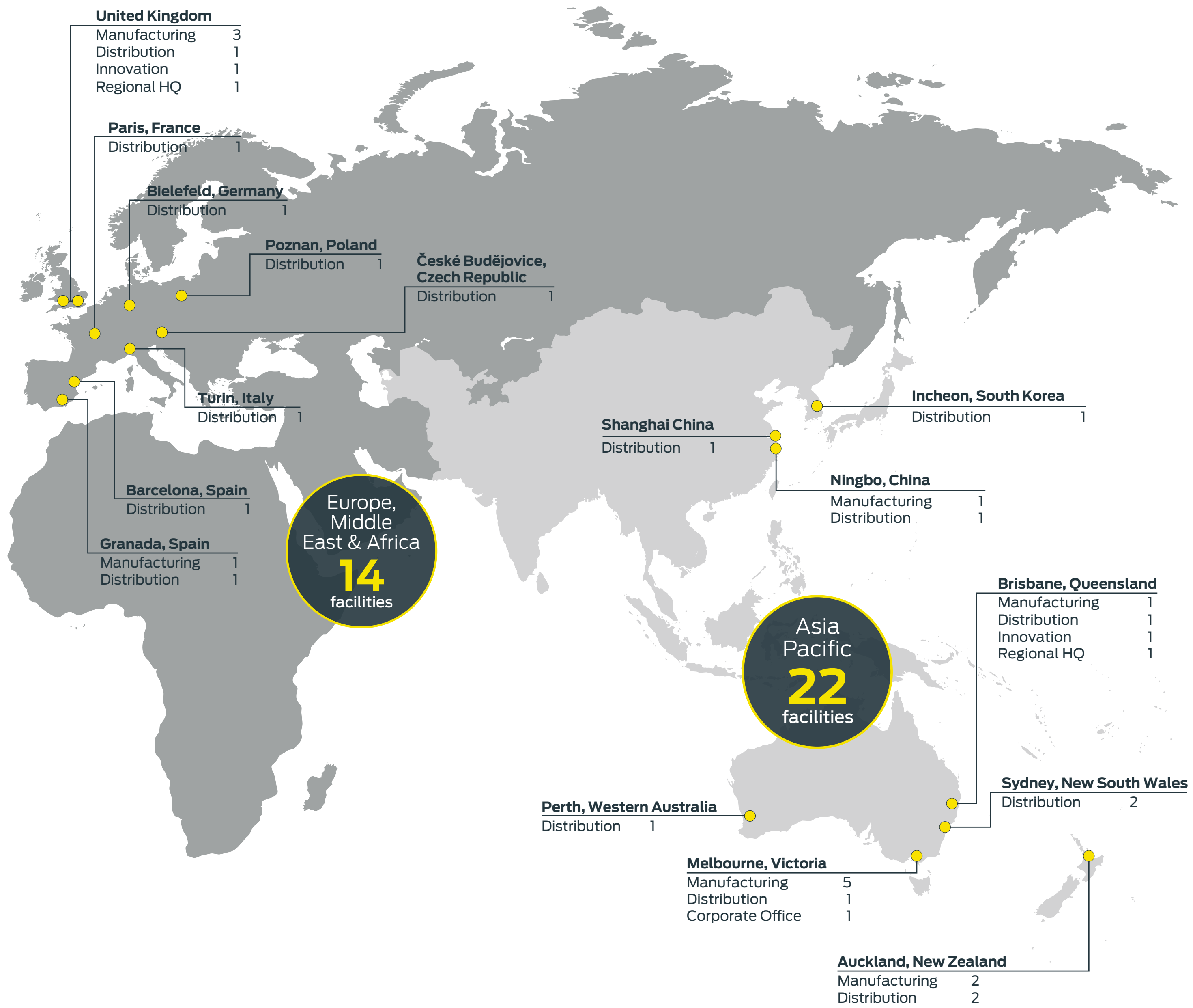
5 Innovation Centres

9 Offices

Americas Global Operating Headquarters in Atlanta

Europe, Middle East & Africa Headquartered in London

Asia-Pacific Headquartered in Brisbane



Strategy overview

RWC is a global market leader and manufacturer of plumbing and heating systems. Our plumbing solutions target the repair and re-model, renovation and new construction markets and are essential to building and maintaining a sustainable built environment.

RWC has three key drivers of growth. The first of these is creating value through product leadership. We use deep customer insight to deliver smart product solutions for the end user, improve the productivity of the contractor and enable a DIY repair. Our products, like SharkBite and Speedfit push to connect fittings, HoldRite brackets, and John Guest FluidTech fittings, are better. They are quicker and easier to install. They enable the plumber to get each job done quicker, and get more work done in a day. We make it easier for them to do their work. We make them more profitable. That's why they choose our products. They know our brands represent that efficiency. That our brand says that the products will work together to provide a complete solution, and that the quality leads the market.

Equally important are our channel partner relationships; the basis of our second pillar of growth. In each of our three regions – the Americas, Asia Pacific and EMEA - we have extremely strong distributor networks. We put a lot of effort into ensuring that we are helping our channel partners grow value. A key element of our value proposition is to continually add value to their shelves through a growing array of products that are increasingly attractive to end users and sought after by them. This is supported by a high level of customer service that ensures we continue to be a trusted partner, and continued support of our brands through innovative marketing and merchandising execution.

The third element of our strategy is industry leading execution. This involves delivering the highest quality products via a strong logistics capability to ensure that our channel partners always have the right products in stock when they need them. Being operationally excellent, with efficient and low-cost operations, makes us better to do business with and should in turn translate into margin expansion for us. At the same time, we aim to be great stewards of the planet and our communities.

The foundation of all this is our team of people and an organisation which is connected to the communities in which it operates. Our strategy ensures we provide a safe environment for our people and actively promote diversity and inclusion. Everyone at RWC is encouraged to be a real part of our business and to bring their whole self to work. That makes it better for our employees, better for our customers, and better for the business.

Creating value through product leadership

Solutions for the job site

Smart product solutions that improve contractor productivity, enable the DIYer, and make lives easier.

Working in the field to understand job site requirements and challenges

Product engineering that is creating the future of plumbing

Market engagement to stay on top of trends and uncover acquisition opportunities

Value for the distributor

Increasing value for the distributor while providing broadest access to our products for the end-user.

Superior customer service provides the foundation partners can count on

Differentiated brands that matter to the user and put more value on the shelf for the channel

Broad distribution puts products in reach of the end user when they need them

Industry leading execution

Premium quality products and unrivalled operational efficiency delivering margin growth.

Safety culture to ensure a work environment that protects our people

Lean manufacturing and strategic sourcing to drive quality, margins and resilience

Sustainability focus delivers a more efficient operation while reducing environmental impact

Board Members

Stuart Crosby

- Non-Executive Chairman
- Member of Audit and Risk Committee
- Member of ESG Committee
- Appointed: 11 April 2016

Heath Sharp

- Chief Executive Officer
- Managing Director
- Appointed: 19 February 2016

Russell Chenu

- Independent Non-Executive Director
- Chair of Audit and Risk Committee
- Member of Health and Safety Committee
- Member of Nomination and Remuneration Committee
- Appointed: 11 April 2016

Sharon McCrohan

- Independent Non-Executive Director
- Chair of ESG Committee
- Member of Nomination and Remuneration Committee
- Member of Health and Safety Committee
- Appointed: 27 February 2018

Christine Bartlett

- Independent Non-Executive Director
- Chair of Nomination and Remuneration Committee
- Member of ESG Committee
- Member of Health and Safety Committee
- Appointed: 6 November 2019

Ian Rowden

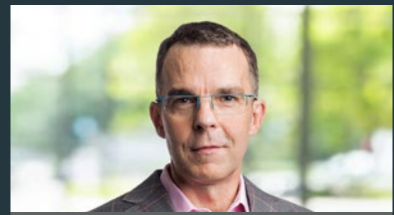
- Independent Non-Executive Director
- Member of Audit and Risk Committee
- Member of Nomination and Remuneration Committee
- Appointed: 6 July 2020

Darlene Knight

- Independent Non-Executive Director
- Chair of Health and Safety Committee
- Member of Audit and Risk Committee
- Member of ESG Committee
- Appointed: 14 April 2021

See Directors' Report for further details on the Board Members.

Senior Leadership Team



Heath Sharp
CEO

Heath joined RWC in 1990 and has worked in each international division of the business throughout his career, holding senior management positions across multiple functions and geographies. Heath was President of the US business and global Chief Operating Officer prior to his current role as Group CEO, based in Atlanta. Heath holds a Bachelor of Mechanical Engineering degree.

Andrew Johnson
Finance

Andrew joined RWC in 2010 and was appointed Group CFO in 2020 leading all aspects of RWC's financial activities. With over 30 years of finance and accounting leadership, he has a strong track record in both large and mid-size international manufacturing organisations. Andrew holds a Bachelor of Science degree and both CPA and CMA professional certifications.

Gillian Chandrasena
People

Gillian joined RWC in April 2022 to develop our greatest asset – our People. Gillian has experience driving business performance improvement by strengthening human capital and organisational culture. She brings a broad range of experience – from growing businesses, integrating acquisitions, implementing a range of talent pipeline programs and strategic workforce planning. She holds a BA (Hons) in English & Politics and an MBA.

Sean McClenaghan
Americas

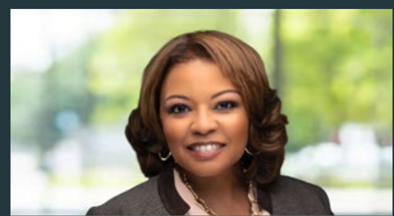
Sean joined RWC in 2014 and leads our Americas region. Sean brings over two decades of executive leadership experience and business acumen in strategy, operations, product development and engineering. His experience in private equity identifying M&A opportunities and developing a flair for growing businesses makes him an invaluable member of the RWC leadership team. Sean holds a BS in Chemical Engineering and an MBA.

Nicole Sumich
Asia-Pacific

Nicole joined RWC in July 2022 to lead our APAC region. Nicole's deep experience spans the building products and manufacturing sectors, having held senior management roles at Carter Holt Harvey and most recently at Fletcher Building Limited. Nicole began her career as an Engineer with Caltex Australia and later served in consulting for Deloitte. Nicole holds a Chemical Engineering degree and a master's degree in Business Technology.

Edwin de Wolf
EMEA

Edwin joined RWC in 2017 to lead the EMEA region. He is an experienced General Manager with a proven track record in the plastics, packaging, security and building industries. Edwin is responsible for the successful market positioning and commercial development of the business in the UK and Europe. Edwin held a number of GM roles at Armstrong and General Electric and has lived and worked globally. Edwin holds a master's degree in Chemical Engineering.



Sandra Hall-Mulrain
Legal

Sandra joined RWC as General Counsel in October 2019. She is a seasoned corporate generalist with 20 years of diverse legal experience in Fortune 100 corporations and privately held companies. Sandra has played a key role as a member of the senior leadership team helping to drive strategic initiatives across the business. Sandra holds a B.A. degree, cum laude and a J.D. from Rutgers University.

Simon Woods
Information Systems

Simon joined RWC in 2016 to lead our Information Systems function. Simon leads RWC's IT strategy to transform and optimise our technology architecture, infrastructure, and capabilities. Prior to joining RWC, Simon led an impressive track record of strategic leadership roles within the IT function of numerous banking and medical companies in the UK and North America, steadily developing his IT expertise and broader business acumen throughout his career.

Brad Reid
Supply Chain

Brad has been with RWC for nearly three decades, having joined the team as a Business Development Manager. In July 2022 Brad transitioned from leader of the company's operations in the APAC (Asia-Pacific) Region to leading our global supply chain operations. Brad has a Diploma of Civil Engineering and a Bachelor of Mechanical Engineering from the Queensland University of Technology.

OPERATING AND FINANCIAL REVIEW

This Operating and Financial Review forms part of, and should be read in conjunction with, the statutory Directors' Report for the year ended 30 June 2022 which commences on page 35.

Defined Terms and non-IFRS measures

EBITDA: Earnings before interest, tax, depreciation and amortisation

EBIT: Earnings before interest and tax

NPAT: Net profit after tax

EBITDA, Adjusted EBITDA, Adjusted EBIT, Adjusted net profit after tax and Adjusted earnings per share are non-IFRS measures used by RWC to assess operating performance. These measures have not been subject to audit or audit review.

Review of results for the financial period

Year ended	30 June 2022 (US$ million)	30 June 2021[1] (US$ million)	Variance
Net sales	**1,172.2**	**1,001.6**	**17%**
Reported EBITDA	**258.9**	**254.3**	**2%**
Adjusted for one-time items:			
– Net EZ-Flo and LCL acquisition costs, gain on sale of StreamLabs, debt financing costs expensed[2]	9.8	–	–
– Restructuring and asset impairment charges	–	6.4	–
Adjusted EBITDA	**268.7**	**260.7**	**3%**
Reported net profit before tax	**195.8**	**203.4**	**(4%)**
Tax Expense	(58.4)	(62.4)	(6%)
Reported net profit after tax	**137.4**	**141.0**	**(3%)**
Adjusted for:			
– Cash tax benefit of goodwill amortisation for tax purposes[3]	14.3	11.4	25%
– Net EZ-Flo and LCL acquisition costs, gain on sale of StreamLabs, debt financing costs expensed[4]	9.7	–	–
– Restructuring and asset impairment charges	–	6.4	–
Adjusted net profit after tax	**161.4**	**158.8**	**2%**
Basic earnings per share	17.5 cents	18.0 cents	(3%)
Adjusted earnings per share	20.6 cents	20.3 cents	1%
Declared dividend per share	9.5 cents	9.3 cents	2%

1 US$ figures represent RWC management's translation from Australian $ of historical earnings. Non-IFRS measures have not been subject to audit or audit review.

2 Adjustments comprise: (i) Acquisition and integration costs relating to LCL including inventory step up unwind ($2.0 million); (ii) Acquisition and integration costs relating to EZ-Flo, including inventory step up unwind ($9.8 million); (iii) Gain on sale of StreamLabs $2.4 million; (iv) Expensing of costs relating to previous debt facility ($0.1 million); (v) Costs relating to EMEA distribution changes ($0.4 million).

3 RWC is entitled to claim amortisation of certain intangibles for taxation purposes under longstanding tax concessions available in the USA. Goodwill is not amortised for accounting purposes under accounting standards.

4 Adjustments comprise: (i) Acquisition and integration costs relating to LCL including inventory step up unwind ($2.0 million); (ii) Acquisition and integration costs relating to EZ-Flo including inventory step up unwind ($8.3 million); (iii) Gain on sale of StreamLabs $1.9 million; (iv) Expensing of costs relating to previous debt facility ($0.1 million); (v) Non-cash write-off of capitalised debt cost ($0.8 million); (vi) Costs relating to EMEA distribution changes ($0.4 million).

OPERATING AND FINANCIAL REVIEW

Net sales for the year ended 30 June 2022 of $1,172.2 million were 17% higher than the prior year. The main drivers of the increase were the inclusion of EZ-Flo from mid-November, with sales of $124.8 million for the period, together with price increases implemented during the year to offset cost inflation.

Sales in the prior comparative period ("pcp") were positively impacted by the winter freeze in Texas and surrounding states in the US, which generated $42 million in additional revenue. Adjusting for the US freeze and excluding EZ-Flo's sales, like-for-like sales growth was approximately 9% for the year.

Repair and remodelling activity levels remained strong throughout the year. In the Americas, Asia Pacific and Continental Europe, revenue growth was achieved on top of the strong results recorded in FY2021. The UK saw plumbing and heating demand revert to longer term trend after a period of heightened activity in FY2021 following the COVID lockdowns, and volumes were lower than for the pcp.

Reported EBITDA for the period was $258.9 million, an increase of 2% on the prior year. Adjusted EBITDA of $268.7 million was 3% higher than pcp. Adjustments include the one-off costs associated with the LCL and EZ-Flo acquisitions, expensing of costs relating to RWC's previous debt facilities which were refinanced during the period, and the gain on sale of RWC's StreamLabs business. Results included an initial EBITDA contribution of $15.6 million from EZ-Flo.

Rising costs associated with higher commodity prices for key materials including copper, zinc, resins, and steel, were experienced during the year together with higher costs for freight, packaging, energy and other cost inflation. Average price increases across the group of approximately 9.5% were achieved during the period, with price rises implemented in all key markets. While these substantially offset higher costs they were dilutive to operating margins.

Adjusted EBITDA margin declined from 26.0% to 22.9%. The inclusion of trading results from EZ-Flo since acquisition negatively impacted margins as EZ-Flo has typically generated lower margins than RWC. Excluding EZ-Flo, Adjusted EBITDA margin declined from 26.0% to 24.2%. The timing lag between higher input costs being incurred and offsetting price increases was a factor in compressing margins for the year. Additionally, in some markets price increases were sufficient only to cover higher input costs with no margin contribution. It is estimated that the Adjusted EBITDA margin was negatively impacted by 2% (200 basis points) due to this dilution effect.

Cost reduction initiatives generated $9 million in savings during the year with a full year exit run rate of $12 million. Measures to lower costs included procurement gains, supply chain efficiencies, and a reduction in the use of temporary labour. A further $8 million in cost reduction initiatives are planned for FY2023. SG&A costs declined from 22.0% of revenues to 21.6% despite cost inflation pressures.

Reported NPAT of $137.4 million was 3% lower than pcp. Adjusting for the $14.3 million tax item and other one-off costs referenced earlier, NPAT was $161.4 million, 2% higher than pcp.

Sales in the fourth quarter were up 25%, and up 9% excluding EZ-Flo and sales in the pcp arising from the US freeze. Americas underlying sales were 8% higher due mainly to higher prices. APAC sales were negatively impacted by lower inter-company sales. EMEA sales were up 7% in constant currency and benefitted from a catch up of sales that were delayed in the previous quarter due to the transition of the UK warehousing and logistics operations to a third-party logistics provider. Fourth quarter EBITDA was up 25% on pcp, and up 10% excluding EZ-Flo.

OPERATING AND FINANCIAL REVIEW

Segment Review

Americas

Year ended: (US$ million)	30 June 2022	30 June 2021	1 Year Variance FY22 vs FY21	2 Year Variance FY22 vs FY20	2 Year CAGR FY22 vs FY20
Net sales[5]	**791.0**	**630.0**	**26%**	**60%**	**26%**
RWC	666.2	630.0	6%	34%	**16%**
EZ-Flo	124.8	–	–	–	–
Adjusted EBITDA	**133.8**	**121.3**	**10%**	**69%**	**30%**
RWC	118.2	121.3	(3%)	49%	**22%**
EZ-Flo	15.6	–	–	–	–
Adjusted EBITDA Margin	*16.9%*	*19.3%*	*(240bps)*	*+90bps*	–
Adjusted EBITDA Margin excl. EZ-Flo	*17.7%*	*19.3%*	*(160bps)*	*+170bps*	–
Adjusted EBIT	**111.5**	**104.7**	**7%**	**81%**	**34%**
Adjusted EBIT Margin	*14.1%*	*16.6%*	*(250bps)*	*+160bps*	–
Adjusted EBIT Margin excl. EZ-Flo	*14.7%*	*16.6%*	*(190bps)*	*+220bps*	–

Sales in the Americas of $791.0 million were 26% higher than pcp, reflecting the inclusion of sales from EZ-Flo from November 2021 onwards and also the impact of price increases implemented during the year. Excluding EZ-Flo, sales growth was 6% for the year.

The prior period included $42 million in sales arising from a winter freeze in Texas and surrounding states. In FY2022 there was a one-off negative impact on volumes due to changes implemented by retail channel partner Lowe's to their distribution processes. Adjusting for these two items and excluding EZ-Flo's sales, the Americas like-for-like sales growth was 15% for the period. Sales growth was driven by the strength of the residential repair and remodelling markets, with continued underlying volume growth on top of the record volumes achieved in FY2021.

EZ-Flo recorded sales of $124.8 million for the period from 17 November 2021 to 30 June 2022. This compares with sales for the 12 months ended 31 July 2021 of $169.0 million, prior to RWC ownership.

Adjusted EBITDA including EZ-Flo was 10% higher than pcp and was down 3% on pcp excluding EZ-Flo. Higher costs for copper, steel, resins, zinc, packaging and transportation were substantially offset by higher prices achieved in the period, and operating margins reduced with the price rises dilutive to overall margins. EBITDA margin was also impacted by the inclusion of EZ-Flo for the first time, with this business having lower operating margins than RWC.

EZ-Flo's margins for the period reflected higher input costs and increased transportation costs. Operating margins were also impacted by a government imposed two-week shutdown in Ningbo, China where EZ-Flo's plant is located, in January due to an outbreak of COVID. Price increases implemented in the third quarter positively impacted margins in the fourth quarter. EZ-Flo's EBITDA margin for the post-acquisition period was 12.5%, and 16.8% in the fourth quarter.

During the year, a new purpose-built distribution centre in Alabama was commissioned which has significantly expanded capacity and enabled the consolidation of warehousing operations in Alabama onto one site.

5 Prior to elimination of inter-segment sales

OPERATING AND FINANCIAL REVIEW

The principal drivers of EBITDA performance are summarised in the following table:

Americas

Year ended: (US$ million)	30 June 2022	$ Change over pcp	Commentary
Gross Profit	252.9	26.7	$31.3 million contribution from EZ-Flo
Other Income	3.7	2.9	$2.4 million: gain on sale of StreamLabs
Selling and marketing expenses	(84.3)	(9.2)	Increase due to inclusion of EZ-Flo selling and marketing costs
Administration expenses	(61.7)	(21.4)	($7.8 million): EZ-Flo acquisition transaction costs Increase partly due to inclusion of EZ-Flo costs

Segment Review

Asia Pacific

Year ended: (US$ million)	30 June 2022	30 June 2021	1 Year Variance FY22 vs FY21	2 Year Variance FY22 vs FY20	2 Year CAGR FY22 vs FY20
Net sales[6]	**213.3**	**207.1**	**3%**	**30%**	**14%**
Adjusted EBITDA	**42.7**	**49.5**	**(14%)**	**44%**	**20%**
Adjusted EBITDA Margin	*20.0%*	*23.9%*	*(390bps)*	*190bps*	–
Adjusted EBIT	**32.5**	**39.9**	**(19%)**	**61%**	**27%**
Adjusted EBIT Margin	*15.2%*	*19.3%*	*(410bps)*	*290bps*	–

Asia Pacific sales were 3% higher for the year and up 6% on a constant currency basis. External sales were up 9% driven by increased new residential construction and remodelling activity. Intercompany sales were down 5% on pcp due to lower volumes, with FY2021 benefitting from increased sales to the Americas as a result of the freeze in Texas and surrounding US states.

New housing approvals in Australia declined by 7% in the year to 30 June 2022 , with multi-family approvals up 4% while new detached dwellings were 13% lower[7]. However, the trend in housing commencements has lagged approvals, with total new dwelling units commenced in the year ended 31 March 2022 up 20% on pcp. A significant proportion of RWC's external net sales in Australia are made in the new residential construction market.

Asia Pacific Adjusted EBITDA for the year was $42.7 million, 14% lower than pcp. Despite higher sales in the Australian market, operating margins were adversely impacted by lower intercompany volumes along with a negative profit in stock movement. Inventory levels were replenished in the Americas following the FY2021 freeze leading to an increase in profit in stock for APAC, compared with a release of profit in stock in the pcp. The profit in stock movement over pcp was $6.7 million.

The principal drivers of EBITDA performance are summarised in the following table:

Asia Pacific

Year ended: (US$ million)	30 June 2022	$ Change over pcp	Commentary
Gross Profit	59.0	(9.8)	($6.7 million): movement in profit in stock over pcp
Administration expenses	(12.4)	(1.8)	($1.7 million): LCL acquisition costs

6 Prior to elimination of inter-segment sales

7 Source: Australian Bureau of Statistics

OPERATING AND FINANCIAL REVIEW

Segment Review

Europe, Middle East and Africa (EMEA)

Year ended: (US$ million)	30 June 2022	30 June 2021	1 Year Variance FY22 vs FY21	2 Year Variance FY22 vs FY20	2 Year CAGR FY22 vs FY20
Net sales[8]	**291.3**	**292.0**	**(0.2%)**	**34%**	**16%**
Adjusted EBITDA	**98.7**	**96.4**	**2%**	**58%**	**26%**
Adjusted EBITDA Margin	*33.9%*	*33.0%*	*90bps*	*+520bps*	–
Adjusted EBIT	**85.2**	**81.8**	**4%**	**74%**	**32%**
Adjusted EBIT Margin	*29.2%*	*28.0%*	*120bps*	*+670bps*	–

Reported net sales in EMEA were 0.2% lower at $291.3 million, while sales in constant currency were up 1%.

Demand in Continental Europe remained strong throughout the year with sales up 17% for the year driven principally by growth in demand for water filtration and drinks dispense products. UK plumbing and heating volumes were down compared to pcp, as demand returned to more typical levels following the heightened activity in FY2021 which benefitted from additional COVID-related demand.

Adjusted EBITDA was $98.7 million, up 2% on pcp. Adjusted EBITDA margin increased by 90 basis points to 33.9% for the year. The increase was due to inflationary cost pressures being fully offset with price increases and cost saving measures.

The outsourcing of the UK's warehousing and logistics operations to a third-party provider was completed in the second half of the year. The change caused a delay in order fulfilment in the third quarter, but arrears were successfully addressed in the fourth quarter and reduced to below the level prior to the warehouse outsourcing.

Group performance review

Dividend

A partially franked final dividend of US5.0 cents per share has been declared. Total dividends declared for the year ended 30 June 2022 are US9.5 cents per share totalling $75.1 million which represents 55% of Reported NPAT and 47% of Adjusted NPAT. The Company's intended pay-out range remains between 40% and 60% of annual NPAT.

The FY2022 interim dividend was 20% franked and the FY2022 final dividend will be 10% franked. As previously disclosed, future dividends are also likely to be only partially franked given changes in the company's geographic mix of earnings following acquisitions. It is currently expected that future dividends will be less than 20% franked.

The record date for entitlement to the final dividend is 9 September 2022. The payment date is 7 October 2022.

Year ended:	30 June 2022	30 June 2021[9]	30 June 2022 % Franked	30 June 2021 % Franked
Interim	US4.5cps	US4.3cps	20%	20%
Final	US5.0cps	US5.0cps	10%	20%
Amount payable or paid	US$75.1m	US$74.2m		

Capital expenditure

Capital expenditure payments for property, plant and equipment investment during the year totalled $60.4 million compared with $35.8 million in the prior year. $37.4 million of capital expenditure for the period was focused on growth initiatives with key projects including expansion of production capacity for SharkBite and Speedfit fittings and PEX pipe.

8 Prior to elimination of inter-segment sales.

9 US$ figures represent RWC management's translation of the HY2021 and FY2021 dividend.

OPERATING AND FINANCIAL REVIEW

Working capital and cash flow

Net cash inflow from operating activities for the period was $139.6 million, a decrease of 44% on pcp. Working capital increased by $173.5 million over pcp due mainly to an increase in inventories of $120.4 million and increased trade debtors of $46.3 million. The increase in trade debtors was due principally to the EZ-Flo acquisition together with the flow on effects of higher sales. The increase in inventories reflects:

- $57.7 million: planned inventory increase.
- $22.0 million: increase in the value of inventory due to inflation.
- $54.9 million: increase in inventory attributable to LCL and EZ-Flo acquisitions.
- ($14.2 million): foreign exchange impact on inventory movement versus pcp.

As a result of the increase in working capital, operating cash flow conversion[10] for the year was 52% of EBITDA versus 96% pcp. RWC expects that operating cash flow conversion in FY2023 will improve with inventory levels expected to stabilise or reduce.

Balance sheet

Net debt[11] at 30 June 2022 was $551.1 million (30 June 2021-$130.4 million). Net debt to EBITDA was 2.1 times[12] at 30 June 2022 (based on historical EBITDA for a 12-month period ended 30 June 2022) compared with 0.51 times for the pcp.

The increase in net debt of $420.6 million was principally due to debt funding of two acquisitions in the period: LCL ($28 million) and EZ-Flo International ($332 million). Additionally, increased working capital described above added to the net debt position.

During the year, RWC established new committed borrowing facilities with a group of bank lenders totalling US$800 million, comprising:

- US$725 million syndicated multi-currency facility; and
- US$75 million bilateral US dollar facility.

Both facilities have maturity dates apportioned between 3 and 5 years, with:

- US$480 million to mature in November 2024; and
- US$320 million to mature in November 2026.

The facilities, which replaced a secured A$750 million syndicated facility agreement, are governed by a common terms deed and are unsecured.

RWC also completed a $250 million unsecured note issuance in the US private placement market during the year. The notes have fixed coupon rates and maturities between 7 and 15 years. The funds raised provide RWC with long-term debt funding which supplements other borrowing facilities. RWC's weighted average debt maturity increased from 3.8 years to 5.5 years following the debt placement. The Company now has access to debt facilities totalling US$1,050 million, with unutilised facilities at year end of $481 million.

RWC continues to have a strong balance sheet and conservative financial position and remains well within its target leverage ratio of 1.5 times to 2.5 times Net Debt to EBITDA. RWC expects that it will remain in compliance with all borrowing facilities' financial covenants.

Capital management

The Company has assessed that its optimal capital structure will be achieved by maintaining its net debt levels to achieve a leverage ratio (net debt to EBITDA) in the range of 1.5 to 2.5 times. Sustaining a level of debt within this range will ensure the Company optimises its cost of capital whilst at the same time maintaining investment grade equivalent credit metrics, such that it will continue to be able to access long-term debt markets and have acceptably low refinancing risk of its debt facilities.

10 FY2022: Cash flow from operations to Adjusted EBITDA of $268.7 million.

11 Excludes leases.

12 Excludes leases.

OPERATING AND FINANCIAL REVIEW

To the extent that the Company is generating excess cash flows beyond what is required to fund maintenance and growth capital expenditure and pursue M&A and other inorganic growth opportunities, RWC's principal means of distributing cash to shareholders will be through dividends. The Company will continue to pursue its policy of distributing between 40% and 60% of annual NPAT by way of dividends each year. RWC is only able to pay partially franked dividends for Australian taxation purposes due to the geographic mix of its earnings.

Beyond paying dividends to shareholders, the Company has determined that the purchase of RWC shares through an on-market share buyback would be the most effective means of distributing excess cash. The Company believes a share buyback would be value enhancing for shareholders as it would contribute to positive earnings accretion on an earnings per share (EPS) basis as well as improve return on equity. The Company will consider share buybacks in the future having regard to its level of earnings, operating performance, level of borrowings and leverage, economic outlook, and its capital requirements to support organic growth and other investment opportunities including M&A.

Taxation

The accounting effective tax rate for the period was 29.8%. This rate excludes RWC's entitlement to claim amortisation of certain intangibles for taxation purposes under longstanding tax concessions available in the US. Goodwill is not amortised for accounting purposes under accounting standards. The benefit arising from the amortisation of goodwill for cash tax purposes in the period was $14.3 million.

Adjusting for this item, tax expense for the period was $45.3 million, representing an Adjusted effective tax rate of 21.9%. Adjusted effective tax rate best represents the rate of tax paid by the Group. RWC expects that the Adjusted effective rate will be in the range 22% to 25% in FY2023.

Health and safety

Health and Safety continued to be RWC's highest priority in FY2022, with an ongoing focus on maintaining a physically and emotionally safe and healthy workplace for employees, contractors, visitors, and the community. While the effects of the COVID pandemic lessened towards the end of FY2022, we continued to implement best practice for COVID infection mitigation including telecommuting, on-site social distancing, and distribution of hand sanitisers and personal protective equipment. We have encouraged employee vaccination by offering incentives to all employees to achieve and maintain a full-vaccination status.

All three regions improved their health and safety performance in FY2022 as measured by the Reportable Injury Frequency Rate (RIFR). The RIFR measures the rate of all recorded lost time injuries, cases or alternate work, and other injuries requiring medical treatment, per one million hours worked. The Group RIFR reduced by 15%, from 6.08 at the end of FY2021 to 5.17 at the end of FY2022.

To further support the importance of Health and Safety at RWC, the Board established a Health and Safety Committee during the year. The Committee has initiated a best practice benchmark review of health and safety policies and procedures between each of RWC's three regions. The aim of the review is to help RWC further develop our health and safety systems and continue to achieve health and safety performance outcomes that are consistent with leading companies in comparable industries. In support of these efforts, RWC has engaged with a leading global health and safety consulting company.

In the Americas, a significant accomplishment was integrating EZ-Flo's health and safety systems following the acquisition of the business in November of 2021. A combined health and safety handbook was developed, and other relevant policies and procedures implemented at the legacy EZ-Flo locations.

Another milestone for the Americas Region was the implementation of a revised Employee Safety Engagement program. Health and safety "Kaizen" events were held in the second half of the year to further optimise current procedures, cultivate an employee driven safety culture and develop even more opportunities for employee engagement. The program was well received by employees and has significantly improved the involvement and engagement at all levels in the manufacturing areas. This program will be rolled out to all RWC locations in the Americas in FY2023.

APAC's health and safety performance continued to improve in FY2022 with total injuries continuing their downward trend, while hazard and near miss reporting increased by 59%.

In EMEA, a major initiative in FY2022 has been the benchmarking of best practice internally and externally. Increased levels of employee engagement, training, and information sharing, with a more intense focus on closed loop corrective actions, specifically on any accidents or health and safety observations and near misses, helped to lift health and safety performance. This has been driven by an increase in driving a culture of empowerment to act, challenge and generate more passion for being proactively involved.

OPERATING AND FINANCIAL REVIEW

FY2023 outlook

The short-term outlook for RWC's key markets remains satisfactory from a demand perspective. A backlog of work in RWC's core repair and maintenance markets, along with committed new home construction activity in Australia, are expected to support volumes in the short term. RWC believes that its end market exposure, which is predominantly to repair and maintenance activity, provides greater resilience to economic shocks compared with the more cyclical new residential construction market.

Given weaker global economic conditions and the risk of recessions in RWC's key markets, however, the medium-term outlook is less certain. Potential macro-economic, geopolitical and COVID-related risks in the year ahead include:

- Slowing economic activity impacting consumer confidence and causing deferral of remodelling.
- Rising interest rates negatively impacting construction activity.
- Risk of declining home values adversely impacting home equity loan availability and confidence in reinvesting in the home.
- Inflationary pressures making home remodelling less affordable for some homeowners.
- Continued supply chain disruption impacting transportation schedules, energy costs and materials availability.

Further price increases were implemented in the second half of FY2022 which will positively impact sales revenue in FY2023 by approximately 2%. Continued cost inflation is expected to be an ongoing challenge in FY2023 potentially requiring further price adjustments. Price increases may be margin dilutive where they are applied to offset equivalent cost increases with no net contribution to gross margins.

RWC believes it is well placed with its local manufacturing operations and strong track record of class-leading customer service to navigate these challenges and respond to customer needs. We also expect our ongoing new product introductions will enable us to continue our long-standing record of delivering above-market growth with quality margins.

Americas

The US has experienced strong demand in residential remodelling activity over the past two years, driven by a change in consumer preferences as a result of COVID with more time spent at home. This trend has looked to be long-term structural in nature reflecting a desire by homeowners to invest more in their houses. Supporting this trend has been the continued ageing of US housing stock and relative underinvestment in home repair, maintenance and remodelling since the global financial crisis.

These factors should remain supportive of activity levels over the medium to long term. Near term, however, demand may be adversely impacted by rising interest rates, declining consumer confidence and a weaker economic outlook compared with the start of 2022. The trend in existing homes values will be a key factor in consumers continuing to spend on home remodelling projects. RWC's exposure to the repair and maintenance sector, primarily serviced by the professional plumber and augmented by DIY, should help to mitigate against a possible decline in remodel volumes.

Recent trading has shown a mixed trend. Commercial, multifamily, and mixed-use development construction activity remains strong. Single-family new construction activity appears to be slowing. While single-family finish-out work has not yet softened, new in-ground work is easing. Demand for water heaters has also softened recently, while at the same time manufactured volumes of water heaters have reduced following a period of heightened production by OEM's to meet strong demand through COVID and mitigate against supply chain disruption. For the month of June 2022, US shipments of residential gas storage water heaters decreased 28% on pcp and residential electric storage water heater shipments were down 19%[13].

In terms of channel partner inventory levels, retail and hardware inventory appears to be in line with current unit sales activity, based on point-of-sale data. Recent improvements to supply chains have resulted in better lead times across the industry which has led to wholesalers reducing "safety stock" inventory levels across many plumbing product categories. Additionally, with a more subdued outlook, wholesalers are becoming more cautious and many are trying to bring inventory levels back in line with current demand.

Asia Pacific

In Australia, increases in prior period residential dwelling approvals have now translated into higher new construction commencements, and this should underpin volumes for the first part of FY2023. Declining house prices and rising interest rates are risks to repair and remodel activity, but a backlog of work should be supportive in the short term.

13 Source: Air Conditioning, Heating, & Refrigeration Institute.

OPERATING AND FINANCIAL REVIEW

EMEA

In the UK, deteriorating economic conditions, rising costs and declining consumer sentiment suggest a subdued outlook for residential remodelling activity. In Continental Europe volumes are expected to be relatively stable, but macroeconomic headwinds together with geopolitical tensions and energy supply constraints represent potential downside risk factors.

Change in reporting currency

RWC changed its reporting currency from Australian dollars to US dollars with effect from 1 July 2021. Consolidated financial results for the 2022 financial year, including half year earnings, are now reported in US dollars. This change better reflects RWC's business revenue, cost base and earnings mix, with the US market the largest in terms of sales revenue and operating earnings.

Earnings guidance

Due to the ongoing uncertainty surrounding market conditions RWC will not provide earnings guidance for FY2023. We will continue to provide updates to investors each quarter on trading conditions in the three regions, including sales and operating earnings. The next scheduled update on trading conditions will be prior to the 27 October 2022 annual general meeting. In terms of specific items, the following key assumptions are provided for FY2023:

- Capital expenditure is expected to be approximately US$60 million to US$70 million, including investment in manufacturing capability for new product initiatives.
- Further cost reduction initiatives are expected to deliver US$8 million in cost savings.
- Depreciation and amortisation expense is expected to be in the range of US$55 million to US$60 million.
- Net interest expense is expected to be in the range of US$23 million to US$27 million.
- The adjusted effective tax rate is expected to be in the range of 22% to 25%.
- Earnings sensitivity to changes in the cost of copper is such that a US$100 per tonne movement in the copper price would impact EBITDA by US$1.1 million p.a.
- Operating cash flow conversion is expected to improve from FY2022 levels.
- The average Australian Dollar/US Dollar exchange rate in FY2022 for earnings translation was US$0.7258.
- The average Pound Sterling/US Dollar rate in FY2022 for earnings translation was GBP 1.3323.

Variations in economic conditions, trading conditions or other circumstances may cause these key assumptions to change.

Commentary on trading conditions since 30 June 2022

Net sales in July were 19% ahead of the pcp and 3% lower excluding EZ-Flo, with higher prices offset by lower volumes.

In the Americas, DIY demand softened in the month while professional plumber volumes remained stable. Sales of certain product lines were also impacted by OEM customers taking an additional vacation week during the month compared with July 2021.

In EMEA, UK plumbing and heating sales were up slightly on pcp, and sales in Continental Europe were also ahead of pcp.

Australia recorded strong external sales growth for the month, while intercompany sales were lower.

Trading results can vary month by month and care should be taken not to extrapolate one month's performance.

DIRECTORS' REPORT

For the year ended 30 June 2022

The Directors present their report together with the Financial Report comprising Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "RWC" or "the Group") for the financial year ended 30 June 2022 ("reporting period") and the Auditor's report thereon.

The Group changed its presentation currency to US dollars from Australian dollars with effect from 1 July 2021. All amounts reported in this Directors' Report and the 30 June 2022 financial statements, including prior period comparatives, are in US dollars unless stated otherwise.[1]

The following sections, which are presented separately, form part of and are to be read in conjunction with this Directors' Report:

- Operating and Financial Review (page 26); and
- Remuneration Report (page 47)

Directors

The Directors of the Company at any time during or since the end of the reporting period were:

	Appointed
Stuart Crosby (Chairman)	11 April 2016
Heath Sharp (Chief Executive Officer and Managing Director)	19 February 2016
Christine Bartlett	6 November 2019
Russell Chenu	11 April 2016
Darlene Knight	14 April 2021
Sharon McCrohan	27 February 2018
Ian Rowden	6 July 2020

Details of the experience and qualifications of Directors in office at the date of this report are:

Stuart Crosby

Independent Non-Executive Chairman (from 4 March 2019)
Member of Audit and Risk Committee
Member of Environment, Social and Governance Committee

Mr. Crosby was the Chief Executive Officer and President of Computershare Limited for nearly eight years until June 2014. Mr. Crosby previously held a number of senior executive positions across the Computershare business. Before joining Computershare, Mr. Crosby worked for the Australian National Companies and Securities Commission, the Hong Kong Securities and Futures Commission and at ASX Limited. Mr. Crosby is Chair of AMES Australia.

Other listed company directorships in the past 3 years: None

Heath Sharp

Chief Executive Officer and Managing Director

Mr. Sharp was appointed Chief Executive Officer in 2015. He joined RWC in 1990 as a Design Engineer in the Brisbane based Product Development team. He has worked in each international division of the business throughout his career, holding senior management positions in Engineering, Product Management, Sales and Operations. He was appointed General Manager of the Cash Acme facility in Alabama following its acquisition by RWC in 2002. He returned to lead the Australian division in late 2004, the largest operation at the time. Mr. Sharp moved back to the USA in 2007 to re-join the US business and steer its rapid growth in RWC's largest market. Mr. Sharp held the roles of President of the USA business and Chief Operating Officer prior to his current role as Chief Executive Officer. Mr. Sharp holds a Bachelor of Mechanical Engineering degree from the University of Southern Queensland.

Other listed company directorships in the past 3 years: None

1 Please refer to Note 1(d) in the 30 June 2022 financial statements for details of the methodology for translating prior period comparatives.

DIRECTORS' REPORT

For the year ended 30 June 2022

Christine Bartlett

Independent Non-Executive Director
Chair of Nomination and Remuneration Committee
Member of Environment, Social and Governance Committee
Member of Health and Safety Committee

Ms. Bartlett is an experienced CEO and senior executive with extensive line management experience gained through roles with IBM, Jones Lang LaSalle and National Australia Bank Limited. Her executive career has included Australian, regional and global responsibilities based in Australia, the USA and Japan. She is currently a Non-Executive Director of Mirvac Group, Sigma Healthcare Limited and TAL; and was previously a director of GBST Holdings Limited, PropertyLook, National Nominees Ltd, the Australian Custodial Services Association, icare and The Smith Family. She is a member of the UNSW Australian School of Business Advisory Council, Chief Executive Women and the Australian Institute of Company Directors. Ms. Bartlett holds a Bachelor of Science from the University of Sydney and has completed senior executive management programs at INSEAD.

Other listed company directorships in the past 3 years:
Mirvac Group (since December 2014)
Sigma Healthcare Limited (since March 2016)
GBST Holdings Limited (July 2015 until November 2019)

Russell Chenu

Independent Non-Executive Director
Chair of Audit and Risk Committee
Member of Health and Safety Committee
Member of Nomination and Remuneration Committee

Mr. Chenu is an experienced corporate and finance professional who held senior finance and management positions with a number of ASX listed companies. His last executive role was Chief Financial Officer of James Hardie Industries plc from 2004 to 2013. He is currently the Chair of Vulcan Steel Limited and a Non-executive Director of CIMIC Group Limited. Mr. Chenu holds a Bachelor of Commerce from University of Melbourne and an MBA from Macquarie Graduate School of Management, Australia.

Other listed company directorships in the past 3 years:
Vulcan Steel Limited (since 2021)
CIMIC Group Limited (since June 2014. This company delisted from the ASX in May 2022)
James Hardie Industries plc (August 2014 until November 2020)
Metro Performance Glass Limited (July 2014 until August 2021)

Darlene Knight

Independent Non-Executive Director
Chair of Health and Safety Committee
Member of Audit and Risk Committee
Member of Environment, Social and Governance Committee

Ms. Knight's operational experience was gained with multi-national manufacturing businesses, primarily in the automotive sector, where she held strategic and operations focused roles. Darlene has held senior leadership roles at both supplier and OEM organisations, including General Motors Corporation, EDSCHA GmbH, Johnson Controls, Inc. and Adient, Plc. She has experience in engineering, global manufacturing and quality. Her roles have included P&L responsibility. Darlene is a director of Fabrinet (NYSE: FN) and eLeap Power. Ms. Knight holds a Master of Science in Engineering Science from Rensselaer Polytechnic Institute and a Bachelor of Science in Industrial Administration from Kettering University.

Other listed company directorships in the past 3 years:
Fabrinet (since January 2022)

DIRECTORS' REPORT

For the year ended 30 June 2022

Sharon McCrohan

Independent Non-Executive Director
Chair of Environment, Social and Governance Committee
Member of Health and Safety Committee
Member of Nomination and Remuneration Committee

Ms. McCrohan is an experienced media and strategic communications consultant with a career spanning almost 30 years. Ms. McCrohan has been an advisor to Federal and State government leaders and cabinets, private sector boards, sporting bodies, statutory authorities, charities and government agencies. Ms. McCrohan has extensive experience in media and communications, policy development, government and stakeholder relations and executive team leadership. Ms. McCrohan is a non-executive director of Racing Victoria Limited, the Ovarian Cancer Research Foundation Board and the Transport Accident Commission (Victoria). Ms. McCrohan holds a Bachelor of Arts (Journalism) from Royal Melbourne Institute of Technology and is a Graduate member of The Australian Institute of Company Directors.

Other listed company directorships in the past 3 years: None

Ian Rowden

Independent Non-Executive Director
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

Mr. Rowden is an experienced CEO and senior global executive with extensive experience in commercial, strategy, M&A, marketing and operational leadership roles with The Coca-Cola Company, The Callaway Golf Company, Wendy's International, Saatchi & Saatchi and The Virgin Group. His executive career included Australian, regional and global responsibilities based in Australia, Hong Kong, Switzerland and the USA.

Mr. Rowden is currently a non-executive director and Chair of the Nomination and Remuneration Committee of EneroGroup Limited (ASX : EGG), non-executive Director of DuluxGroup International (UK) and was formerly a director of QMS Media Limited and Virgin Galactic (NYSE : SPCE). He also Chairs the Marketing Council for the Murdoch Children's Research Institute and is a partner and investment advisory board member for Innovate Partners, a US based private equity/venture capital company, and a senior advisor to Bowery Capital.

Other listed company directorships in the past 3 years:
Enero Group Limited (since November 2018)
QMS Media Limited (February 2019 to February 2020)

Company Secretary

David Neufeld

Mr. Neufeld has been Company Secretary since April 2016. He has over 35 years' experience in chartered accounting and corporate organisations, including over 15 years' experience as Chief Financial Officer and/or Company Secretary of ASX listed companies. Mr. Neufeld has extensive experience in financial and management reporting, corporate compliance, governance and risk management, audit and business acquisitions and divestments. Mr. Neufeld holds a Bachelor of Commerce (Honours) from University of Melbourne and is a member of Chartered Accountants - Australia & New Zealand and a Graduate member of The Australian Institute of Company Directors.

DIRECTORS' REPORT

For the year ended 30 June 2022

Director Meetings

The number of Board meetings and meetings of Board Committees held and the number of meetings attended by each of the Directors of the Company during the reporting period are listed below. The membership of each Board Committee was reviewed during 2022 in conjunction with the establishment of two new committees.

Director	Board		Audit and Risk Committee		ESG Committee		Health and Safety Committee		Nomination and Remuneration Committee	
	Held[1]	Attended[1]	Held[1]	Attended[1]	Held[1]	Attended[1]	Held[1]	Attended[1]	Held[1]	Attended[1]
Christine Bartlett	12	12	-	-	2	2	2	2	4	4
Russell Chenu	12	11	8	8	-	-	2	2	1	1
Stuart Crosby	12	11	1	1	2	2	-	-	3	3
Darlene Knight	12	11	1	1	2	2	2	2	3	3
Sharon McCrohan	12	12	7	7	2	2	2	2	4	4
Ian Rowden	12	12	8	8	-	-	-	-	1	1
Heath Sharp	12	12	-	-	-	-	-	-	-	-

Directors who are not members of Board Committees have a standing invitation to attend Committee meetings and do attend from time to time. The above table only reflects attendance at Committee meetings by members of the relevant Committees.

Environmental Regulation and Performance

RWC's manufacturing operations have to date not been adversely affected by environmental laws and regulations. Manufacturing operations primarily involve brass forging and machining, PEX extrusion, plastic moulding and product assembly. Historically, the environmental impact of these processes has been minimal and RWC believes it meets current environmental standards in all material respects.

Environmental and social sustainability are core to RWC's operations and important to its strategy. An Environmental, Social and Governance ("ESG") Committee of the Board was formed during the year to provide oversight on ESG initiatives, objectives, strategies and targets. We understand that running our business responsibly is vital to our long-term sustainability and the decisions we make have consequences for the economy, society and the environment. RWC has published Social Impact Reports since 2020. A copy of each report can be viewed on the Company's website at www.rwc.com. The reports provide information on our approach to sustainability, identify our material topics and how they are currently managed, our achievements and areas for improvement. Global macro trends related to water are creating challenges for the built environment that RWC can help to solve. There are opportunities for RWC to make a positive contribution through the products we design and manufacture. We have existing solutions that we can provide and are also continually investing in new products and solutions. These may have different applications across the regions in which we operate. In particular, RWC has a clear role in the provision of clean water and sanitation and also in developing sustainable and resilient infrastructure, particularly in the context of cities. Since water and energy are closely connected, water efficiency also contributes to energy efficiency. As a manufacturer and distributor, we also recognise that our operations have an environmental footprint and that we need to manage the social and environmental impacts of our supply chain. We continue to assess our risks and opportunities arising from climate impacts.

Principal Activities

The principal activities of RWC are the design, manufacture and supply of high quality, reliable and premium branded water flow, control and monitoring products and solutions for the plumbing and heating industry.

1 Number of meetings held and attended during the period the Director was a member of the Board and/or each Committee.

DIRECTORS' REPORT

For the year ended 30 June 2022

Significant Changes in the State of Affairs

During the reporting period, the Group successfully completed two acquisitions, being the EZ-Flo International group (November 2021) and the business assets of LCL Pty Ltd (August 2021). Both acquisitions were funded from existing borrowing facilities. Further details on both transactions are contained in the Operating and Financial Review and 30 June 2022 financial statements.

In November 2021, the Group established new committed borrowing facilities totalling US$800 million with a group of lenders. The initial drawdown was used to fully refinance and replace a secured A$750 million syndicated facility agreement. In April 2022, the Group completed a US$250 million unsecured note issuance in the US Private Placement market.

The Operating and Financial Review contains comments on how COVID-19 and geopolitical events have impacted and continue to impact business activities and results.

In preparing the consolidated financial statements in conformity with Australian Accounting Standards, due consideration has been given to the judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Group has managed, and continues to manage, the risks arising from the continuing COVID-19 pandemic, geopolitical and macroeconomic events which are impacting the estimation uncertainty in the preparation of the consolidated financial statements. At 30 June 2022, the Group has reassessed all significant judgements, assumptions and critical estimates included in the consolidated financial statements, including but not limited to, provisions against trade debtors and inventory and impairment of non-current assets. Actual results may differ from these estimates. Details of the main judgements, estimates and assumptions applied are set out in the notes to the consolidated financial statements.

There were no significant changes in the affairs of the Group during the reporting period other than as set out above.

Material Business Risks

RWC continues to evolve its risk management policies and processes. Set out in the table below are:

- a summary of specific material business risks which could impact upon RWC's ability to achieve its business objectives and/or its financial results and position; and
- management plans to mitigate against each business risk listed.

The information is provided as a guide to RWC's current risk management focus. Since 2020, the COVID-19 pandemic and ongoing geopolitical events have shifted our risk profile resulting in changes to some plans to monitor and manage these risks.

DIRECTORS' REPORT

For the year ended 30 June 2022

The list is provided in no particular order and is not exhaustive.

Risk	Description	Management plans
RWC is exposed to changes in general economic conditions, legislation and regulation which may impact activity in RWC's end-markets.	▪ RWC's financial performance is largely dependent on activity in the residential and commercial repair and renovation and new construction end-markets in the North American, Asia Pacific and European regions. Activities in these end-markets are impacted by changes in general economic conditions; and to legislation and regulation (for example, changes to plumbing codes; tariff rates and import duties; and post Brexit trade and regulatory arrangements). Activities in the repair end-market may also be impacted by extreme weather events. ▪ A prolonged downturn in general economic conditions either globally or in any geographic region in which RWC operates may impact demand for plumbing services in RWC's end-markets, thereby decreasing demand for RWC's products. The COVID-19 pandemic and ongoing geopolitical events are examples of events which cause or could cause significant impact on general economic conditions. The impacts, challenges and uncertainties caused by such events can continue for substantial periods of time. ▪ Any such downturn may have a material adverse impact on RWC's operations and financial results.	▪ Processes are in place to be able to respond to changes in conditions and adjust production, delivery and raw materials purchasing requirements as well as manage operating and overhead costs as considered necessary and appropriate. RWC's systems and processes are supported by audit protocols and monitoring of key performance indicators. ▪ Key economic indicators are monitored for data which assist the business in being proactive in its decision making. ▪ During the past two years RWC has undertaken a regular review of the inputs and methodologies of its forecasting and financial planning systems to improve reaction and response times to abnormal events.
Loss of customer risk	▪ There can be no guarantee that key customers will continue to purchase the same or similar quantities of RWC's products as they have historically. Competition, including the price of competing products relative to RWC's products, could impact demand for RWC's products. ▪ The loss of a key customer or a significant reduction in the volume of products purchased by one or more key customers may adversely impact RWC's financial performance.	▪ Maintain connections with, and deliver ongoing business opportunities to, key customers. ▪ Maintaining high levels of accurate and on-time delivery is valued by customers. ▪ Continuing focus on differentiated products and solutions as well as customer service. ▪ Investment in research and development to provide innovative products and remain the supplier of choice. ▪ Plans are in place to continue to diversify the customer base and reduce the potential impact of this risk.

DIRECTORS' REPORT

For the year ended 30 June 2022

Risk	Description	Management plans
Materials supply and price risk	▪ Any adverse change in RWC's ability to procure raw materials, a material increase in the cost of raw materials or any increase in indirect production costs would result in an increase in RWC's overall costs. RWC's profitability could be adversely impacted if it is unable to pass on such cost increases to its customers.	▪ RWC aims to have appropriate agreements in place with major suppliers. ▪ Active management of procurement processes. ▪ Active in the past 12-18 months in passing on higher costs to customers through price increases. These active processes are expected to continue. ▪ Continuing efforts to "dual source" key materials and components to enable price verification, quality control management and reduce risk of supplier concentration. ▪ RWC periodically benchmarks prices for key material/product supply.
Foreign currency risk	▪ RWC's results are impacted by exchange rate movements. In particular, exposure to USD, AUD, GBP, Euro and Yuan. ▪ Furthermore, as RWC expands globally, it becomes exposed to additional currencies and a higher proportion of its net sales, profitability, cash flows and financial position could be affected by exchange rate movements. ▪ Movements in exchange rates can impact profitability and cash flows.	▪ RWC does not typically hedge its foreign exchange exposures. RWC currently benefits from several "natural hedges" against currency movements. For example, the impact of foreign currency denominated purchases against foreign currency sales. RWC Australia's sales to RWC USA are denominated in US dollars and the majority of raw materials and components purchased by Australia for use in production for the USA are denominated in US dollars. ▪ Foreign currency risk is monitored and analysed with consideration given to alternative strategies to manage foreign exchange risk as the business expands and exposure to other currencies increases. ▪ Where appropriate, transaction timings are optimised to minimise impacts. ▪ RWC reports its financial results in US dollars from FY2022. This change is expected to reduce the impact of foreign currency movements on reported results.

DIRECTORS' REPORT

For the year ended 30 June 2022

Risk	Description	Management plans
Events affecting manufacturing or delivery capability	▪ The equipment and management systems necessary for the operation of RWC's facilities may break down, perform poorly, fail or be impacted by a fire, earthquake or major weather event (such as a snow storm, tornado, cyclone or flood) resulting in delays, increased costs or an inability to meet customer demand. ▪ Events could also arise which impact upon RWC's ability to ship and deliver product from its facilities in a timely manner. RWC has an increased supply chain risk in China following the EZ-Flo acquisition. The COVID-19 pandemic and current geopolitical actions are examples of events which have resulted in significant market disruption leading to increased risk around business planning and management. ▪ Any significant or sustained interruption to RWC's manufacturing or delivery processes may adversely impact RWC's net sales and profitability.	▪ RWC has manufacturing facilities located in six countries. This geographic dispersion reduces the impact on total production output if an adverse event occurs at one or more of the sites. ▪ RWC has established long-term machine maintenance support programs with key suppliers. ▪ RWC carries stores of key maintenance spare parts to support timely repairs and maintenance to its production equipment and facilities. ▪ Investment in high quality machinery and extensive operator training to enable machine/operator substitution in the event of machinery breakdown. ▪ RWC's response to the operational impacts of COVID-19 together with existing risk management controls minimised the impact of the pandemic on manufacturing capacity and output. ▪ Safety hazard training undertaken and appropriate onsite procedures in place. ▪ Business interruption insurance in place.
Climate related risks and impacts	▪ As a manufacturer and distributor, we recognise that RWC's operations have an environmental footprint and that we need to manage the social and environmental impacts of RWC's supply chain. ▪ There may be climate related factors which impact RWC's operations in both the near and longer term. For example, these impacts could be in areas such as availability and cost of materials used in RWC's products or manufacturing processes, transport and/or occurrence of extreme weather events. Any significant or sustained impacts could adversely affect RWC's financial performance and/or financial position.	▪ Board sub-committee established to monitor and oversee RWC's response to climate related risks and impacts. ▪ Continuing to assess climate related business risks and how best to mitigate these. ▪ An ongoing project to identify and capture emissions information and then set appropriate, practical targets and plans to achieve these. ▪ Material climate related risks identified are incorporated into RWC's enterprise risk management processes. ▪ RWC releases reports providing information on its approach to managing and mitigating climate related risks and impacts.

DIRECTORS' REPORT

For the year ended 30 June 2022

Risk	Description	Management plans
Impact of product recalls, product liability claims or claims against RWC where a product has not been correctly installed by a third party.	▪ RWC is exposed to the risk of product recalls and product liability claims where a defect in a product sold or supplied by RWC or incorrectly installed by a third-party contractor could result in, results in or is alleged to have resulted in, personal injury or property damage. ▪ RWC may suffer loss as a result of claims for which it is not insured or if cover is denied or exceeds available limits.	▪ Continuing investment in production technology and quality control processes to minimise the risk of product defects. ▪ RWC maintains rigorous quality assurance accreditation in all its manufacturing/distribution locations. These quality systems are regularly audited by external third parties. ▪ Investment in training of professional contractors on correct installation and use of products. ▪ Maintain appropriate insurance policies.
Key personnel risk	▪ RWC's success depends on the continued active participation of its key personnel. ▪ If RWC were to lose any of its key personnel or if it were unable to employ additional or replacement personnel, its operations and financial results could be adversely affected.	▪ RWC seeks to employ high quality personnel who are remunerated by market competitive arrangements. ▪ Historically, there is a good record of retaining key personnel. ▪ Succession planning, talent management and organisation design capabilities are a focus of the Board and overseen on its behalf by the Nomination and Remuneration Committee.
Information Technology (including cyber security)	▪ Technological advancements and risks of cyber-crime can impact the integrity of RWC's IT systems and make them vulnerable to attack if appropriate security measures are not in place.	▪ IT security policies and recovery plans in place. ▪ Ongoing system monitoring and testing, including review of security protocols. ▪ Appropriate insurance policies. ▪ Employees are a critical line of defence in protecting against cyber-crime. Regular training is provided to employees. Alerts and reminders to remain vigilant are also regularly sent. ▪ Fully maintained hardware and software security measures provide a high watch status on illegal attempts to penetrate RWC's systems.

DIRECTORS' REPORT

For the year ended 30 June 2022

Dividends

A final dividend for the financial year ended 30 June 2021 of A$0.07 per share, franked to 20%, was paid to eligible shareholders on 8 October 2021.

An interim dividend for the financial year ended 30 June 2022 of US$0.045 per share, franked to 20%, was paid to eligible shareholders on 8 April 2022. The dividend was paid in Australian dollars at the rate of 6.285 cents per share.

Since the end of the reporting period, the Directors have resolved to declare a final dividend for the financial year ended 30 June 2022 of US$0.05 per share. The dividend will be franked to 10%. The dividend will be paid in Australian dollars at the rate of 7.139 cents per share. The record date for entitlement to the dividend is 9 September 2022. The dividend is payable to eligible shareholders on 7 October 2022.

The aggregate dividends paid or declared for the financial year ended 30 June 2022 total $75.1 million (2021 - $74.2 million).

The Company does not have a dividend reinvestment plan.

Events subsequent to reporting date

On 15 July 2022, the Group completed the sale of a property in the UK for a total consideration of $25.3 million and recognised a gain on sale of $15.4 million. This property was classified as an asset held for sale at 30 June 2022.

The Directors are not aware of any other matters or circumstances that have occurred since the end of the reporting period that have significantly affected or may significantly affect the operations of RWC, the results of those operations or the state of affairs of RWC in subsequent financial reporting periods which have not been covered in this report or the financial statements.

Likely Developments and Prospects

Details of likely developments for RWC and prospects for future financial reporting periods are contained in the Operating and Financial Review.

Share Options

Details of options granted under the Company's Equity Incentive Plan are set out in the Remuneration Report. No other share options have been granted by the Company at the date of this report.

Directors' interests

Details of Directors' interests in the Company's issued securities are set out in the Remuneration Report.

Corporate Governance Statement

The Company's Corporate Governance Statement can be viewed at www.rwc.com/investors/corporate-governance.

Indemnification and Insurance of Officers

The Company's Constitution provides that the Company may indemnify any current or former Director, Secretary or executive officer of the Company or of a subsidiary of the Company out of the property of the Company against every liability incurred by a person in that capacity whether civil or criminal or of an administrative or investigatory nature in which the person becomes involved because of that capacity.

In accordance with the provisions of the Corporations Act 2001, the Company has a Directors' and Officers' Liability policy which covers all past, present or future Directors, Secretaries and executive officers of the Company and its controlled entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The indemnification and insurances are limited to the extent permitted by law.

DIRECTORS' REPORT

For the year ended 30 June 2022

Audit and Non-Audit Services

Fees paid or payable by RWC for services provided by KPMG, the Company's auditor, during the reporting period were:

	2022 US$
KPMG Australia	
Audit services	773,334
Other assurance and non-audit services	
▪ Tax services	31,754
Total fees paid or payable to KPMG Australia	805,088
Overseas KPMG offices	
Audit services	321,574
Other assurance and non-audit services	
▪ Tax services	138,572
Total fees paid or payable to overseas KPMG offices	460,146
Total fees paid or payable to KPMG	**1,265,234**

The Directors, in accordance with advice from the Audit and Risk Committee which has considered the non-audit services provided by KPMG during the financial year ended 30 June 2022, are satisfied that the provision of those non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in APES110 - Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration set out on page 73 forms part of this Directors' Report.

Rounding off

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 values are rounded to the nearest thousand dollars, unless otherwise stated. Where an amount is $500 or less the amount is rounded to zero, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Stuart Crosby
Chairman

Melbourne
22 August 2022

Heath Sharp
Chief Executive Officer
and Managing Director

SHAREHOLDER LETTER

Dear Shareholders,

On behalf of the Board, I am pleased to present RWC's Remuneration Report for the year ended 30 June 2022. The report contains information on remuneration outcomes for FY2022 and a summary of key details of the revised remuneration framework which has been effective from 1 July 2021.

Revised remuneration framework

The Board believes that the Company's success depends upon the performance of its employees. A remuneration framework should be structured to be equitable and aligned with the long-term interests of the Company and shareholders. The remuneration framework should also adequately balance the need to attract and retain the best people to run RWC's business while ensuring that remuneration is linked clearly to shareholder returns and remains comparable with appropriate industry and geographical peer groups.

A revised remuneration framework commenced with effect from 1 July 2021 following completion of an extensive review by the Nomination and Remuneration Committee ("NRC") assisted by external advisors. The main purpose of the review was for RWC to implement a remuneration framework program more closely aligned with current market practices. We engaged with several major investors and their advisors as part of the process. The Board believes that this revised framework meets the Company's objectives. The NRC will maintain a regular review of the framework and, when appropriate, recommend any changes to ensure this continues to be so.

Please refer to Section B of the Remuneration Report for further details on the remuneration framework.

Company performance

RWC performed strongly during FY2022 in a challenging year resulting from several economic and geopolitical factors, as well as the continuing impacts from the COVID pandemic. Management continued to do an outstanding job leading the business and delivered strong financial results, including a record underlying earnings performance. The business successfully completed two acquisitions during the year. The Board maintained a focus on the health and wellbeing of RWCs employees as the effects of the global pandemic continued to be felt.

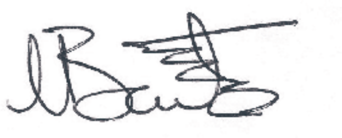
FY2022 remuneration outcomes

Section C of the Remuneration Report provides details on FY2022 remuneration outcomes. The outcomes for Executive KMP reflect their outstanding performance during the year.

Following completion of the acquisition of the EZ-Flo International group in November 2021, the Board exercised discretion to increase the target for STI financial criteria by adding the acquisition business case EBIT for EZ-Flo for the period from completion to the end of the financial year. After the end of the financial year, a further review was undertaken to consider the impacts of a slower than expected initial performance of EZ-Flo. The Board believes this was in part due to non-controllable external factors, such as lockdowns in China, shipping and other supply chain disruptions, and, in part, to matters for which the responsible management should be held to account. While the split is subjective, the Board believes that internal and external factors contributed roughly equally to the EZ-Flo underperformance. In these circumstances, the Board elected to exercise discretion to adjust the target downwards by half the amount it had initially been increased by to reflect the non-controllable external factors impacting upon EZ-Flo's performance. These adjustments are reflected in the FY2022 STI outcomes for Executive KMP.

Intended review of CEO's remuneration arrangements in FY2023

The NRC has observed that, since signing a new employment agreement with Heath Sharp, Chief Executive Officer, in August 2021, the remuneration market for CEOs in the USA, which is the primary market the Company benchmarks itself against, has moved significantly, particularly for LTI awards. The NRC intends to review Mr. Sharp's remuneration arrangements during FY2023 focusing on, but not limited to, his LTI opportunity.



Christine Bartlett

Chair, Nomination and Remuneration Committee

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

Introduction

The Directors present the Remuneration Report for Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "RWC" or "the Group") for the financial year ended 30 June 2022 ("FY2022" or "the reporting period"). This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the requirements of the Corporations Act 2001 (Cth).

This Remuneration Report contains the following sections:

A. Governance and principles

B. Principles of remuneration framework

C. Remuneration outcomes for FY2022

D. FY2023 objectives and remuneration arrangements

E. Other required disclosures

The Remuneration Report sets out remuneration arrangements for the Key Management Personnel ("KMP") of RWC for the reporting period.

The Group changed its presentation currency to US dollars from Australian dollars with effect from 1 July 2021. All amounts reported in this Remuneration Report, including prior period comparatives, are in US dollars unless stated otherwise[1].

KMP for the reporting period are listed below. KMP are determined in accordance with accounting standard AASB 124: Related Party Disclosures ("AASB 124"). Under Australian Accounting Standards, the term KMP refers to directors (both non-executive directors and executive directors) and those persons having the authority and responsibility for planning, directing and controlling the activities of RWC, directly or indirectly. All KMP held their positions for the entire reporting period unless otherwise stated.

Name	Executive Role
Non-Executive Directors	
Christine Bartlett	
Russell Chenu	
Stuart Crosby	
Darlene Knight	
Sharon McCrohan	
Ian Rowden	
Executives	
Heath Sharp	Managing Director and Chief Executive Officer
Andrew Johnson	Group Chief Financial Officer

For the remainder of this Remuneration Report and when appropriate, KMP are referred to as either Non–Executive Directors or Executive KMP as set out above.

Only the Chief Executive Officer ("CEO") and Group Chief Financial Officer ("CFO") were considered Executive KMP in FY2022 having regard to the Group's management structure and the criteria in AASB 124. This assessment is consistent with prior years.

There have been no changes to KMP since the end of the reporting period to the date of this report.

1 Please refer to Note 1(d) in the 30 June 2022 Financial Statements for details of the methodology applied to translation of prior period comparatives.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

A. Governance and principles

The Board believes that the Company's success depends upon the performance of all employees and that remuneration policies should be structured to deliver positive benefits for the Company, shareholders and employees.

The Nomination and Remuneration Committee ("NRC") is responsible for:

- reviewing and recommending to the Board the remuneration arrangements for the CEO and Non-Executive Directors;
- reviewing and approving the remuneration arrangements of the CEO's direct reports; and
- overseeing the operation of the Company's Equity Incentive Plan ("Plan"), including making recommendations to the Board about offers to be made under the Plan.

In discharging its responsibilities, the NRC must have regard to the following policy objectives:

- remuneration structures are to be equitable and aligned with the long-term interests of the Company and its shareholders;
- attract and retain skilled executives, especially in the main markets where RWC operates (North America, Asia Pacific and Europe). Benchmarking is undertaken periodically to confirm that arrangements are market competitive; and
- structure short-term and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns.

The NRC conducts regular reviews and monitors the implementation of the Company's remuneration framework to confirm it:

- encourages and sustains a culture aligned with the Company's values;
- supports the Company's strategic objectives and long-term financial soundness; and
- is aligned with the Company's risk management framework and risk appetite.

The NRC comprises only Non-Executive Directors and is chaired by an independent Director. The NRC's Charter is available on the Company's website at www.rwc.com and further information regarding the NRC is set out in the Company's Corporate Governance Statement.

Remuneration consultants and other advisors

The NRC may seek independent advice from remuneration consultants and other advisors on various remuneration related matters to assist it in performing its duties and in making recommendations to the Board. Remuneration consultants and other advisors are required to engage directly with the Chair of the NRC as the first point of contact.

No remuneration recommendations were received from remuneration consultants or other advisors during the reporting period.

Principles used to determine the nature and amount of remuneration

Non-Executive Director remuneration

The remuneration of Non-Executive Directors is not linked to Company performance and is comprised solely of cash fees (including applicable superannuation). This arrangement allows the Board to focus on governance and both short and long-term strategy free from any potential independence concerns.

The Company's remuneration policy for Non-Executive Directors aims to attract and retain suitably qualified and experienced Non-Executive Directors having regard to:

- the level of fees paid to non-executive directors of other peer group companies, including ASX listed companies;
- the size and complexity of RWC's multi-national operations; and
- the responsibilities and work requirements of Board members.

Non-Executive Directors fees increased from 1 April 2022 following a review by the NRC. Please refer to Section C for further details on fees and arrangements for Non-Executive Directors during FY2022.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

Senior Executive remuneration

The Board, through the NRC, is responsible for designing and reviewing remuneration policies which align the remuneration of executives with the long-term interests of shareholders. Remuneration packages for Executive KMP are set to reflect the executive's duties and responsibilities and to be competitive in attracting, retaining and motivating appropriately qualified and experienced people capable of managing the Group's operations and achieving its business objectives. Remuneration arrangements are regularly reviewed having regard to various factors, including key performance objectives, an appraisal process and relevant comparable information.

Remuneration packages for Executive KMP comprise:

- fixed remuneration, represented by a base salary;
- payment of applicable contributions to superannuation or pension funds and other approved benefits;
- eligibility for short-term incentive ("STI") awards subject to approved criteria being met, with the Board retaining a discretion to adjust the award outcome based on achievements during a reporting period; and
- 'at risk' long-term incentives ("LTI").

Section B provides further details on the Group's remuneration framework. Section C provides details of remuneration outcomes for FY2022.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

B. Principles of remuneration framework

The Board believes that the remuneration framework should adequately balance the need to attract and retain the best people to run RWC's business while ensuring that remuneration is linked clearly to shareholder returns and remains comparable with appropriate industry and geographical peer groups. A revised remuneration framework commenced with effect from 1 July 2021 following a review by the NRC which was completed during FY2021. The revised framework applies to less than 10% of the Group's employees at 30 June 2022.

In reviewing the framework, the NRC considered several factors including:

- The Company listed on the ASX in 2016 with a classic private company remuneration structure which included:
  - Relatively high, largely fixed cash remuneration for senior staff;
  - Significant discrepancies between people with similar roles;
  - No structured STI award program. Awards were mainly discretionary. For Executive KMP, more structured STI criteria were introduced from FY2019; and
  - An Equity Incentive Plan was implemented concurrent with listing. Under the Plan, an Options grant was made to the CEO at the time of listing. A Share Rights program was introduced in FY2017, mainly with a service vesting condition only although some grants did have performance conditions related to the John Guest acquisition. The Share Rights program has been the main LTI award program for eligible employees. Grants had been made to selected executives and employees when appropriate but without an annual award program in place.
- International expansion has resulted in RWC's operating activities being less Australian based. The majority of senior executives are US based with 75% of senior executive roles based in the USA. RWC mostly competes for talent in the USA market, where remuneration is quite transparent and competitive in our sector and has established paradigms for the size, shape and description of remuneration packages that are different from usual practice for ASX listed companies.

The Board, following a recommendation from the NRC, approved a remuneration framework which is:

- Market competitive and capable of being implemented across the business in a consistent manner;
- Performance based with a target remuneration mix focused on incentive pay linked to operational performance and shareholder value creation;
- Referenced primarily against a USA peer group to recognise that 75% of senior executives and other leaders are based there; and
- Aligned with shareholder expectations.

Key aspects of the framework include:

- Alignment of total remuneration for the CEO and some other senior executives with market benchmarks requires adjusting fixed and variable remuneration. This is being achieved by implementing a downward adjustment of fixed remuneration by approximately 20% over a transition period of 3 years commencing from 1 July 2021 with a corresponding increase in STI and LTI opportunities. This is discussed further below under "Transition considerations";
- STI awards to be paid in cash. This is consistent with USA practice. It also allows an opportunity for impacted executives to earn back the fixed remuneration foregone in the transition to the new remuneration framework. This represents a change to STI arrangements which applied for Executive KMP prior to 1 July 2021 when 50% of STI awards were deferred into shares. The change is justified in the overall context of the revised remuneration framework and the required transition. Further details are provided below;
- Vesting for LTI awards granted to Executive KMP, Tier 2 executives and Tier 3 executives are subject to two performance conditions and a service period requirement. The performance conditions are relative total shareholder return and earnings per share accretion. Both are to be assessed over a 3 year performance horizon commencing 1 July each year. It is intended that LTI awards be made annually. Further details are provided below; and
- Alignment with industry practice in the USA, including a focus on "target" remuneration and plan design maximum incentive values at 200% of target for both STI and LTI.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

Transition considerations

The Board expects there will be a transition period of three years from 1 July 2021 before all intended changes are completed. This transition period reflects an appropriate timeframe to phase in changes being made to remuneration arrangements of various senior executives. This includes annual downward revisions of fixed remuneration and phased increases in STI and LTI opportunities for the CEO and some senior executives over this period.

Several transition matters arising from the framework review were considered and addressed, including:

- Fixed remuneration:
  - For those with above market fixed remuneration, annual reductions are occurring over the transition period. For the CEO, the aggregate downward adjustment of fixed remuneration is approximately 20% over this transition period. This is to bring fixed remuneration within the benchmarked market range. No downward adjustment of fixed remuneration was required for the CFO;
  - For other senior executives, any changes to fixed remuneration are in line with the benchmarked market median for the associated role. Most changes to total remuneration are directed to the variable remuneration structures;
- STI:
  - For those with reductions in fixed remuneration, STI target level increases as fixed remuneration reduces to broadly maintain on-target total cash compensation in relevant cases. As noted above, STI is to be fully paid in cash (no deferral), consistent with USA practice and reflecting that some executives are giving up a portion of fixed remuneration.
- LTI:
  - CEO – target annual grants with "fair value" starting at about 30% of total target remuneration and moving to greater than 40% over the transition period.
  - CFO – target annual grants with "fair value" of between 35% and 40% of total target remuneration.
  - Other CEO direct reports – target annual grants with "fair value" of between 30% and 35% of total target remuneration.

STI Plan

The STI plan is designed to reward eligible participants, including Executive KMP, for achieving fiscal year, non-financial and strategic goals. The revised STI plan has the following design features:

Objective	STI awards are determined by the Board following satisfaction of specific performance conditions.
Nature	100% cash. Payment of 100% cash STI is consistent with USA market practice which for the Company is the main market in which executives are based.
Target Opportunity for Executive KMP	CEO: 80% of fixed remuneration in FY2022; increases to 90% in FY2023 CFO: 40% of fixed remuneration in FY2022; increases to 55% in FY2023. Entitlement measured against the Performance Metrics and scaling criteria below.
Maximum Opportunity for Executive KMP	CEO: 160% of fixed remuneration in FY2022; increases to 180% in FY2023. CFO: 80% of fixed remuneration in FY2022; increases to 110% in FY2023. Entitlement measured against the Performance Metrics and scaling criteria below.
Performance Metrics Mix	For Executive KMP, the mix of financial and non-financial criteria to be applied is: Group EBIT – 70% Personal KPI goals – 30%

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

Performance Metrics

Financial Metric – Earnings before Interest and Tax ("EBIT")

The relevant portion of the STI award subject to financial performance is intended to be measured by reference to budgeted Group or Region EBIT, as applicable ("Budget"). The Board considers EBIT to be a clearly defined and objective measure which it monitors to measure operational management and performance. Actual EBIT and Budget are compared on a like for like basis.

The Board considers the disclosure of the Budget to be commercially sensitive information and that disclosure of this Budget would not be in the Company's and shareholders' best interests.

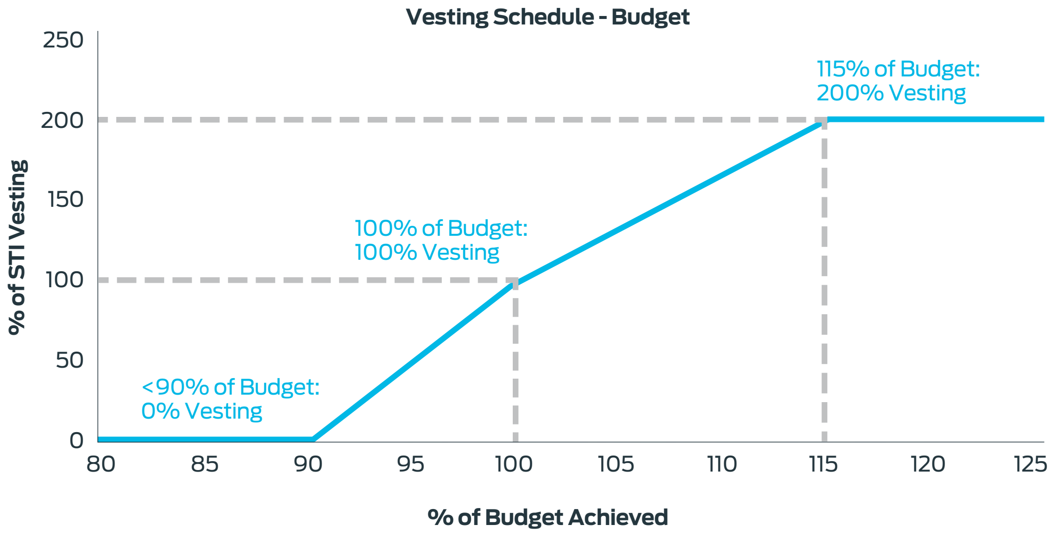
The EBIT metric may be adjusted at the Board's discretion to exclude the effects of significant events deemed not appropriate to assess actual employee performance. These significant events may include:

- Acquisition related charges and other items;
- Restructuring and other charges;
- Non-cash impairments;
- Impacts resulting from material changes in foreign currency exchange rates; and
- Any other significant items deemed appropriate by the Board.

The Board retains a discretion to adjust the award outcome based on achievements during a reporting period.

The following scale applies for the financial metric:

% of Budget achieved	Payout (% of Target)
Less than 90% of Budget	Nil
Between 90% and less than 100% of Budget	Straight line pro-rating from Nil to Target Opportunity
100% of Budget	100% of Target Opportunity
Above 100% and less than 115% of Budget	Straight line pro-rating from Target Entitlement to Maximum Opportunity
115% of Budget and greater	100% of Maximum Opportunity (200% x Target Opportunity)



REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

The thresholds below which no payout for the financial metric occurs and above which the maximum payout is triggered were reduced from pre 1 July 2021 levels so as to make the target level a better reflection of the fair value of the STI opportunity. This was an important element in the shift from fixed remuneration to variable.

Personal KPI goals

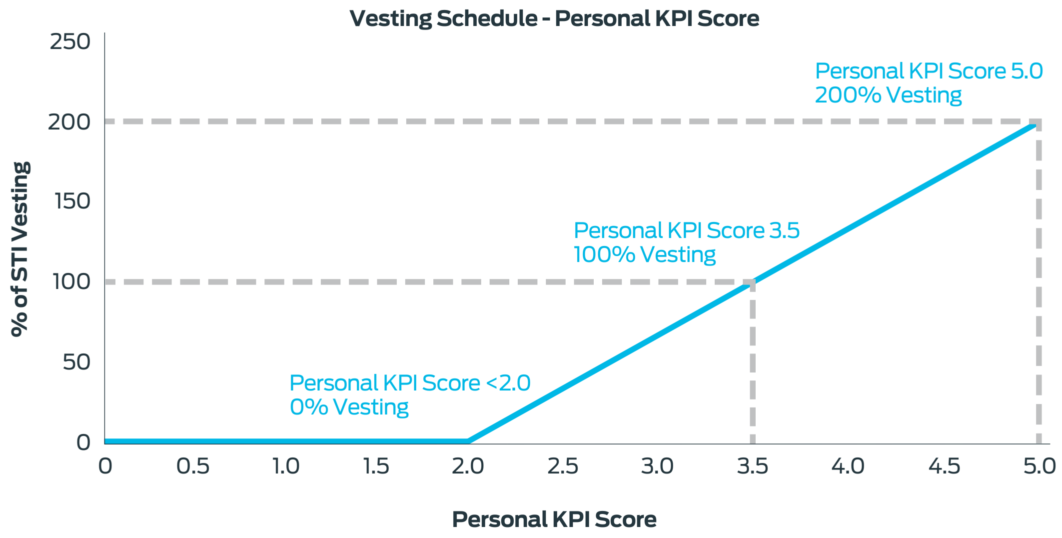
The relevant portion of the STI award subject to personal KPIs is intended to be measured by scorecard performance against role specific objectives to be settled with eligible participants annually. Non-financial objectives are set to measure the participant's performance against RWC's business strategies and core values. KPIs will be set based on:

Criteria	Target %	Examples
ESG and culture	10%	Living our values, culture, safety, diversity and inclusion, ESG
Business leadership	10%	Team management, talent development, succession planning, training
Personal objectives specific to role	10%	Business development, product development, cost control, strategic growth, expansion of RWC's business activities, ESG goals

Non-financial KPIs are chosen to encourage the achievement of personal business goals consistent with the Group's overall objectives.

The following scale applies for the personal KPI goals:

Average personal KPI score	Payout (% of Target)
Less than 2	Nil
Between 2 and less than 3.5	Straight line pro-rating from Nil to Target
3.5	100% of Target
Above 3.5 and less than 5	Straight line pro-rating from Target to Maximum
5	100% of Maximum (200% x Target)



A combination of financial and non-financial performance criteria were chosen because the Board believes that there should be a balance between short-term financial measures and more strategic non-financial measures which, in the medium to longer term, will ultimately drive future growth and returns for shareholders.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

Assessment of performance	Following the end of the financial year, performance against Budget is assessed by the NRC based on the Group's audited financial results. Performance against personal KPIs is assessed annually as part of the broader performance review process for Executive KMP. These KPIs are assessed quantitatively against pre-determined benchmarks, where appropriate. These methods of assessing performance are chosen as they are, as far as practicable, objective, measurable and capable of being independently audited.
Clawback	Defined criteria are in place to prevent inappropriate benefits being paid. In such circumstances, the Board may determine that allocated shares may be forfeited and/or require the Executive KMP to pay as a debt any part of the net proceeds of a sale of awarded shares, cash payment or dividends provided in respect of an STI award.

LTI Plan

The LTI plan is designed to assist in the motivation, retention and reward of eligible employees and align the interests of employees with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company. The LTI plan has the following design features:

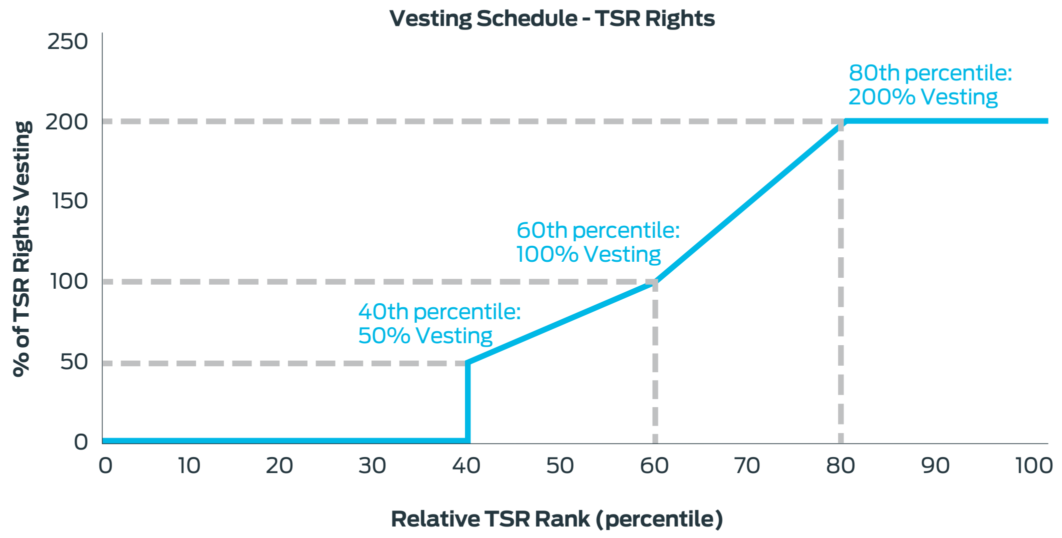
Nature	Annual grants of Rights. Each Right entitles the participant to one ordinary share in the Company on vesting. An offer constitutes a long-term incentive component of the participant's remuneration from the grant date until the end of the vesting period. Rights are granted at no cost and there will be no amount payable on vesting.
Eligible Participants	Executive KMP and other eligible executives and employees subject to Board approval.
Vesting Criteria	Subject to Board approval and the terms of the offer: • Continuous service period. For FY2023 grants, the continuous service period is 3 years from grant date (1 October 2022); and • Total Shareholder Return ("TSR") and Earnings per Share ("EPS") performance conditions as described below. Any Rights which do not vest will immediately lapse.
Number of Rights to be granted	The number of Rights to be granted is calculated using independently assessed fair values. The assessment is made as at the commencement of the Performance Period Measurement date (1 July). The number of TSR Rights = (50% x Target Value) / TSR Rights fair value; and The number of EPS Rights = (50% x Target Value) / EPS Rights fair value
Performance Conditions and assessment	Rights granted to Executive KMP are subject to performance conditions in addition to a continuous service period. The Board considers these vesting conditions to be an appropriate combination of stretch financial hurdles directly linked to the Group's performance and reflecting shareholder interests. The two performance conditions are: • 50% of the Rights ("TSR Rights") are subject to a relative total shareholder return ("TSR") performance condition, which compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group over the Performance Measurement Period ("TSR Hurdle"). TSR measures the growth in the Company's share price together with the value of dividends over the measurement period (assuming that all those dividends are reinvested into new shares) against the Company's chosen comparator group, being companies comprising the ASX200 index, excluding mining and energy companies. The comparator group may be adjusted by the Board or NRC in their reasonable discretion to take into account corporate actions, including but not limited to takeovers, mergers, de-mergers or de-listings. Relative TSR was chosen because, in the opinion of the Board, it provides the most direct link to shareholder return.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

The number of TSR Rights which will be eligible to vest in relation to the TSR Hurdle will be determined by reference to the following schedule:

Relative TSR Ranking	% TSR Rights eligible to vest
Below 40th percentile	Nil
40th percentile	50%
Above 40th and less than 60th percentile	Pro rata straight line vesting between 40th and 60th percentile
60th percentile	100% (Target Amount)
Above 60th and less than 80th percentile	Pro rata straight line vesting between 60th and 80th percentile
80th percentile or above	200% (Maximum Amount)



- 50% of the Rights ("EPS Rights") are subject to an earnings per share compound average growth rate ("CAGR") performance condition ("EPS Hurdle"). This condition measures earnings per share growth over the Performance Measurement Period. It was chosen as a performance condition because, in the opinion of the Board, it is a measure of the success of Executive KMP and other participants in generating continued business growth.

  Earnings per share is determined by dividing net profit after tax ("NPAT") into the weighted average number of issued shares. The EPS CAGR will be measured on a point to point basis over the Performance Measurement Period.

  NPAT may be adjusted at the Board's discretion to exclude the effects of significant events deemed not appropriate to assess actual employee performance. These significant events may include:

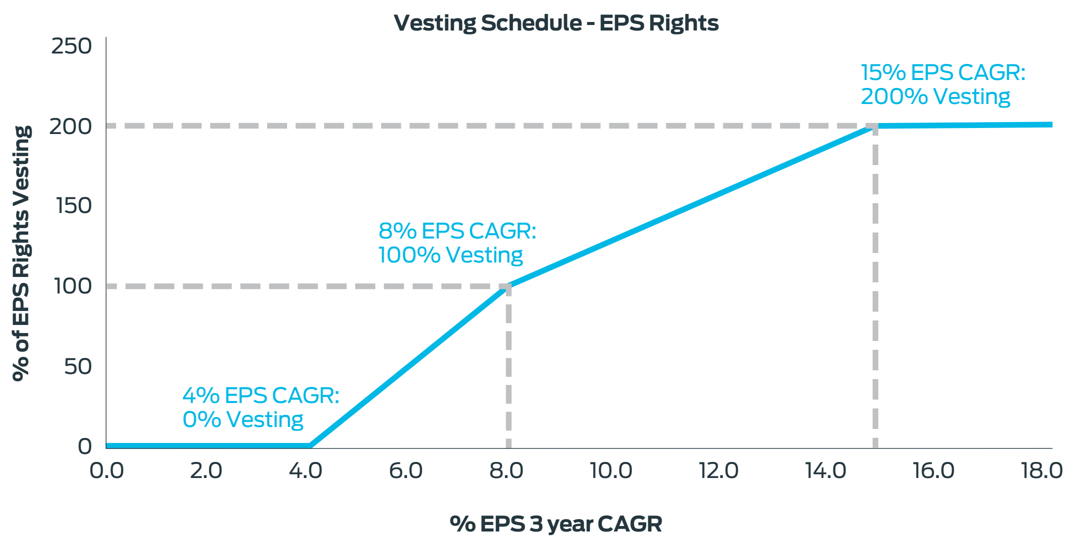
  - Acquisition related charges and other items;
  - Restructuring and other charges;
  - Non-cash impairments;
  - Impacts resulting from material changes in foreign currency exchange rates;
  - Impact of statutory tax rate changes enacted during the performance period; and
  - Any other significant items deemed appropriate by the Board.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

The number of EPS Rights which will be eligible to vest in relation to the EPS Hurdle will be determined by reference to the following schedule:

% growth	% EPS Rights eligible to vest
4% (Threshold)	Nil
Above 4% and less than 8%	Pro rata straight line vesting from Nil to Target
8% (Target)	100% (Target Amount)
Above 8% and less than 15%	Pro rata straight line vesting from Target to Maximum
15% (Maximum)	200%



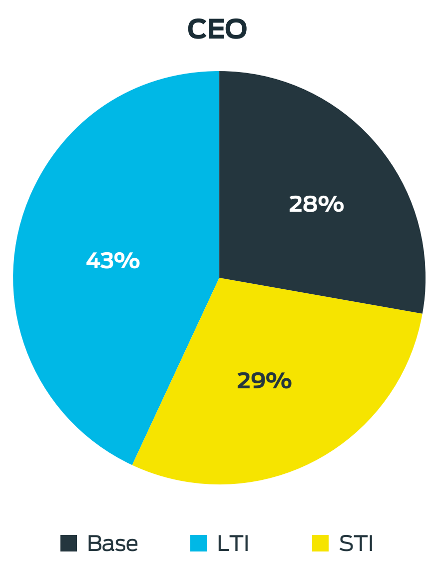
	Assessment of each performance condition will occur after the end of the Performance Measurement Period. These methods of assessing performance are chosen as they are, as far as practicable, objective, measurable and capable of being independently audited.
Performance Measurement Period	Three years commencing 1 July each year. For FY2023, the Performance Measurement Period commenced on 1 July 2022 and ends on 30 June 2025.
Assessment of performance	Performance Conditions will be independently assessed following the end of the Performance Measurement Period.
Voting and dividend rights	Rights do not carry any voting or dividend rights prior to vesting.
Clawback	Defined criteria are in place to prevent inappropriate benefits being paid.

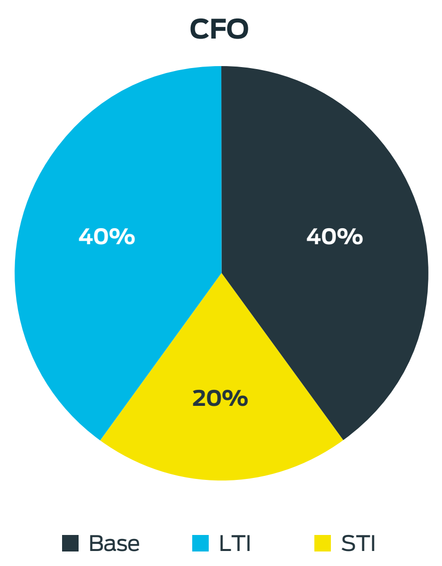
REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

Target remuneration mix for Executive KMP

The target remuneration mix by the end of FY2024 for each Executive KMP is:





The target remuneration mix for the CFO has changed since the FY2021 remuneration report reflecting a higher percentage LTI target and a lower percentage target for Base. The target mix for the CEO is unchanged from the FY2021 report, although the NRC intends reviewing the LTI target during FY2023. Refer section D.

C. Remuneration outcomes for FY2022

(a) Company performance

Net sales were $1,172.2 million, up 17% on the prior year. Sales include a partial contribution from EZ-Flo following completion of the acquisition in mid-November 2021. Excluding EZ-Flo, sales growth for the period was 5% on the prior year. Strong sales growth was recorded in the Americas and Asia Pacific regions, while EMEA experienced a slight increase in sales following strong activity levels in the prior year. Price increases were achieved in all regions to offset continued cost pressures, with weighted average price rises of 9.5% realised over the period. Volume growth in the Americas and APAC and new product revenues also contributed to sales growth. Sales in the prior year included an estimated $42 million resulting from a winter freeze event in Texas and surrounding US states. Adjusting for this, and excluding EZ-Flo, Group sales were approximately 9% higher than the prior year.

Reported EBITDA for the period was $258.9 million, an increase of 2% on the prior year. Adjusted EBITDA of $268.7 million was 3% higher than for the prior year. Adjustments include the one-off costs associated with the LCL and EZ-Flo acquisitions expensing of costs relating to RWC's previous debt facilities which were refinanced during the period, and the gain on sale of RWC's StreamLabs business. Results included an initial EBITDA contribution of $15.6 million from EZ-Flo.

Rising costs associated with higher commodity costs for key materials including copper, zinc, resins, and steel, were experienced during the year together with higher costs for freight, packaging, energy and other cost inflation. Average price increases across the Group of 9.5% were achieved during the period, with price rises implemented in all key markets. While these substantially offset higher costs they were dilutive to operating margins.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

Reported NPAT of $137.4 million was 3% lower than the prior year. Adjusting for the $14.3 million tax item and other one-off costs referenced above, Adjusted NPAT was $161.4 million, 2% higher than for FY2021.

Total dividends declared for the year ended 30 June 2022 are 9.5 cents per share ($75.1 million) which represents 55% of Reported NPAT and 47% of Adjusted NPAT (FY2021 – 9.3 cents per share, $74.2 million). The Company's intended payout range remains between 40% and 60% of annual NPAT.

Senior Executives received an STI award for FY2022. Refer section (d).

The following table shows the financial performance of the Group during the last five financial years.

Key performance indicators	FY2022	FY2021	FY2020	FY2019	FY2018
Sales revenue ($m)	1,172.2	1,001.6	779.7	789.8	596.4
Reported EBITDA ($m)[1]	258.9	254.3	146.2	173.5	105.0
Adjusted EBITDA ($m)[2]	268.7	260.7	168.6	198.2	117.0
Operating profit ("EBIT") ($m)	211.6	212.2	104.6	142.5	86.1
Net profit before tax ($m)	195.8	203.4	91.2	126.4	77.0
Net profit after tax ("NPAT") ($m)	137.4	141.0	60.0	95.1	51.2
Adjusted net profit after tax ($m)[3]	161.4	158.8	87.4	113.3	60.9
Share price at beginning of year (A$)	5.26	2.94	3.52	5.36	3.34
Share price at end of year (A$)	4.04	5.26	2.94	3.52	5.36
Financial year interim and final dividends declared ($m)	75.1	77.0	37.1	50.9	32.7
Total dividends declared / NPAT ratio (%)	54.7	54.6	61.9	53.5	63.8
Basic earnings per share (cents)[4]	17.5	18.0	7.6	12.2	9.5
Adjusted earnings per share (cents)[4,5]	20.6	20.3	11.1	14.5	12.2

(b) Non-Executive Directors' fees and arrangements

The Board, in accordance with the terms of the Company's Constitution, determines the remuneration to which each Non-Executive Director is entitled for services as a Director. The aggregate amount provided to all Non-Executive Directors for their services as Directors in any financial year must not exceed the amount fixed by the Company at a general meeting of shareholders. This maximum aggregate amount is presently fixed at A$1,500,000 as approved by shareholders at the 2018 Annual General Meeting. The NRC is conducting a review of the appropriateness of this limit. Any proposed changes will be subject to shareholder approval.

1 EBITDA means earnings before interest, tax, depreciation and amortisation. For FY2022 it reconciles as earnings ($137.5m) before interest ($15.8m), tax ($58.4m) depreciation and amortisation ($47.2m). EBITDA is a non-IFRS measure used by RWC to assess operating performance and enhance comparability from period to period. EBITDA has not been subject to audit or review.

2 Adjusted EBITDA for FY2022 is Reported EBITDA ($258.9m) before net EZ-Flo and LCL acquisition costs, gain on sale of Streamlabs and debt financing costs expensed ($9.9 m). Adjusted EBITDA for FY2021 is Reported EBITDA ($254.3m) before restructuring and asset impairment charges ($6.4m). Adjusted EBITDA for FY2020 is Reported EBITDA ($146.2m) before restructuring and asset impairment charges ($22.4m). Adjusted EBITDA for FY2019 is Reported EBITDA before John Guest one-time integration/ synergies costs incurred, final unwinding of a fair value adjustment made at acquisition date to John Guest inventory and the impact in connection with adopting AASB 16: Leases; Adjusted EBITDA for FY2018 is Reported EBITDA before John Guest contribution and transaction costs expensed. Adjusted EBITDA is a non-IFRS measure used by RWC to assess operating performance and enhance comparability from period to period. Adjusted EBITDA has not been subject to audit or review.

3 Adjusted Net profit after tax reflects the reconciliation items (tax effected) which determine Adjusted EBITDA for each reporting period as applicable. Adjusted NPAT for FY2022 is NPAT ($137.4m) adjusted for the reconciliation items (tax effected) which determine Adjusted EBITDA ($9.7m) and other specific tax related adjustments ($14.3m). Adjusted NPAT is a non-IFRS measure used by RWC to assess operating performance and enhance comparability from period to period. Adjusted Net profit after tax has not been subject to audit or review.

4 Based on weighted average number of shares for the reporting period.

5 Adjusted earnings per share is a non-IFRS measure used by RWC to assess operating performance and enhance comparability from period to period. Adjusted earnings per share has not been subject to audit or review.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

The NRC undertook a review of fees during the reporting period. The review took into account:

- The increased size and complexity of the Group following the John Guest, EZ-Flo International and LCL acquisitions;
- That Non-Executive Directors' fees had not increased since 1 July 2018; and
- An independent benchmarking analysis measured against an appropriate peer group of ASX listed companies.

Following the review, the NRC recommended an increase in fees which the Board subsequently approved with effect from 1 April 2022. The revised fees are better aligned with the median fees paid by the benchmark peer group.

Approved Non-Executive Directors' fees for FY2022 were:

From 1 July 2021 to 31 March 2022:

Role	Annual base fees	Additional fees for Committee Chair	Total annual fees
Chair	A$300,000	–	A$300,000
Chair of Audit and Risk Committee	A$130,000	A$50,000	A$180,000
Chair of Nomination and Remuneration Committee	A$130,000	A$25,000	A$155,000
Non-Executive Directors (other than Committee Chairs)	A$130,000	–	A$130,000

From 1 April 2022:

Role	Annual base fees	Additional fees for Committee Chair	Total annual fees
Chair	A$380,000	–	A$380,000
Chair of a Board Committee	A$180,000	A$30,000	A$210,000
Non-Executive Directors (other than Committee Chairs)	A$180,000	–	A$180,000

All fees include applicable superannuation.

Details of fees paid or payable to each Non-Executive Director for FY2022 are shown in section (h).

The current fee arrangements will continue to apply in FY2023, subject to any further review and recommendation by the NRC which is accepted by the Board.

The Company's Constitution provides that any Non–Executive Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may, as determined by the Board, be remunerated for those services out of funds of the Company. Any such amounts paid will not form part of the aggregate permitted maximum remuneration amount. No such fees were paid or are payable for FY2022.

Non-Executive Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or committees of the Board.

There are no retirement benefit schemes for Non-Executive Directors other than applicable statutory superannuation contributions.

(c) Summary of remuneration outcomes for Executive KMP for FY2022

The remuneration outcomes for Executive KMP for FY2022 reflect the framework outlined above and include:

Fixed remuneration

CEO: US$ 1,250,000; and
CFO: US$ 600,000.

STI award

CEO: US$872,500; and
CFO: US$217,560.

The key criteria for the FY2022 STI award are set out in section B. Details of the assessment of the FY2022 STI awards are set out below in section (d).

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

LTI awards

For FY2022, the Company granted:

- 315,990 Rights (target opportunity) to the CEO. The Target Value is $1,260,000. The maximum opportunity is 631,980 Rights. Shareholder approval was obtained at the 2021 Annual General Meeting; and
- 100,315 Rights (target opportunity) to the CFO. The Target Value is $400,000. The maximum opportunity is 200,630 Rights.

Key criteria for these awards are set out in section B.

No Rights awarded to Executive KMP vested or were cancelled or forfeited in FY2022. 165,000 Rights previously awarded to the CFO vested on 1 July 2022. Refer section (f).

4,000,000 Options granted to the CEO in 2016 vested on 30 June 2022 and are now capable of being exercised. The expiry date is 30 June 2031. Refer section (e).

The remuneration mix for Executive KMP for FY2022, based on statutory remuneration as set out in section (h), was:

Senior Executive	Fixed remuneration and benefits (%)	STI (%)	LTI (%)	Cash (%)	Non-cash (%)
Heath Sharp	43	27	30	70	30
Andrew Johnson	53	18	29	71	29

(d) STI awards to Executive KMP for FY2022

STI for Executive KMP is designed to be evaluated based on the achievement of agreed key performance measures. Following the end of the financial year, the NRC reviewed and made recommendations to the Board as to whether or not STI awards should be made to Executive KMP. The recommendations were accepted by the Board.

Financial Criteria

As mentioned in Section B, for Executive KMP the relevant portion of the STI award subject to financial performance is intended to be measured by reference to a comparison of actual EBIT and budgeted EBIT ("Budget") on a like for like basis. Budget details are not disclosed as the Board considers this information to be commercially sensitive information. The minimum target for STI entitlement (90% x Budget) was achieved for FY2022. Summary comments on the Group's financial performance are provided in section (a) above.

Following completion of the acquisition of the EZ-Flo International group in November 2021, the Board exercised discretion to increase the Budget by adding to it the acquisition business case EBIT for EZ-Flo for the period from completion to the end of the financial year ("Target"). After the end of the financial year, a further review of the Target was undertaken to consider the impacts of a slower than expected initial performance of EZ-Flo. The Board believes this was in part due to non-controllable external factors, such as lock-downs in China, shipping and other supply chain disruptions, and, in part, to matters for which the responsible management should be held to account. While the split is subjective, the Board believes that internal and external factors contributed roughly equally to the EZ-Flo underperformance. In these circumstances, the Board elected to exercise discretion to adjust the Target downwards by half the amount it had initially been increased by to reflect the non-controllable external factors impacting upon post-acquisition EZ-Flo's performance.

The proportion of STI awarded to Executive KMP for achievement of financial criteria as a percentage of fixed remuneration is:

	Proportion of fixed remuneration (%)
CEO	40
CFO	20

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Personal KPIs Criteria

Achievement of Personal KPIs was measured against the following criteria with a score out of 5 for each:

	CEO	CFO
Culture (Living our values, DE&I, ESG and Safety)	3.88	3.83
Talent development and business leadership	4.25	4.50
Personal objectives	3.46	3.75
Average	3.86	4.03
Percentage of fixed remuneration achieved	30%	16%

Total STI award

The total STI award to Executive KMP for FY2022 is:

	Financial Criteria (%)	Personal KPIs (%)	Proportion of fixed remuneration (%)
CEO	40	30	70
CFO	20	16	36

The STI award is payable in cash for the reasons explained in section B.

(e) LTI Options Grants

The following tables summarise details of options granted to Heath Sharp, Chief Executive Officer ("CEO") in FY2016. All options have now vested. No other options have been granted to the CEO.

Type of award	4,000,000 options ("CEO Options") which, upon vesting, entitle the CEO to acquire ordinary shares in the Company on a 1 for 1 basis subject to the vesting conditions being satisfied and payment of the exercise price. The CEO Options were granted for nil consideration as they form part of the CEO's remuneration.
Vesting Period	From 29 April 2016 (date of listing on the ASX) until 30 June 2022.
Vesting conditions and assessment	All CEO Options vested on 30 June 2022 as the vesting conditions set out below were satisfied. **1. Gateway hurdle** The Gateway hurdle required the CEO to remain employed by the Group at 30 June 2022, subject to the terms and conditions of the grant. **2. Performance conditions** The CEO Options were also subject to the following performance conditions both of which were tested and satisfied. • 30% of the CEO Options ("NPAT Options") were subject to a net profit after tax ("NPAT") performance condition, which was based on the Company meeting or exceeding its pro forma NPAT forecast for the year ended 30 June 2017 of $62.6 million, as stated in the Prospectus dated 18 April 2016 ("NPAT Hurdle"). Calculation of NPAT and achievement against the NPAT Hurdle was determined based on the audited FY2017 financial results. NPAT was chosen as a performance condition for the NPAT Options as it measures the net profit of the business and is used to determine the earnings per share achieved for the relevant reporting period; and • 70% of the CEO Options ("CEO TSR Options") were subject to a relative total shareholder return ("TSR") performance condition, which compares the TSR performance of the Company since listing with the TSR performance of each of the entities in a comparator group over the period from 29 April 2016 to 30 June 2021 ("Performance Period").

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	TSR measures the growth in the Company's share price together with the value of dividends over the measurement period (assuming that all those dividends are reinvested into new shares) against the Company's chosen comparator group, being companies comprising the ASX200 index, excluding mining and energy companies. The comparator group may be adjusted by the Board or Nomination and Remuneration Committee in their reasonable discretion to take into account corporate actions, including but not limited to takeovers, mergers, de-mergers or de-listings. Relative TSR was chosen because, in the opinion of the Board, it provides the most direct link to shareholder return. No reward is achieved unless the Company's TSR is higher than the median of this comparator group. For the CEO TSR Options, the starting point for measuring the Company's TSR performance was the $2.50 issue price for the shares issued under the Prospectus for the IPO in 2016. The number of CEO TSR Options eligible to vest was determined shortly after the end of the Performance Period applying the above criteria. The Company's Relative TSR Ranking for the Performance Period was independently assessed to be at the 77th percentile meaning all TSR Options remained eligible to vest. The percentage of CEO TSR Options retained in relation to the TSR Hurdle was determined by reference to the following schedule:

Relative TSR Ranking	% of CEO TSR Options retained
Below 50th percentile	Nil
50th percentile	50%
Between 50th and 75th percentile	Pro rata straight line vesting between 50th and 75th percentile
75th percentile or above	100%

	The Board considered these vesting conditions to be an appropriate combination of stretch financial hurdles directly linked to the Group's performance and reflecting shareholder interests; and as a mechanism which assisted in the retention of the CEO.
Exercise of Options	The CEO may exercise any vested CEO Options by 30 June 2031. After 30 June 2031, any unexercised CEO Options will lapse.
Voting and dividend rights	Options do not carry any voting or dividend rights prior to vesting and exercise.
Cessation of employment	Where the CEO is terminated for cause, vested but unexercised CEO Options will lapse unless the Board determines otherwise; and Where the CEO ceases employment for any other reason, vested but unexercised CEO Options will remain on foot for the original exercise period.
Change of control	Vested CEO Options will be exercisable for a period notified to the CEO by the Board. Vested CEO Options will lapse after the end of that period.
Clawback	Defined criteria are in place to prevent inappropriate benefits being paid. In such circumstances, the Board may determine that: • vested but unexercised options will lapse; • shares allocated upon exercise of options will be forfeited; and/or • require the CEO to pay as a debt any part of the net proceeds of a sale of awarded shares, cash payment or dividends provided in respect of an award made under the Plan.

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Movements in unvested CEO Options

The following table sets out the movement in unvested CEO Options during the reporting period.

	Number of CEO Options
Unvested at 30 June 2021	4,000,000
Movements during FY2022:	
Granted	–
Vested	(4,000,000)
Lapsed/forfeited	–
Unvested at 30 June 2022	**–**

Exercise Price and Market Value of CEO Options

Option holder	Original Exercise Price per CEO Option	Adjusted Exercise Price per CEO Option[1]	Gross Market Value at Vesting Date[2]	Net Market Value of CEO Options at Vesting Date[3]
Heath Sharp	A$2.50	A$2.32	A$16,160,000	A$6,880,000

All CEO Options are presently capable of being exercised. No vested CEO Options have been exercised to date.

No options have been granted to any other Executive KMP.

(f) Share Rights

The Board has approved that nominated, eligible executives and employees, including Executive KMP, be invited to participate in the Plan as a means of attracting, retaining and motivating key employees in the Group. Participants are granted rights to be awarded fully paid ordinary shares in the Company ("Rights") in accordance with the rules of the Plan and subject to the offer terms ("Offer"). Each Right entitles the participant to one ordinary share in the Company on vesting. An Offer constitutes a long-term incentive component of the participant's remuneration from the grant date until the end of the vesting period. Rights are granted at no cost and there will be no amount payable on vesting. There are no voting or dividend rights attaching to Rights prior to vesting.

The number of unvested Rights which had been granted by the Company to all participants at 30 June 2022 was 7,707,471 (30 June 2021 – 6,364,864).

The opening and closing balances of all unvested Rights granted are reconciled for the reporting period as follows:

	Number of Rights
Granted and unvested at 30 June 2021	**6,364,864**
Granted during FY2022	1,966,458
Vested during FY2022	(152,264)
Forfeited, Cancelled or Lapsed during FY2022	(471,587)
Unvested at 30 June 2022	**7,707,471**

1 Exercise price adjusted in accordance with ASX Listing Rule 6.22 and the terms of issue of the Options following the 1 for 1.98 pro rata Entitlement Offer which completed in June 2018. The calculations were independently verified.

2 RWC Share price at 30 June 2022 of A$4.04.

3 Net of assumed payment of exercise price.

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Subsequent to 30 June 2022 through to the date of this report:

- A further 2,231,109 service condition only Rights have vested (including 165,000 Rights awarded to Executive KMP);
- No further Rights have lapsed or been forfeited or cancelled; and
- No Rights have been granted.

Details of Rights granted to Executive KMP, including vested or forfeited Rights, are shown below.

Vesting conditions for all granted Rights include a continuous service period ranging between two and five years.

Other key terms of the Rights grants

Cessation of employment

Unless the Board determines otherwise, if a participant ceases employment with the Group prior to the Vesting Date and any of the following has occurred, then a pro rata portion of the unvested Rights may remain on foot and vest in the ordinary course as though the participant had not ceased employment:

- The participant's employment is terminated by RWC without cause; or
- The participant terminates employment for a defined good reason.

The remainder of the Rights will lapse.

Change of control

In summary, in the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company or should otherwise be treated as a change of control event in accordance with rule 9 of the Company's Equity Incentive Plan Rules, the Board has a discretion to determine how the Rights should be treated for the purpose of vesting.

Rights granted to Executive KMP

Rights granted to Executive KMP contain a continuous service period vesting condition and performance vesting conditions except as indicated below. Each Right entitles the participant to one ordinary share in the Company on vesting. Rights are granted at no cost and there will be no amount payable on vesting. There are no voting or dividend rights attaching to Rights prior to vesting. Rights will vest at the end of the continuous service period (being the Vesting Date) subject to the terms of the award, including achievement of any performance conditions.

The number of unvested Rights granted to Executive KMP at 30 June 2022 are shown in the following table.

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	Grant Date	Vesting Date	Unvested Rights at 30 June 2021	Granted during FY2022	Vested during FY2022	Number of Rights Lapsed during FY2022	Unvested Rights at 30 June 2022	Fair value per Right at Grant Date[2]
Heath Sharp	30 October 2018	30 October 2023	611,201[1]	–	–	–	611,201	A$4.29
Heath Sharp	1 October 2021	30 September 2024	–	140,310	–	–	140,310	A$6.01[3]
Heath Sharp	1 October 2021	30 September 2024	–	175,680	–	–	175,680	A$4.80[4]
Andrew Johnson	1 July 2017	1 July 2022[5]	165,000	–	–	–	165,000	A$3.00
Andrew Johnson	27 August 2018	27 August 2023[5]	86,400	–	–	–	86,400	A$5.17
Andrew Johnson	1 January 2021	1 January 2024[6]	331,263	–	–	–	331,263	A$2.99
Andrew Johnson	1 October 2021	30 September 2024	–	44,543	–	–	44,543	A$6.01[3]
Andrew Johnson	1 October 2021	30 September 2024	–	55,772	–	–	55,772	A$4.80[4]
			1,193,864	416,305	–	–	1,610,169	

No Rights granted to Executive KMP were forfeited, cancelled or lapsed during FY2022 or subsequent to the date of this report.

Rights granted to Mr. Johnson in FY2021

Mr. Johnson received a grant of 331,263 Rights during FY2021 following confirmation of his appointment as CFO. The number was determined based on an independently assessed fair value of a Right at the start of the Performance Measurement Period. Each Right entitles Mr. Johnson to one ordinary share in the Company on vesting. Rights are granted at no cost and there will be no amount payable on vesting. There are no voting or dividend rights attaching to Rights prior to vesting. Vesting of these Rights are subject to a continuous service period and a performance condition. Details are:

Continuous Service Period Condition	3 years from 1 January 2021
Performance Measurement Period	1 July 2020 to 30 June 2023
Performance Condition	A relative total shareholder return ("TSR") hurdle, which compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group ("TSR Hurdle") over the Performance Measurement Period. TSR measures the growth in the Company's share price together with the value of dividends over the Performance Measurement Period (assuming that all those dividends are reinvested into new shares) against the Company's chosen comparator group, being companies comprising the ASX200 index, excluding mining and energy companies. The comparator group may be adjusted by the Board or Nomination and Remuneration Committee in their reasonable discretion to take into account corporate actions, including but not limited to takeovers, mergers, de-mergers or de-listings.

1 Original grant was 987,800 Rights. 376,599 Rights lapsed in FY2021 after assessment of applicable performance conditions at the end of the relevant Performance Measurement Period (30 June 2020).

2 Based on an independent valuation which used Black Scholes and/or Monte Carlo models and complies with the requirements of AASB2.

3 TSR Rights. Performance conditions are set out in section B.

4 EPS Rights. Performance conditions are set out in section B.

5 Only a continuous service period vesting condition applies to these grants which were made prior to Mr. Johnson becoming a member of KMP.

6 Details of performance conditions set out below.

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	The share prices used to calculate the TSR of a company for the TSR Hurdle will be measured as follows: ▪ the opening share price will be the volume weighted average price on the ASX of that company for the 5 trading days commencing on 1 July 2020; and ▪ the closing share price will be the volume weighted average price on the ASX of that company for the 5 trading days ending on 30 June 2023. The percentage of Rights subject to the TSR Hurdle that Vest, if any, will be determined by reference to the percentile ranking achieved by the Company over the Performance Measurement Period compared to the other entities in the comparator group as follows:
Other key terms and conditions	As summarised earlier in this section (f).

Relative TSR Ranking	% of Rights retained
Below 50th percentile	Nil
50th percentile	50%
Between 50th and 75th percentile	Pro rata straight line vesting between 50th and 75th percentile
75th percentile or above	100%

Shares purchased to meet vesting obligations

The Company has established a subsidiary, Reliance Employee Share Investments Pty Ltd ("Trustee"), to act as trustee of the Reliance Employee Share Investments Trust. The Trustee will acquire RWC shares on-market on behalf of the Trust to meet any obligations to deliver shares to a participant in the Plan where the applicable vesting conditions are met. The Trustee is also entitled to participate on behalf of the Trust in certain equity raisings undertaken by the Company.

The movement in the number of shares held during the reporting period is:

	Number
Shares held at 30 June 2021	**6,854,359**
Acquired during FY2022 (at an average cost of A$4.544 per share)	234,217
Shares allocated and transferred to participants	(471,746)
Shares held at 30 June 2022	**6,616,830**

Vesting obligations will be met in accordance with the terms of the Plan rules.

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(g) Share Match Plan

The Group has a share match plan to encourage employees to own shares in the Company. Eligible employees can acquire up to A$5,000 of shares in RWC per plan year from post tax income with contributions made via a regular salary deduction ("Purchased Shares"). The Company will match the shares acquired on a 1:2 basis up to a cap A$2,500 of Purchased Shares subject to the terms of the Share Match Plan ("Matching Rights"). There is a minimum holding period for Purchased Shares of 2 years and a continuous service obligation for Matching Rights to convert into shares on a 1:1 basis. There are no performance conditions. Participants receive dividends and have voting rights on their Purchased Shares. Matching Rights have no voting or dividend entitlements prior to vesting. The total number of Matching Rights granted at 30 June 2022 was 117,648.

Details of Purchased Shares and Matching Rights held by Executive KMP under the Share Match Plan are shown in following table.

	Purchased Shares Balance at 1 July 2021	Net Change	Balance at 30 June 2022	Matching Rights Balance at 1 July 2021	Net Change	Balance at 30 June 2022	Fair value per Right at Grant Date[1]
Andrew Johnson	512	429	941	256	26	282	$4.16 for 256 Matching Rights; $3.95 for 26 Matching Rights

Mr. Sharp is not a participant in this plan. Mr. Johnson ceased participating in this plan during FY2022.

(h) KMP remuneration

Details of the remuneration of each member of KMP are set out below. The table includes the statutory disclosures required under the Corporations Act and is in accordance with Australian Accounting Standards. All figures are in US dollars and relate to the period of the year in which the person was a KMP.

1 Based on an independent valuation which used Black Scholes and/or Monte Carlo models and complies with the requirements of AASB2.

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		Short term				Post-employment			Other long-term statutory benefits	Share-based payments³			
		Cash salary & fees US$	Cash STI award² US$	Non-monetary benefits US$	Other short-term benefits US$	Superannuation or pension plan benefits US$	Other Post employment US$	Termination benefits US$	Long service leave US$	Shares² US$	Share Rights US$	Options US$	Total US$
Non-Executive Directors													
Christine Bartlett	**FY2022**	**108,103**	**–**	**–**	**–**	**10,810**	**–**	**–**	**–**	**–**	**–**	**–**	**118,913**
	FY2021	105,712	–	–	–	10,043	–	–	–	–	–	–	115,755
Russell Chenu	**FY2022**	**120,115**	**–**	**–**	**–**	**12,011**	**–**	**–**	**–**	**–**	**–**	**–**	**132,126**
	FY2021	122,762	–	–	–	11,662	–	–	–	–	–	–	134,424
Stuart Crosby	**FY2022**	**208,887**	**–**	**–**	**–**	**16,608**	**–**	**–**	**–**	**–**	**–**	**–**	**225,495**
	FY2021	207,839	–	–	–	16,201	–	–	–	–	–	–	224,040
Ross Dobinson[1]	**FY2022**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	FY2021	72,813	–	–	–	–	–	–	–	–	–	–	72,813
Darlene Knight	**FY2022**	**105,701**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**105,701**
	FY2021	20,960	–	–	–	–	–	–	–	–	–	–	20,960
Sharon McCrohan	**FY2022**	**96,092**	**–**	**–**	**–**	**9,609**	**–**	**–**	**–**	**–**	**–**	**–**	**105,701**
	FY2021	88,662	–	–	–	8,423	–	–	–	–	–	–	97,085
Ian Rowden	**FY2022**	**100,416**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**100,416**
	FY2021	97,085	–	–	–	–	–	–	–	–	–	–	97,085
Executive KMP													
Heath Sharp	**FY2022**	**1,250,000**	**872,500**	**–**	**82,497**	**12,200**	**–**	**–**	**–**	**–**	**666,651**	**274,940**	**3,158,788**
	FY2021	1,339,000	758,767	–	83,882	23,200	–	–	–	758,767	391,631	291,377	3,646,624
Andrew Johnson	**FY2022**	**600,000**	**217,560**	**–**	**31,828**	**12,200**	**–**	**–**	**–**	**–**	**343,776**	**–**	**1,205,364**
	FY2021	629,817	231,134	–	30,248	23,200	–	–	–	231,134	264,048	–	1,409,581
Total	**FY2022**	**2,589,314**	**1,090,060**	**–**	**114,325**	**73,438**	**–**	**–**	**–**	**–**	**1,010,427**	**274,940**	**5,152,504**
	FY2021	2,684,650	989,901	–	114,130	92,729	–	–	–	989,901	655,679	291,377	5,818,367

1 Ceased to be a member of KMP on 14 April 2021

2 The FY2021 STI awards for Mr. Sharp and Mr. Johnson comprised 50% cash and 50% deferred into shares with a 12 months' holding lock (accounted for as a share-based payments expense in accordance with AASB2).

3 Reflects the accounting expense for the reporting period based on the fair value at grant date of rights and options granted.

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(i) Minimum Shareholding Policy

The Company has approved a Minimum Shareholding Policy which applies to all KMP and certain other senior executives. The policy came into effect on 1 July 2021. The policy requires KMP and other senior executives to hold and maintain a minimum number of RWC's ordinary shares based on:

- Non-Executive Directors – 100% of annual base fees (excluding additional Committee fees);
- Group CEO – 100% of Total Fixed Remuneration; and
- Other members of the senior executive team – 50% of Total Fixed Remuneration.

The minimum holding is required to be obtained within 5 years from the later of the date the policy commences or appointment as either a director or member of the senior executive team.

D. FY2023 objectives and remuneration arrangements

(j) NRC's objectives

The NRC expects its primary focus in FY2023 will be on continuing to monitor the revised remuneration framework. This will include:

- continuing to review remuneration arrangements of executives, including Executive KMP, to confirm that market competitive remuneration packages are in place to attract and retain high calibre executives;
- confirming 'at risk' variable remuneration arrangements remain appropriately aligned with business strategies and outcomes; and
- overseeing the processes to manage and administer the STI and LTI plans.

The NRC has observed that, since signing the new employment agreement with Mr. Sharp in August 2021, the remuneration market for CEOs in the USA, which is the primary market the Company benchmarks itself against, has moved significantly, particularly for LTI awards. The NRC intends to review Mr. Sharp's remuneration arrangements during FY2023 focusing on, but not limited to, his LTI opportunity.

(k) Executive KMP remuneration for FY2023

The remuneration arrangements for Executive KMP for FY2023 include:

Fixed remuneration

CEO: US$ 1,175,000, a decrease of 6% from FY2022 fixed remuneration for the reasons set out previously; and
CFO: US$ 600,000, representing no change from the current amount.

STI Opportunity

The key criteria for the FY2023 STI opportunity are set out in section B. Any STI awards will be paid in cash.

LTI award for FY2023

The Company intends offering:

- 643,664 Rights (target opportunity) to the CEO subject to shareholder approval. The Target Value is $1,540,000. The maximum opportunity is 1,287,328 Rights. Shareholder approval is intended to be sought at the 2022 Annual General Meeting; and
- 250,779 Rights (target opportunity) to the CFO. The Target Value is $600,000. The maximum opportunity is 501,558 Rights.

The Performance Measurement Period will be for the three years commencing on 1 July 2022. Key conditions are summarised in section B.

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E. Other disclosures

(I) Service Agreements with Executive KMP

Employment and remuneration arrangements of the Executive KMP are formalised in written service agreements between the executive and a member of the Group. The key terms and conditions of the current employment arrangements for Executive KMP are set out below, excluding remuneration arrangements which are presented in other sections of this report. Remuneration arrangements were set after having regard to arrangements for comparable companies considered by size, industry and geography and reflect the revised remuneration framework effective from 1 July 2021.

Heath Sharp, Managing Director and Chief Executive Officer

Term	Mr. Sharp is employed by Reliance Worldwide Corporation (a company in the Group which carries on operations in the USA) The service agreement has an initial term of five years from 1 July 2021. Thereafter, automatically extended for one year rolling terms unless and until either party gives notice of an intention not to renew. The employer shall give any such non-renewal notice at least 90 days prior to the end of the then applicable term. Mr. Sharp shall give any such non-renewal notice at least 12 months prior to the end of the then applicable term.
Notice	*Termination by the employer* ▪ Mr. Sharp's employment may be terminated by the employer without cause (excluding due to death or disability) upon giving 90 days' written notice; and ▪ may be terminated by the employer for cause at any time. *Termination by Heath Sharp* ▪ Mr. Sharp may terminate his employment with good reason upon giving 90 days written notice and allowing a cure period. ▪ Where he terminates without good reason, 12 months written notice is required to be provided.
Termination payments[1]	▪ Where Mr. Sharp's employment is terminated by the employer without cause or by Mr. Sharp with good reason, he is entitled to 12 months' severance pay (in addition to any notice period) plus accrued entitlements (comprising accrued but unpaid annual base salary, accrued unused vacation pay and unreimbursed properly incurred business expenses) plus he remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and payment of certain health insurance premiums. ▪ Where his employment is terminated due to death or disability, Mr. Sharp is entitled to accrued entitlements, remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and to a continuation of applicable welfare and health benefits entitlements. ▪ Where the employment agreement is terminated by the employer for cause or by Mr. Sharp without good reason, then the employer shall have no further payment obligations other than for accrued entitlements and continuation of applicable welfare and health benefits entitlements. ▪ Where Mr. Sharp provides notice of non-renewal, then no severance amount will be payable.
Restraint	Mr. Sharp's employment agreement contains a restraint of trade, which operates for a maximum period of 24 months following cessation of employment.

1 The Corporations Act restricts the termination benefits that can be provided to KMP on cessation of their employment, unless shareholder approval is obtained. The shareholders of the Company and of Reliance Worldwide Corporation, as applicable, have approved the giving of benefits to all current and future members of KMP in connection with that person ceasing to hold a managerial or executive office (as defined in section 200AA of the Corporations Act) in the Company or a related body corporate.

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Andrew Johnson, Chief Financial Officer

Term	Mr. Johnson is employed by Reliance Worldwide Corporation (a company in the Group which carries on operations in the USA). The employment agreement contains no fixed term.
Notice	*Termination by the employer* ▪ Mr. Johnson's employment may be terminated by the employer without cause (excluding due to death or disability) upon giving 3 months written notice; and ▪ may be terminated by the employer for cause at any time. *Termination by Andrew Johnson* ▪ Mr. Johnson may terminate his employment with good reason upon giving 3 months written notice and allowing a cure period. ▪ Where he terminates without good reason, 3 months written notice is required to be provided.
Termination payments[1]	▪ Where Mr. Johnson's employment is terminated by the employer without cause or by Mr. Johnson with good reason, he is entitled to 9 months' severance pay (in addition to any notice period) plus accrued entitlements (comprising accrued but unpaid annual base salary, accrued unused vacation pay and unreimbursed properly incurred business expenses) plus he remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and payment of certain health insurance premiums. ▪ Where his employment is terminated due to death or disability, Mr. Johnson is entitled to accrued entitlements, remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and to a continuation of applicable welfare and health benefits entitlements. ▪ Where the employment agreement is terminated by the employer for cause or by Mr. Johnson without good reason, then the employer shall have no further payment obligations other than for accrued entitlements and continuation of applicable welfare and health benefits entitlements.
Restraint	Mr. Johnson's employment agreement contains non-compete and non-solicitation clauses which operate for a period of 12 months following his ceasing to work for RWC.

1 The Corporations Act restricts the termination benefits that can be provided to KMP on cessation of their employment, unless shareholder approval is obtained. The shareholders of the Company and of Reliance Worldwide Corporation, as applicable, have approved the giving of benefits to all current and future members of KMP in connection with that person ceasing to hold a managerial or executive office (as defined in section 200AA of the Corporations Act) in the Company or a related body corporate.

REMUNERATION REPORT

For the year ended 30 June 2022 (audited)

(m) KMP shareholdings

Movements in the number of shares held by KMP directly, indirectly (through personally related entities) or nominally during FY2022 are set out below.

Name	Held at 1 July 2021	Net change[1]	Held at 30 June 2022
Christine Bartlett	20,000	10,000	30,000
Russell Chenu[2]	155,217	–	155,217
Stuart Crosby[2]	150,506	–	150,506
Darlene Knight	–	10,000	10,000
Sharon McCrohan	–	30,000	30,000
Ian Rowden	10,000	12,000	22,000
Heath Sharp	1,275,368	148,029	1,423,397
Andrew Johnson[3,4]	512	55,117	55,629

(n) Material contracts with Related Parties

There were no material contracts between a KMP or a related party and the Company or any of its subsidiaries entered into during the reporting period. Key terms and conditions of employment agreements with Executive KMP are summarised throughout this report.

(o) Loans with KMP

No KMP has entered into a loan made, guaranteed or secured, directly or indirectly, with or by the Company or any of its subsidiaries during the reporting period.

1 Includes the purchase (sale) of shares during the reporting period and transfers in (out) upon becoming or ceasing to be a member of KMP. For Executive KMP, includes shares received as part of the FY2021 STI award.

2 Includes 20,000 shares received in April 2016 under specific arrangements for Non-Executive Directors in connection with the IPO, as disclosed in the Prospectus.

3 Includes 941 shares acquired as a participant in the Company's Share Match Plan.

4 Received an additional 115,335 shares following vesting of 165,000 Rights on 1 July 2022. The difference represents a withholding required to meet taxation obligations in the USA. These shares are not included in the above table.

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

To the Directors of Reliance Worldwide Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Reliance Worldwide Corporation Limited for the financial year ended 30 June 2022 there have been:

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

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

KPMG

Tony Romeo

Partner

Melbourne

22 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	2022 US$000	2021[1] US$000
Revenue from sale of goods	4	1,172,160	1,001,556
Cost of sales		(711,598)	(560,567)
Gross profit		**460,562**	**440,989**
Other income		5,375	1,588
Product development expenses		(11,306)	(12,020)
Selling, warehousing and marketing expenses		(132,875)	(120,813)
Administration expenses		(109,276)	(87,063)
Other expenses	7	(834)	(10,350)
Operating profit		**211,646**	**212,331**
Finance income	6	45	135
Finance costs	6	(15,846)	(9,113)
Net finance costs		**(15,801)**	**(8,978)**
Profit before tax		**195,845**	**203,353**
Income tax expense	8	(58,402)	(62,382)
Profit for the period attributable to the Owners of the Company		**137,443**	**140,971**
Other comprehensive profit			
Items that may be classified to profit or loss:			
Foreign currency translation differences	16	(131,952)	120,096
Total comprehensive profit for the period attributable to the Owners of the Company		**5,491**	**261,067**

		Cents	Cents
Earnings per share			
Basic earnings per share attributable to ordinary equity holders	5	17.5	18.0
Diluted earnings per share attributable to ordinary equity holders	5	17.4	17.9

1 Prior year comparatives have been restated into US dollars following a change in presentation currency; refer to Note 1(d).
The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Note	2022 US$000	2021[1] US$000
Assets			
Current Assets			
Cash and cash equivalents	13	27,679	21,319
Trade and other receivables	9	266,223	219,909
Inventories	9	315,536	195,135
Current tax assets		9,523	6,410
Other current assets		16,562	11,849
Assets held for sale	26	9,924	–
Total Current Assets		**645,447**	**454,622**
Non-current Assets			
Property, plant and equipment	10	224,987	199,034
Right-of-use assets	11	108,821	68,335
Deferred tax assets	8	25,723	25,750
Goodwill	12	758,574	686,095
Other intangible assets	12	322,425	240,338
Total Non-current Assets		**1,440,530**	**1,219,552**
Total Assets		**2,085,977**	**1,674,174**
Liabilities			
Current Liabilities			
Trade and other payables	9	173,166	179,982
Current tax liabilities		5,103	8,707
Employee benefits	17	6,414	9,053
Lease liabilities	14	16,067	26,104
Total Current Liabilities		**200,750**	**223,846**
Non-current Liabilities			
Borrowings	13	578,737	151,750
Deferred tax liabilities	8	70,395	49,859
Employee benefits	17	4,865	5,087
Lease liabilities	14	100,647	51,316
Total Non-current Liabilities		**754,644**	**258,012**
Total Liabilities		**955,394**	**481,858**
Net Assets		**1,130,583**	**1,192,316**
Equity			
Share capital	15	1,738,846	1,738,067
Reserves	16	(902,289)	(774,201)
Retained earnings		294,026	228,450
Total Equity		**1,130,583**	**1,192,316**

1 Prior year comparatives have been restated into US dollars following a change in presentation currency; refer to Note 1(d).
The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Note	Share Capital[1] US$000	Foreign Currency Translation Reserve[1] US$000	Merger Reserve[1] US$000	Share-based Payment Reserve[1] US$000	Hedging Reserve[1] US$000	Retained Earnings[1] US$000	Total Equity[1] US$000
Balance at 1 July 2020		**1,738,067**	**(59,894)**	**(840,544)**	**9,062**	**(8,190)**	**137,155**	**975,656**
Profit for the period		–	–	–	–	–	140,971	140,971
Foreign currency translation reserve	16	–	120,096	–	–	–	–	120,096
Total comprehensive income		**–**	**120,096**	**–**	**–**	**–**	**140,971**	**261,067**
Transactions with owners of the Company								
Treasury shares	15	–	–	–	–	–	–	–
Share-based payments	18	–	–	–	5,269	–	–	5,269
Dividends paid		–	–	–	–	–	(49,676)	(49,676)
Total transactions with owners of the Company		**–**	**–**	**–**	**5,269**	**–**	**(49,676)**	**(44,407)**
Balance at 30 June 2021		**1,738,067**	**60,202**	**(840,544)**	**14,331**	**(8,190)**	**228,450**	**1,192,316**
Balance at 1 July 2021		**1,738,067**	**60,202**	**(840,544)**	**14,331**	**(8,190)**	**228,450**	**1,192,316**
Profit for the period		–	–	–	–	–	137,443	137,443
Foreign currency translation reserve	16	–	(131,952)	–	–	–	–	(131,952)
Total comprehensive income		**–**	**(131,952)**	**–**	**–**	**–**	**137,443**	**5,491**
Transactions with owners of the Company								
Treasury shares	15	779	–	–	–	–	–	779
Share-based payments	18	–	–	–	3,864	–	–	3,864
Dividends paid or provided		–	–	–	–	–	(71,867)	(71,867)
Total transactions with owners of the Company		**779**	**–**	**–**	**3,864**	**–**	**(71,867)**	**(67,224)**
Balance at 30 June 2022		**1,738,846**	**(71,750)**	**(840,544)**	**18,195**	**(8,190)**	**294,026**	**1,130,583**

1 Prior year comparatives have been restated into US dollars following a change in presentation currency; refer to Note 1(d).
The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 US$000	2021[1] US$000
Cash flows from operating activities			
Receipts from customers		1,150,360	973,694
Payments to suppliers and employees and for customer rebates		(1,010,724)	(724,070)
Cash generated from operations		139,636	249,624
Income taxes paid		(43,400)	(44,262)
Transaction costs associated with business combinations	3	(6,954)	–
Net cash inflow from operating activities		**89,282**	**205,362**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	10	(59,116)	(35,365)
Proceeds from sale of property, plant and equipment		642	1,049
Payments for intellectual property and other intangible assets acquired	12	(1,340)	(907)
Net cash outflow upon acquisition of business combinations	3	(353,159)	-
Net cash used in investing activities		**(412,973)**	**(35,223)**
Cash flows from financing activities			
Purchase of treasury shares		(762)	(93)
Proceeds from borrowings	13	770,168	51,529
Repayment of borrowings	13	(338,238)	(167,173)
Interest received		45	135
Interest paid		(8,446)	(5,343)
Dividends paid		(76,772)	(76,018)
Lease payments		(13,584)	(11,785)
Net cash outflow from financing activities		**332,411**	**(208,748)**
Net change in cash and cash equivalents		8,720	(38,609)
Cash and cash equivalents at 1 July		21,319	56,642
Effects of movements in exchange rates on cash held		(2,360)	3,286
Cash and cash equivalents at 30 June		**27,679**	**21,319**
Represented by:			
Cash at bank		27,679	21,319
Cash and cash equivalents at the end of the year	13	**27,679**	**21,319**

1 Prior year comparatives have been restated into US dollars following a change in presentation currency; refer to Note 1(d).
The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. Basis of preparation

(a) Reporting Entity

Reliance Worldwide Corporation Limited (the "Company" or "Reliance") is a limited liability company which was incorporated on 19 February 2016 and is domiciled in Australia. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Company's registered office is at 28 Chapman Place, Eagle Farm, Queensland 4009, Australia.

The principal activities of the Group are the design, manufacture and supply of high quality, reliable and premium branded water flow, control and monitoring products and solutions for the plumbing and heating industry.

(b) Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The Company is a for-profit entity. The consolidated financial statements were authorised for issue by the Board of Directors on 22 August 2022.

(c) Basis of preparation

These consolidated financial statements:

- comprise the Company and its subsidiaries, together referred to as the "Group", for the reporting period ended 30 June 2022;
- have been prepared on a going concern basis using historical cost conventions;
- are presented in US dollars and in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, values are rounded to the nearest thousand dollars, unless otherwise stated;
- adopt all new and amended AASBs and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2021; and
- do not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective.

Financial statements of subsidiaries are prepared using consistent accounting policies. This Note and Note 27 set out details of accounting policies which aid the understanding of the financial statements as a whole.

(d) Change in presentation currency

The Group changed its presentation currency from Australian dollars to US dollars in the current financial year. The change in presentation currency represents a voluntary change in accounting policy which is accounted for retrospectively. This financial report for the year ended 30 June 2022 is the first annual financial report with results presented in US dollars. A third consolidated statement of financial position has been presented in US dollars at the beginning of the comparative period (1 July 2020), refer to Note 25. All comparative financial information for the 30 June 2021 consolidated financial report, previously reported in Australian dollars and the consolidated statement of financial position at the beginning of the comparative period, has been restated into US dollars using the procedures outlined below:

- The consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows have been translated to US dollars using average exchange rates for the period, being AUD/USD exchange rate of 0.7468 for the comparative period ended 30 June 2021;
- Assets and liabilities in the consolidated statement of financial position have been translated to US dollars using the exchange rate as at the relevant balance dates, being AUD/USD exchange rate of 0.7500 and 0.6890 as at 30 June 2021 and 1 July 2020, respectively;
- The equity section of the consolidated statement of financial position has been translated into US dollars using historical exchange rates; and
- All disclosures, including earnings per share and dividend disclosures have also been restated to US dollars.

As a result of the change in presentation currency, the foreign currency translation reserve went from A$57.6 million to (US$60.0) million at 1 July 2020. Refer to Note 25 for further details on the impact of the change in accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. Basis of preparation (continued)

(e) Use of estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Information about judgements and estimates made in applying accounting policies that may have a significant effect on amounts recognised in the consolidated financial statements is included in the following notes:

- Determination of fair value of assets acquired in business combination (Note 3);
- Recoverability of goodwill and other indefinite life intangible assets (Note 12); and
- Assessment of lease term extension options to be taken into account in the present value of the remaining lease payments (Note 11).

(f) New accounting standards, interpretations and amendments not yet applicable to the Group

AASB standards not yet applicable are not expected to have a material impact on the RWC Group.

(g) Going concern

These consolidated financial statements have been prepared on a going concern basis, having regard to the financial performance of the Group and consideration of the financial position at 30 June 2022.

The Group has managed, and continues to manage, the risks arising from the continuing impacts of the global COVID-19 pandemic, with any known impacts included in the financial report for the period ended 30 June 2022. The Group continues to prepare for current global supply chain disruption particularly expected delays in shipping cargo movements out of China due to its zero-COVID policy.

The Group has also considered the likely impact of the recent conflict between Russia and Ukraine on the business. The Group does not anticipate a significant impact of the conflict on the business as it does not have significant operations nor customers or suppliers in Russia or Ukraine.

During FY2022, the Group has also taken proactive measures to manage its liquidity position, including:

- establishing new committed borrowing facilities with a group of lenders totalling US$800 million (unsecured and under Common Terms Deed) that provides RWC with additional funding capacity and replace the existing A$750 million (US$550 million) secured facility;
- issuing US Private Placement (USPP) notes totalling US$250 million which provides additional long-term debt funding and has extended RWC's debt maturity profile; and
- prudently managing selling, general and administration costs.

2. Segment reporting

Segment information is presented in a manner which is consistent with the internal reporting to the Chief Executive Officer, who is the chief operating decision maker in the allocation of resources and assessing the performance of the operating segments of the Group.

The Group's regionally based segments are based on geographic operation of the business and comprise:

- Asia Pacific, including Australia and New Zealand, Korea and China[1]
- Americas, including the United States of America and Canada
- EMEA, including the United Kingdom, Spain, Italy, Germany, France, Czech Republic and Poland

Segment revenues, expenses, assets and liabilities are reported on a gross basis.

1 The Ningbo Rockwall Manufacturing business in China, acquired in November 2021 as part of the EZ-FLO transaction, is reported under the Americas segment consistent with internal reporting to the chief operating decision maker.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

2. Segment reporting (continued)

	Americas		Asia Pacific		EMEA		Corporate/Other		Elimination		Total	
	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000
Revenue												
From external customers	788,169	627,579	131,127	120,853	252,864	253,124	–	–	–	–	1,172,160	1,001,556
From other segments	2,803	2,375	82,153	86,211	38,477	38,868	–	–	(123,433)	(127,454)	–	–
Segment revenues	**790,972**	**629,954**	**213,280**	**207,064**	**291,341**	**291,992**	**–**	**–**	**(123,433)**	**(127,454)**	**1,172,160**	**1,001,556**
Cost of sales	(538,063)	(403,722)	(154,247)	(138,224)	(142,721)	(146,075)	–	–	123,433	127,454	(711,598)	(560,567)
Gross profit	**252,909**	**226,232**	**59,033**	**68,840**	**148,620**	**145,917**	**–**	**–**	**–**	**–**	**460,562**	**440,989**
Other income	3,689	845	464	243	1,222	500	–	–	–	–	5,375	1,588
Product development expenses	(6,367)	(7,022)	(2,162)	(2,406)	(2,777)	(2,592)	–	–	–	–	(11,306)	(12,020)
Selling and marketing expenses	(84,266)	(75,134)	(14,478)	(14,147)	(33,087)	(30,533)	(1,044)	(999)	–	–	(132,875)	(120,813)
Administration expenses	(61,729)	(40,256)	(12,364)	(10,628)	(29,058)	(30,315)	(6,125)	(5,864)	–	–	(109,276)	(87,063)
Other expenses	(99)	(4,579)	–	(2,007)	(109)	(2,922)	(626)	(842)	–	–	(834)	(10,350)
Segment operating profit/(loss)	**104,137**	**100,086**	**30,493**	**39,895**	**84,811**	**80,055**	**(7,795)**	**(7,705)**	**–**	**–**	**211,646**	**212,331**
Segment assets	**956,731**	**622,555**	**246,745**	**229,652**	**807,184**	**873,186**	**1,058,379**	**939,604**	**(983,062)**	**(990,823)**	**2,085,977**	**1,674,174**
Segment liabilities	**556,063**	**211,315**	**91,663**	**74,245**	**80,340**	**77,659**	**1,210,390**	**1,109,462**	**(983,062)**	**(990,823)**	**955,394**	**481,858**
EBITDA[1]	126,420	116,626	40,753	49,524	98,278	94,676	(6,598)	(6,535)	–	–	**258,853**	**254,291**
Depreciation of property, plant and equipment	(18,032)	(14,132)	(9,546)	(8,891)	(12,044)	(13,203)	(178)	(185)	–	–	**(39,800)**	**(36,411)**
Amortisation of intangible assets	(4,252)	(2,497)	(713)	(739)	(1,424)	(1,414)	(1,019)	(985)	–	–	**(7,408)**	**(5,635)**
Impairment of assets	(36)	(4,834)	–	–	–	(1,671)	–	–	–	–	**(36)**	**(6,505)**
Finance income	35	85	7	5	2	13	1	32	–	–	**45**	**135**
Finance costs	(8,993)	(3,081)	(1,408)	(1,072)	(477)	(273)	(4,968)	(4,687)	–	–	**(15,846)**	**(9,113)**
Income tax expense	(36,018)	(34,340)	(7,078)	(9,238)	(13,640)	(15,448)	(1,666)	(3,268)	–	–	**(58,402)**	**(62,294)**
Additions to property, plant and equipment[2]	40,216	10,090	5,461	6,586	13,093	18,382	346	–	–	–	**59,116**	**35,058**
Non-current assets excluding other financial assets and deferred tax assets	513,747	301,249	136,705	125,642	758,892	762,347	3,502	4,564	1,961	–	**1,414,807**	**1,193,802**

1 EBITDA is operating profit before, interest, tax, depreciation and amortisation. 2 Excludes the addition of Right of Use lease assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

3. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value of the identifiable net assets acquired.

Identifiable assets acquired and liabilities and contingent liabilities assumed are, with limited exceptions, initially measured at their fair values at acquisition date. When the Group acquires a set of activities that meets the criteria for a 'business', it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions at acquisition date. Under the acquisition method, the Group has up to 12 months following the acquisition date to finalise the assessment of fair value of identifiable assets and liabilities.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the profit or loss account immediately. Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss account.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the profit or loss account.

Acquisition of EZ-Flo International, LLC

(a) Summary of acquisition

The Group completed the acquisition of all the issued shares of EZ-Flo International, LLC ("EZ-Flo") on 17 November 2021 for $327.9 million, including closing adjustments. The acquisition was funded through existing committed borrowing facilities. EZ-Flo is a leading manufacturer and distributor of plumbing supplies including plumbing specialty products, appliance supply lines, flexible water connectors, gas connectors, and other accessories. The acquisition of EZ-Flo is strongly aligned with RWC's strategy of adding complementary products that broaden the depth of solutions offered to end users and expand its market presence in aligned sectors. The combination of EZ-Flo's product portfolio, manufacturing and sourcing capabilities, distribution footprint, customer service, performance track record and future growth prospects make it an important and attractive addition to RWC. The Group will be seeking to leverage its extensive channel partner network in North America to expand the distribution footprint for EZ-Flo, while at the same time benefiting from EZ-Flo's strong relationships with international Retail merchants, direct marketing and original equipment manufacturer (OEM) customers.

(b) Purchase consideration and summary of cash movement

	US$000
Base purchase price	322,361
Closing adjustments	5,542
Total purchase consideration	**327,903**
Reconciliation of cash movement	
Cash consideration paid	327,903
Less cash acquired	(2,999)
	324,904

No acquisition related costs associated with the transaction were capitalised. Costs attributable to the acquisition of approximately $5.3 million were expensed and are reported in "administration expenses" in the profit or loss account. These expenses were mainly for legal, due diligence and advisory costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

3. Business combinations (continued)

(c) Fair value of net assets acquired

Final net asset value and allocation of the purchase price to acquired assets are as follows:

	Acquiree's carrying amount US$000	Fair value Adjustments US$000	Fair value US$000
Identifiable assets			
Cash and cash equivalents	2,999	–	2,999
Trade and other receivables	32,708	–	32,708
Inventories[1]	47,577	2,035	49,612
Property, plant and equipment	7,866	2,683	10,549
Right-of-use assets	13,483	–	13,483
Intangible assets			
– Brand names	–	53,000	53,000
– Customer relationships	–	57,100	57,100
Other non-current assets	1,213	–	1,213
Total identifiable assets acquired	**105,846**	**114,818**	**220,664**
Identifiable liabilities			
Trade and other receivables	16,809	–	16,809
Lease liabilities	13,483	–	13,483
Employee entitlements	349	–	349
Tax liabilities	57	–	57
Total liabilities assumed	**30,698**	**–**	**30,698**
Net identifiable assets acquired	**75,148**	**114,818**	**189,966**
Purchase consideration			327,903
Goodwill on acquisition and unidentified other intangible assets			**137,937**

Goodwill on acquisition is attributable mainly to:

- expected growth opportunities from combining the Group's strong positions in North America with EZ-Flo's product portfolio, manufacturing and sourcing capabilities, distribution footprint and customer service;
- expected benefits from integrating the EZ-Flo business into the existing operations; and
- the skills and technical talent of EZ-Flo executives and employees.

EZ-Flo contributed operating revenue of $124.8 million for the period from acquisition to 30 June 2022. The net profit before tax contributed for this period was $13.1 million. If the Group controlled EZ-Flo for the entire period, the consolidated pro forma revenue is estimated to be $1,246.8 million. The consolidated pro forma profit before tax is estimated to be $201.7 million.

1 The entire fair value adjustment on inventories was unwound in the statement of profit or loss during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

3. Business combinations (continued)

(d) Measurement of fair values

Property, plant and equipment is valued considering market prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets are valued using the relief from royalty, multi-period excess earnings and 'with and without' valuation methods. The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships by excluding any cashflows related to contributory assets. The 'with and without' valuation method considers that the value of the customer relationships represents the delta between the value of the business with the customer relationships in place versus if those relationships were not and had to be re-established.

Inventories are valued using a market comparison technique. The fair value is determined based on the estimated selling price in the ordinary course of business of a market participant less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Acquisition of the business assets of LCL Pty Ltd

On 2 August 2021, the Group completed the acquisition of the business assets of LCL Pty Ltd ("LCL") for $28.3 million (A$38.4million), including customary closing adjustments. The acquisition was funded through existing committed borrowing facilities.

LCL is one of Australia's largest producers of high-quality copper-based alloys and processes both new and recycled non-ferrous materials to produce a range of brass copper alloys. In addition to being the principal supplier of brass to RWC in Australia, LCL also recycles excess brass (swarf) arising from RWC's product manufacturing activities.

Final net asset value and allocation of the purchase price to acquired assets are as follows:

	US$000
Final consideration transferred	**28,255**
Property, plant and equipment	8,780
Right-of-use assets	4,867
Inventories	8,176
Other current assets	13
Lease liabilities	(4,867)
Employee leave entitlements	(489)
Total identifiable net assets acquired	**16,480**
Final goodwill arising from acquisition	11,775

Costs attributable to the acquisition of approximately $1.6 million were expensed and are reported in "administration expenses" in the profit or loss account. These expenses were mainly for legal, due diligence, advisory costs and stamp duties. A further $0.3 million related to the unwind of the LCL inventory fair value adjustment was recorded in the statement of profit or loss during the period.

Critical accounting estimates and assumptions

Business acquisitions made by the Group during the year required some judgements and estimates to be made. In accounting for business combinations, judgements and estimates have been made to determine the fair value of property, plant and equipment, intangible assets and inventories acquired. The determination of fair values involved developing estimates and assumptions consistent with how market participants would price the assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

4. Revenue

Accounting Policy

Revenue is recognised when a customer obtains control of the goods or services. Group revenue is derived from the sale of products. Under the terms of sale, the Group generally transfers control when the goods leave a distribution centre. In some cases, control does not pass until the goods are received by the customer or delivered to the agreed point of delivery.

From time to time the Group may provide rebates to customers in certain geographies, which gives rise to variable consideration. Where rebates are based on the quantity or value of products sold, the Group uses historical data to estimate the rebate accrual, which is classified as "contract liabilities" and presented within trade and other payables. The Group's contracts with customers do not include a significant financing component.

The major products from which the aforementioned segments derive revenue are:

- **Push to Connect Fittings** – brass and plastic push-to-connect plumbing fittings (primarily sold under the SharkBite and JG Speedfit brands) for the installation and repair of water reticulation systems in both domestic and commercial applications;
- **Other Fittings** – brass and plastic crimp fittings, expansion fittings and accessories;
- **Pipe** – coiled and straight length tubing manufactured from cross-linked polyethylene and designed for high temperature and pressure domestic and commercial applications; polybutylene pipe for domestic water and central heating systems; LLDPE tubing for fluid control applications; rigid nylon and aluminium piping for air and pneumatic systems;
- **Valves** – temperature and pressure relief valves, pressure regulation valves and thermostatic mixing valves that protect and safeguard hot water systems;
- **Fluid Tech** – plastic push-to-connect technologies for drink dispense, pure water, air and pneumatics, blown fibre, automotive, and OEM solutions;
- **Integrated Installation Solutions** – engineered plumbing and mechanical solutions that support the delivery of water and firestop solutions; and
- **Other Products** – including backflow preventers, expansion vessels, underfloor heating components and kit systems, water meters, water mains connection fittings repair sleeves and appliance, water and gas connectors.

Revenue by product group for the year ended 30 June 2022:

	2022 US$000	2021 US$000
Push to Connect Fittings	441,700	459,414
Other Fittings	107,270	98,368
Pipes	131,862	119,664
Valves	129,076	115,289
Fluid Tech	112,559	103,015
Integrated Installation Solutions	109,355	91,198
Other Products[1]	140,338	14,608
	1,172,160	**1,001,556**

The Group had two significant customers each representing greater than 10% of the Group's revenue in the 2022 financial year. Both customers are in the Americas segment and contributed a combined $332.2 million (FY2021: $327.2 million) of the Group's revenue in the financial year.

1 EZ-Flo sales for the period from the acquisition date to 30 June 2022 have been allocated to the existing product categories Other Fittings, Pipes and Valves. Some of the other products sold under the EZ-Flo and EASTMAN brands (appliance, gas and water connectors) have been included in the 'Other Products' category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

4. Revenue (continued)

Revenue by geography:

	2022 US$000	2021 US$000
Australia	114,096	103,603
United Kingdom	179,049	187,891
United States of America	746,974	589,796
Other	132,041	120,266
	1,172,160	**1,001,556**

5. Earnings per share

Accounting Policy

Earnings Per Share (EPS) is the amount of profit/(loss) attributable to each share. Basic EPS is calculated on the Group's profit/(loss) for the reporting period attributable to ordinary shareholders divided by the weighted average number of shares on issue during the year. Diluted EPS reflects any commitments the Group has to issue shares in the future.

(a) Basic earnings per share

	2022 US$000	2021 US$000
Profit attributable to ordinary shareholders	**137,443**	**140,971**
Weighted average number of ordinary shares at 30 June (basic)		
	Number of shares 2022	**Number of shares 2021**
Issued ordinary shares (weighted average)	790,094,765	790,094,765
Treasury shares (weighted average)	(6,646,289)	(6,897,564)
	783,448,476	**783,197,201**
	Cents	**Cents**
Basic earnings per share	**17.5**	**18.0**

(b) Diluted earnings per share

	2022 US$000	2021 US$000
Profit attributable to ordinary shareholders	137,443	140,971
Weighted average number of ordinary shares at 30 June (diluted)		
	Number of shares 2022	**Number of shares 2021**
Issued ordinary shares (weighted average)	790,094,765	790,094,765
Effect of share options on issue	4,300,000	4,500,000
Treasury shares (weighted average)	(6,646,289)	(6,897,564)
	787,748,476	**787,697,201**
	Cents	**Cents**
Diluted earnings per share	**17.4**	**17.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

6. Net finance costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense

The Group records interest income and accrues interest expense for amounts receivable and payable at reporting date. Interest income is recognised in the income statement on an accrual basis, using the effective interest method.

	2022 US$000	2021 US$000
Interest income from cash and cash equivalents	**45**	**135**
Interest and borrowing expenses	(12,529)	(6,491)
Interest expense on lease liabilities	(3,317)	(2,622)
Total Finance costs	**(15,846)**	**(9,113)**

7. Other expenses

	2022 US$000	2021 US$000
Impairment expenses on specific property, plant, equipment and right-of-use assets	(36)	(6,505)
Other	(798)	(3,845)
	(834)	**(10,350)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

8. Income tax expense

Accounting Policy

Income tax expense comprises current and deferred tax. It is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to a business combination or items recognised directly in equity.

(i) Current tax

The tax currently payable is based on taxable profit for the reporting period. 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. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and tax liabilities on a net basis.

(iii) Estimating provision for income tax

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the Group's provision for income taxes and assessing recognition of deferred tax balances in the Consolidated Statement of Financial Position. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Changes in tax legislation in the countries where the Group operates in may impact the amount of provision for income taxes and deferred tax balances recognised. For example, the Group is closely monitoring the Organisation for Economic Co-operation and Development's Two Pillar Solution to address the tax challenges arising from the Digitalisation of the Economy which are currently expected to be enacted in 2023. The recognition of any such impact will only occur once legislation has been substantively enacted.

(iv) Australian tax consolidated group

The Company and its Australian incorporated wholly owned subsidiaries formed a tax consolidated group with effect from 3 May 2016 whereby the members of that group are taxed as a single entity. The head entity of the tax consolidated group is Reliance Worldwide Corporation Limited. The head entity and each subsidiary member of the tax consolidated group is party to a Tax Sharing Agreement and a Tax Funding Agreement whereby each member of that group is only liable for its contribution amount calculated in accordance with the Agreement rather than being jointly and severally liable for group tax liabilities. At 30 June 2022, the Australian tax consolidated group has $6.0 million (2021: $8.5 million) franking credits available for subsequent reporting periods

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

8. Income tax expense (continued)

(a) Reconciliation of prima facie tax expense to income tax expense recognised in the consolidated income statement

The major components that reconcile the expected income tax expense based on the Australian statutory rate of tax of the Group at 30% to the reported actual income tax expense in the consolidated profit or loss statement are as follows:

	2022 US$000	2021 US$000
Profit before income tax	**195,845**	**203,353**
Prima facie income tax expense at 30%	**(58,753)**	**(61,006)**
Tax effect of items which (increase) / decrease tax expense:		
Effect of tax rates in foreign jurisdictions	14,920	14,055
Non-deductible expenses	(2,215)	(2,749)
Net (under) over provision from prior years	1,378	(261)
Foreign income subject to US tax	(16,335)	(15,197)
Other	2,603	2,776
Actual income tax expense reported in the consolidated statement of profit or loss	**(58,402)**	**(62,382)**

(b) Components of income tax

	2022 US$000	2021 US$000
Current tax	(38,338)	(59,538)
Deferred Tax	(20,064)	(2,844)
Actual income tax expense reported in the consolidated statement of profit or loss	**(58,402)**	**(62,382)**

(c) Deferred tax balances

2022	Opening Balance US$000	Recognised in Profit and loss US$000	Foreign Exchange US$000	Closing Balance US$000
Deferred tax assets				
Employee benefits	3,196	1,279	(231)	4,244
Other provisions and accruals	7,582	(1,932)	(126)	5,524
Leases	9,073	11,156	(2)	20,227
Other items giving rise to deferred tax assets	12,548	1,931	(465)	14,014
Deferred tax assets before set-off	32,399	12,434	(824)	44,009
Set-off of tax	(6,649)			(18,286)
Total	**25,750**			**25,723**
Deferred tax liabilities				
Property, plant and equipment	(10,883)	(7,760)	265	(18,378)
Unrealised foreign exchange movements	(935)	187	57	(691)
Leases	(7,581)	(12,004)	–	(19,585)
Intangible Assets	(34,910)	(14,987)	(1)	(49,898)
Other items giving rise to deferred tax liability	(2,199)	2,066	4	(129)
Deferred tax liabilities before set-off	(56,508)	(32,498)	325	(88,681)
Set-off of tax	6,649			18,286
Total	**(49,859)**			**(70,395)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

8. Income tax expense (continued)

(c) Deferred tax balances (continued)

2021	Opening Balance US$000	Recognised in Profit and loss US$000	Foreign Exchange US$000	Closing Balance US$000
Deferred tax assets				
Employee benefits	2,827	176	193	3,196
Other provisions and accruals	5,555	1,907	120	7,582
Leases	10,212	(1,139)	–	9,073
Other items giving rise to deferred tax assets	12,217	49	282	12,548
Deferred tax assets before set-off	30,811	993	595	32,399
Set-off of tax	(5,306)			(6,649)
Total	**25,505**			**25,750**
Deferred tax liabilities				
Property, plant and equipment	(10,018)	(616)	(249)	(10,883)
Unrealised foreign exchange movements	(11,232)	10,352	(55)	(935)
Leases	(9,053)	1,472	–	(7,581)
Intangible Assets	(21,682)	(13,228)	–	(34,910)
Other items giving rise to deferred tax liability	(361)	(1,817)	(21)	(2,199)
Deferred tax liabilities before set-off	(52,346)	(3,837)	(325)	(56,508)
Set-off of tax	5,306			6,649
Total	**(47,040)**			**(49,859)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

9. Working Capital

(a) Trade and other receivables

Accounting Policy

Trade and other receivables are initially recognised at fair value and subsequently at cost less any provision for doubtful debts. Trade receivables are generally due for settlement within 30 days, depending on the nature of the transaction and in line with industry practice. Collectability of trade receivables is reviewed on an ongoing basis. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group has adopted the Expected Credit Loss ('ECL') model under AASB 9 Financial Instruments to determine its allowance for doubtful debts calculation. This takes into consideration management's assessment of the likely level of bad debts (based on historical experience and forward-looking information) as well as any known 'at risk' receivables. The recoverability of debtors at 30 June 2022 has been assessed and no material recoverability issues have been identified.

	2022 US$000	2021 US$000
Trade debtors	240,617	199,197
Less: provision for doubtful debts	(2,271)	(1,707)
	238,346	197,490
Other debtors	9,947	10,510
Tax receivable	17,930	11,909
	266,223	**219,909**

At 30 June, the ageing of trade and other receivables that were not impaired is as follows:

	2022 US$000	2021 US$000
Neither past due nor impaired	245,082	204,047
Past due 1 to 30 days	14,652	12,318
Past due 31 to 60 days	2,680	2,289
Over 60 days	3,809	1,255
	266,223	**219,909**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

9. Working Capital (continued)

(b) Inventories

Accounting Policy

Inventories are measured at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as an appropriate portion of related fixed and variable production overheads, based on normal operating capacity. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and any applicable selling expenses.

	2022 US$000	2021 US$000
At cost:		
Raw materials and stores	111,118	71,148
Work in progress	37,513	19,065
Finished goods	179,420	120,718
	328,051	210,931
Less: provision for diminution	(12,515)	(15,796)
	315,536	**195,135**

In FY2022, inventories of $659.1 million (FY2021: $513.8 million) were expensed during the year in cost of sales.

(c) Trade and other payables

Accounting Policy

Trade and other payables are measured at amortised cost and are not discounted, due to their short-term nature. The amounts are unsecured and usually paid within agreed payment terms.

	2022 US$000	2021 US$000
Current:		
Trade payables	81,451	84,465
Accruals and provision for employee bonuses	66,089	70,564
Other payables	25,626	24,953
	173,166	**179,982**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

10. Property, plant and equipment

Accounting Policy

Recognition and measurement

Each class of property, plant and equipment is measured at cost less, where applicable, accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Subsequent expenditure

Subsequent expenditure is only capitalised when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is recognised so as to write off the cost of property, plant and equipment (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.

The estimated useful lives of property, plant and equipment are as follows:

- Buildings 20-40 years
- Leasehold improvements 5-40 years
- Plant and equipment 3-20 years

Property, plant and equipment are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the Group. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

	2022 US$000	2021 US$000
Carrying amounts of:		
Freehold land	12,011	27,493
Buildings	44,662	39,616
Leasehold improvements	6,980	2,780
Plant and equipment	161,334	129,145
	224,987	**199,034**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

10. Property, plant and equipment (continued)

	Freehold Land 2022 US$000	Freehold Land 2021 US$000	Buildings 2022 US$000	Buildings 2021 US$000	Leasehold Improvements 2022 US$000	Leasehold Improvements 2021 US$000	Plant & Equipment 2022 US$000	Plant & Equipment 2021 US$000	Total 2022 US$000	Total 2021 US$000
Cost:										
Opening balance	27,493	13,173	62,267	65,198	9,725	9,982	377,564	329,178	477,049	417,531
Transfers/reclassification	(7,214)	12,900	6,075	(8,063)	350	(987)	(2,561)	(3,560)	(3,350)	290
Additions	–	–	521	424	2,057	47	56,538	34,587	59,116	35,058
Acquired through business combinations	–	–	4,869	–	2,629	–	11,831	–	19,329	–
Disposals	–	–	(13)	(33)	(826)	(271)	(11,670)	(8,337)	(12,509)	(8,641)
Transfer to assets held for sale	(6,118)	–	(5,589)	–	–	–	–	–	(11,707)	–
Net effect of change in exchange rates	(2,150)	1,420	(4,702)	4,741	(914)	954	(30,510)	25,696	(38,276)	32,811
Closing balance at 30 June	**12,011**	**27,493**	**63,428**	**62,267**	**13,021**	**9,725**	**401,192**	**377,564**	**489,652**	**477,049**
Accumulated Depreciation and impairment:										
Opening balance	–	–	(22,651)	(19,503)	(6,945)	(4,163)	(248,419)	(212,571)	(278,015)	(236,237)
Depreciation	–	–	(1,860)	(1,894)	(559)	(652)	(24,140)	(23,586)	(26,559)	(26,132)
Transfers/ reclassification	–	–	1,829	–	6	–	597	–	2,432	–
Disposals	–	–	13	33	818	271	10,030	6,969	10,861	7,273
Impairment	–	–	–	(15)	–	(1,939)	(36)	(766)	(36)	(2,720)
Transfer to assets held for sale	–	–	1,783	–	–	–	–	–	1,783	–
Net effect of change in exchange rates	–	–	2,120	(1,272)	639	(462)	22,110	(18,465)	24,869	(20,199)
Closing balance at 30 June	**–**	**–**	**(18,766)**	**(22,651)**	**(6,041)**	**(6,945)**	**(239,858)**	**(248,419)**	**(264,665)**	**(278,015)**
Net carrying value at 30 June	**12,011**	**27,493**	**44,662**	**39,616**	**6,980**	**2,780**	**161,334**	**129,145**	**224,987**	**199,034**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

11. Leases

The Group leases various properties, equipment and vehicles. Property leases typically are for a period of 5 to 10 years and often have extension options. Equipment and vehicle leases are typically for a period of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured at present value. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. The Group has elected not to recognise right of use assets or lease liabilities for payments associated with short-term leases (with a term of 12 months or less) and leases of low-value assets. Payments relating to these items are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss.

Critical accounting estimates and assumptions

Extension options are included in most property leases across the Group. These options are included to maximise operational flexibility in terms of managing lease contracts. Extension options are only included in the assessed lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and that is within the control of the lessee.

Right-of-use assets

	Properties US$000	Equipment US$000	Vehicles US$000	Total US$000
Balance at 1 July 2021	**66,090**	**1,295**	**950**	**68,335**
Depreciation charge for the year	(11,706)	(930)	(605)	(13,241)
Additions	48,877	1,536	1,047	51,460
Acquired through business combinations	18,350	–	–	18,350
Modifications and terminations	(13,050)	–	(12)	(13,062)
Foreign exchange impact	(2,883)	(67)	(71)	(3,021)
Balance at 30 June 2022	**105,678**	**1,834**	**1,309**	**108,821**
Balance at 1 July 2020	**66,486**	**1,982**	**713**	**69,181**
Depreciation charge for the year	(9,062)	(904)	(506)	(10,472)
Impairment expense	(1,794)	–	–	(1,794)
Additions	2,995	34	721	3,750
Modifications and terminations	4,156	87	–	4,243
Foreign exchange impact	3,309	96	22	3,427
Balance at 30 June 2021	**66,090**	**1,295**	**950**	**68,335**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

11. Leases (continued)

Amounts recognised in the statement of profit or loss and other comprehensive income

	2022 US$000	2021 US$000
Depreciation charge for right-of-use assets:		
Properties	11,706	9,062
Equipment	930	904
Vehicles	605	506
Total depreciation charge for right-of-use assets	**13,241**	**10,472**
Expense relating to short-term and low-value leases	3,058	1,976
Interest expense on lease liabilities	3,317	2,622
Finance income on a property sub-lease	–	(58)

The consolidated statement of cash flows for 30 June 2022 includes cash outflows for lease payments of $13.6 million (30 June 2021 – $11.8 million) within Cash flows from financing activities.

Some property leases contain extension options exercisable by the Group up to the end of the non-cancellable contract period. The Group has estimated that the potential future lease payments, should it exercise all available extension options, would result in an increased lease liability of $34.4 million (30 June 2021 – $32.1 million).

12. Goodwill and other intangible assets

(a) Goodwill

Accounting Policy

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, it is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

For the purpose of undertaking impairment testing, the Group has identified its cash generating units (CGUs). These are the smallest groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This assessment has been determined by considering operating segments and areas of operation.

The total carrying value of goodwill at balance sheet date was $758.6 million (30 June 2021 – $686.1 million). This was allocated to the Asia Pacific, Americas and EMEA operating segments based on which CGUs were expected to benefit from the relevant business combinations at the time of acquisition. The EZ-Flo and LCL acquisitions during the year had no impact on the determination of CGUs which remain unchanged from prior years. The total carrying value of indefinite life intangible assets at balance sheet date was $201.8 million (30 June 2021 – $169.0 million).

	Asia Pacific		Americas		EMEA		Total	
	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000
Goodwill								
Opening balance	64,366	58,376	156,189	143,033	465,540	416,451	686,095	617,860
Business acquisitions	11,775	–	137,937	–	–	–	149,712	–
Foreign currency exchange differences	(7,176)	5,990	(14,515)	13,156	(55,542)	49,089	(77,233)	68,235
Closing balance	**68,965**	**64,366**	**279,611**	**156,189**	**409,998**	**465,540**	**758,574**	**686,095**
Indefinite lived intangible assets								
Closing balance	–	–	**53,000**	–	**148,825**	**168,986**	**201,825**	**168,986**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

12. Goodwill and other intangible assets (continued)

Goodwill and other intangible assets in respect of the Asia Pacific, Americas and EMEA CGUs have been tested for impairment at period end. The recoverable amount of the Group's CGUs has been assessed utilising value in use methodologies, which is determined by discounting the future cash flows expected to be generated from the continuing use of the CGUs.

Future cash flows projections are based on approved budget submissions that reflect management's best estimate of revenue, costs, capital expenditure and cash flows for each CGU. Internal forecasts have been prepared in the context of the current global economic environment and its impact on repair & remodel and new construction markets. This also considers recent pricing impacts, continued global supply chain disruptions, inflation expectations and volatile commodity prices.

The value in use assessment at 30 June 2022 was established using a discounted cash flow model which included the following key assumptions:

- a 5-year forecast period with cash flow projections based on approved FY2023 budget submissions from each region for financial years 2023, 2024 and 2025, and cash flows beyond the three-year period extrapolated using estimated long-term growth rates
- FY2023-FY2025 average annual revenue growth rate of 2.8% in Asia Pacific, 13.4% in Americas (8.3% excluding EZ-Flo acquired in FY2022) and 6.2% for EMEA based on business assessments; and

The following nominal discount rates have been used in discounting the projected cash flows:

	Pre-tax discount rates	Post-tax discount rates
Americas	11.95% (FY2021: 12.00%)	9.25% (FY2021: 8.75%)
Asia Pacific	13.45% (FY2021: 12.75%)	10.00% (FY2021: 9.50%)
EMEA	10.75% (FY2021: 10.00%)	8.50% (FY2021: 8.00%)

The discount rates represent the current market assessment of the risks specific to each CGU and are derived from its weighted average cost of capital (WACC). The discount rates applied to each impairment model falls within a reasonable range supported by market observed data. The post-tax discount rates at 30 June 2022 were increased compared to the prior year consistent with the market increases in the long-term interest rates (risk-free rates).

The terminal value of the CGUs has been forecast using the following nominal long-term growth rates:

- Americas: 2.0%
- Asia Pacific: 2.5%
- EMEA: 2.0%

Terminal growth rates are considered by management to be an appropriate estimate of the long-term average growth rates achievable in the industries and geographies in which the Group participates. Terminal growth rates are consistent with the prior year.

Americas Cash Generating Unit

The carrying value of the Americas CGU includes goodwill of $279.6 million (30 June 2021 – $156.2 million) and other indefinite life intangible assets (brand names) for an amount of $53.0 million (30 June 2021 – nil). Following a detailed impairment review of future cash flow projections consistent with the Group assumptions detailed above, the recoverable amount of the Americas CGU is estimated to exceed the carrying amount at 30 June 2022.

There are no reasonably possible changes to key assumptions used in the determination of the CGU recoverable amounts that would result in a material impairment to the CGU or Group.

Asia Pacific Cash Generating Unit

The carrying value of the Asia Pacific CGU includes goodwill of $69.0 million (30 June 2021 – $64.4 million). Following a detailed impairment review of future cash flow projections consistent with the Group assumptions detailed above, the recoverable amount of the APAC CGU is estimated to exceed the carrying amount at 30 June 2022.

There are no reasonably possible changes to key assumptions used in the determination of the CGU recoverable amounts that would result in a material impairment to the CGU or Group.

EMEA Cash Generating Unit

The carrying value of the EMEA CGU includes goodwill of $410.0 million (30 June 2021 – $465.5 million) and other indefinite life intangible assets (brand names) for an amount of $222.0 million (30 June 2021 – $169.0 million). Following a detailed impairment review of future cash flow projections consistent with the Group assumptions detailed above, the recoverable amount of the EMEA CGU is estimated to exceed the carrying amount at 30 June 2022.

There are no reasonably possible changes to key assumptions used in the determination of the CGU recoverable amounts that would result in a material impairment to the CGU or Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

12. Goodwill and other intangible assets (continued)

(b) Other intangible assets

Critical accounting estimates and assumptions

At time of acquisitions, management determined that some of the intangible assets (Brand names, trade names and trademarks) recognised as part of business combinations had indefinite useful lives. This means that the value of these assets does not reduce over time and therefore they are not amortised. These assets have no legal or contractual expiry date and are integral to future revenue generation. Management intends to continue to promote, maintain and defend the brands, trade names and trademarks to the extent necessary to maintain their values for the foreseeable future. Management assesses the useful lives of the Group's intangible assets at the end of each reporting period. If an intangible asset is no longer considered to have an indefinite useful life, this change is accounted for prospectively.

Accounting Policy

Other intangible assets are non-physical assets held by the Group in order to generate revenue and profit. These assets include brand names, trade names, trademarks, intellectual property and licences and software and website development. They are recognised either at the cost the Group has paid for them or at their fair value if they are acquired as part of a business combination. They are amortised over their expected useful life unless they are considered to have an indefinite useful life.

Type of intangible asset	Valuation method	Amortisation method	Estimated useful life
Brand names, trade names and trademarks	Initially at cost, or fair value if acquired as part of a business combination	Indefinite life brands not amortised, reviewed for impairment at least annually	n/a
Intellectual property, software and licence fees	Initially at cost and subsequently at cost less accumulated amortisation	Straight-line	Up to 10 years
Product technology	Initially at cost and subsequently at cost less accumulated amortisation	Straight-line	Up to 20 years
Customer relationship and distribution agreements	Initially at fair value at date of business combination	Straight-line	Up to 20 years

(i) Brand names, trade names and trademarks

Brand names, Trade names and trademarks are registered names, symbols, words or other devices used in trade to indicate the source of a product and distinguish it from other products.

(ii) Intellectual property, software and licence fees

Intellectual property consists of technical drawings and certifications. Software and licence fees mainly relate to the accounting and reporting platform being implemented throughout the Group.

(iii) Product technology

Technology based intangible assets relate to innovations or technological advances, such as patented technology.

(iv) Customer relationships and distribution agreements

Customer relationship-based intangibles assets relate to established customer relationships and distribution agreements for the supply of product.

(v) Research and development

Research costs are charged to the profit or loss account as incurred. Development expenditure is only capitalised if it can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. The amortisation of development expenditure is allocated to other expenses as inventory is sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

12. Goodwill and other intangible assets (continued)

	Intellectual Property, Brand Names and Trademarks		Product Technology		Customer Relationships		Licence Fees, Software and Other		Total	
	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000
Cost:										
Opening balance	194,855	176,990	23,192	23,192	21,791	20,345	30,952	27,984	270,790	248,511
Additions	10	–	–	–	–	–	1,330	914	1,340	914
Acquired through business combinations	53,000	–	–	–	57,100	–	–	–	110,100	–
Disposals	(1,630)	–	(2,092)	–	–	–	(989)	–	(4,711)	–
Transfers from PP&E	604	–	–	–	–	–	238	(12)	842	(12)
Net effect of change in exchange rates	(20,178)	17,865	–	–	(1,634)	1,446	(1,544)	2,066	(23,356)	21,377
Closing balance at 30 June	**226,661**	**194,855**	**21,100**	**23,192**	**77,257**	**21,791**	**29,987**	**30,952**	**355,005**	**270,790**
Accumulated Depreciation and impairment:										
Opening balance	(6,083)	(6,054)	(6,839)	(5,667)	(3,521)	(1,849)	(14,009)	(10,636)	(30,452)	(24,206)
Amortisation	(94)	(26)	(1,172)	(1,172)	(2,791)	(1,088)	(3,351)	(3,399)	(7,408)	(5,685)
Disposals	1,630	–	2,092	–	–	–	989	2	4,711	2
Net effect of change in exchange rates	8	(3)	–	–	219	(584)	342	24	569	(563)
Closing balance at 30 June	**(4,539)**	**(6,083)**	**(5,919)**	**(6,839)**	**(6,093)**	**(3,521)**	**(16,029)**	**(14,009)**	**(32,580)**	**(30,452)**
Net carrying value at 30 June	**222,122**	**188,772**	**15,181**	**16,353**	**71,164**	**18,270**	**13,958**	**16,943**	**322,425**	**240,338**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

13. Net debt

Accounting Policy

Borrowings are initially recognised net of transaction costs incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs where it is probable that some or all of the facility will be drawn down. The fee is deferred until the drawdown occurs and is amortised on a straight-line basis over the entire life of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

At 30 June 2022	Facility Limit US$000	Borrowings US$000	Cash US$000	Net cash /(debt) Balance US$000
Syndicated Loan Facility (Tranche A)	(435,000)	(254,475)	–	(254,475)
Syndicated Loan Facility (Tranche B)	(290,000)	(17,262)	–	(17,262)
Bilateral US Dollar Facility (Tranche A)	(45,000)	(45,000)	–	(45,000)
Bilateral US Dollar Facility (Tranche B)	(30,000)	(12,000)	–	(12,000)
Guaranteed Senior Notes/US Private Placement (USPP)	(250,000)	(250,000)	–	(250,000)
Cash and cash equivalents	–	–	27,679	27,679
Total RWC Group	**(1,050,000)**	**(578,737)**	**27,679**	**(551,058)**

At 30 June 2021	Facility Limit US$000	Borrowings US$000	Cash US$000	Net cash /(debt) Balance US$000
Syndicated Facility (Tranche A)	(187,500)	–	–	–
Syndicated Facility (Tranche B)	(187,500)	(148,000)	–	(148,000)
Syndicated Facility (Tranche C)	(187,500)	(3,750)	–	(3,750)
Cash and cash equivalents	–	–	21,319	21,319
Total RWC Group	**(562,500)**	**(151,750)**	**21,319**	**(130,431)**

(a) Borrowings

	Current		Non-current		Total	
	2022 US$000	2021 US$000	2022 US$000	2021 US $000	2022 US$000	2021 US$000
Unsecured:						
Bank borrowings	–	–	328,737	–	328,737	–
Guaranteed Senior Notes/US Private Placement (USPP)	–	–	250,000	–	250,000	–
Secured:						
Bank borrowings	–	–	–	151,750	–	151,750
Total secured borrowings	–	–	**578,737**	**151,750**	**578,737**	**151,750**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

13. Net debt (continued)

In November 2021, the Company established new committed borrowing facilities with a group of lenders totalling $800 million. The new facilities comprise:

- a $725 million syndicated multi-currency facility; and
- a $75 million bilateral US dollar facility.

The facilities are governed by a Common Terms Deed and are unsecured. Both facilities have maturity dates apportioned between 3 years and 5 years, with:

- $480 million to mature on 30 November 2024 (Tranche A); and
- $320 million to mature on 30 November 2026 (Tranche B).

The initial drawdown was used to fully refinance and replace a secured A$750 million Syndicated Facility Agreement. Unamortised borrowing costs associated with the previous facility were charged to 'finance costs' for $1.0 million and to 'administration expenses' for $0.1 million in the consolidated statement of profit or loss.

The new facilities have a variable interest rate based on a variable base rate plus a margin. The facilities contain financial covenants which the Company is in compliance with.

In April 2022, the Group completed a $250 million unsecured note issuance in the US Private Placement (USPP) market. The notes have fixed coupon rates and the following maturities:

- 7 years – $55 million
- 10 years – $65 million
- 12 years – $65 million
- 15 years – $65 million

Key terms of the USPP notes are consistent with the Common Terms Deed which governs RWC's existing borrowing facilities. The USPP issuance provides the Group with long-term debt funding and extends RWC's debt maturity profile with the weighted average debt maturity increasing from 3.8 years to 5.5 years.

(b) Changes in liabilities arising from financing activities

The table below shows cash and non-cash changes in borrowings for which cash flows were, or will be, classified as financing activities in the Consolidated Statement of Cash Flows.

	Borrowings		Lease liabilities	
	2022 US$000	2021 US$000	2022 US$000	2021 US$000
Opening balance	151,750	265,181	77,420	75,068
Changes from financing cash flows:				
Proceeds from drawdowns on Facility	770,168	51,529	–	–
Repayments of Facility	(338,238)	(167,173)	–	–
Principal portion of lease payments	–	–	(10,267)	(9,163)
Total changes from financing cash flows	**583,680**	**149,537**	**67,153**	**65,905**
Other changes:				
New leases and lease modifications	–	–	54,991	6,448
Interest expense	12,529	6,491	3,317	2,622
Interest paid	(8,446)	(5,343)	(3,317)	(2,622)
Other including foreign exchange movement	(9,026)	1,065	(5,430)	5,067
Closing balance	**578,737**	**151,750**	**116,714**	**77,420**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

13. Net debt (continued)

(c) Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the Consolidated Statement of Cash Flows can be reconciled to the related items in the Consolidated Statement of Financial Position as follows:

Cash on hand and at bank comprises:		2022 US$000	2021 US$000
AUD	Australian dollar	5,068	3,675
USD	United States dollar	8,441	6,867
GBP	Pound sterling	2,022	207
EUR	Euro	4,531	3,668
NZD	New Zealand dollar	763	574
CAD	Canadian dollar	4,440	2,870
KRW	South Korean won	945	1,613
PLN	Polish zloty	300	490
CZK	Czech koruna	201	537
CNY	Chinese yuan	968	818
Cash and cash equivalents in the Consolidated Statement of Cash Flows		**27,679**	**21,319**

(d) Reconciliation of cash flow from operations with profit from operations after income tax

	2022 US$000	2021 US$000
Profit/(loss) from operations after income tax	**137,443**	**140,971**
Depreciation expense	39,800	36,411
Amortisation expense	7,408	5,635
(Profit)/loss on disposal of non-current assets	(642)	(1,050)
Impairment expense	36	6,505
Share-based payments	4,916	4,748
Net interest expense accounted for as financing cash flows	11,438	4,434
Other finance costs	4,363	4,545
Changes in operating assets and liabilities		
Trade and other receivables	(26,451)	(29,347)
Inventories	(75,369)	(33,565)
Prepayments	(4,322)	(235)
Trade and other payables	(15,210)	48,961
Tax balances	15,002	18,523
Employee entitlements	(3,699)	(3,364)
Other assets and liabilities	(5,431)	2,190
Net cash from operating activities	**89,282**	**205,362**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

14. Financial risk management

The Group maintains a capital structure for the business to ensure sufficient liquidity and support to fund business operations, position the business for future growth and provide adequate funding for the Group's potential acquisition and investment strategies. The Group's capital structure, global operations and the nature of business activities result in exposure to operational risks and a range of financial risks, including market risk (which includes foreign currency risk, interest rate risk and commodity price risk), liquidity risk and credit risk arising from its operating activities. The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same.

The Group's financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. The Audit and Risk Committee has the primary responsibility of overseeing and reporting to the Board on the Group's risk management systems and strategies. Various strategies and methods are used to manage different types of risks that the Group is exposed to, including:

Market risk

Group financial performance is largely dependent on activity in the residential and commercial repair and renovation and new construction end-markets. Activities in these end-markets are impacted by changes in general economic conditions such as movements in inflation and interest rates, the level of business spending and consumer confidence and changes to fiscal or monetary policies, legislation and regulation (including plumbing codes, tariff rates and import duties). Activities in the repair end-market are also impacted by extreme weather events.

The Group operates in different global regions which diversifies these risks.

Foreign exchange risk

Foreign exchange risk relates to the risk that the fair value of future cash flows of a financial instrument or a highly probable transaction will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk through operating activities (sales and purchases made or derived in currencies other than the functional currency), intercompany financing activities and investment in foreign subsidiaries (which transact in the local currency). The Group does not typically hedge its foreign exchange exposures but may selectively utilise foreign exchange forward contracts to mitigate fluctuations in foreign exchange rates.

The Group's balance sheet exposures of cash, external receivables and payables balances for the major currency exposures at 30 June 2022 are set out below in US dollar equivalents.

	USD		GBP		EUR		Other	
	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000
Cash	4,988	4,092	3	5	1,938	147	21	1
Trade and other receivables	3,363	2,561	–	–	552	297	–	331
Trade and other payables	(6,619)	(7,441)	(36)	(1,063)	(4,604)	(6,226)	(601)	(858)
Net external exposure	**1,732**	**(788)**	**(33)**	**(1,058)**	**(2,114)**	**(5,782)**	**(580)**	**(526)**

The table below shows the effect on profit after income tax expense and total equity from major currency exposures, had the exchange rates been 5% higher or lower than the year end rate.

	Increase/(decrease) in profit after income tax US$000		Increase/(decrease) in equity US$000	
	2022	2021	2022	2021
At relevant 30 June 2022 rates				
If foreign exchange rate +5%	47	388	–	–
If foreign exchange rate - 5%	(50)	(408)	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

14. Financial risk management (continued)

As noted in Note 1(d), the Group has changed its reporting currency from Australian dollars to US dollars with effect from 1 July 2021. These Consolidated Financial Statements are reported in US dollars, reducing the translation risk impact of foreign currency movements on reported results, with the US market the largest in terms of sales revenue and operating earnings mix.

Interest rate risk

Interest rate risk is the risk that the Group will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt. The Group is exposed to cash flow interest rate risk as it borrows funds at floating rates and interest is received on cash deposits at floating rates. The Group's borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At reporting date, the interest rate profile of the Group's interest bearing debt was:

	2022 Carrying Amount US$000	2021 Carrying Amount US$000
Fixed rate debt instruments		
Guaranteed Senior Notes – US Private Placement	250,000	–
Lease liabilities	116,714	77,420
Variable rate debt instruments		
Bank loan facilities – USD	259,000	148,000
Bank loan facilities – AUD	69,737	3,750

If the current interest rate was 100 basis points higher the interest expense for the year would have increased by $3.5 million (FY2021: $2.4 million).

The Group's exposure to interest rate risk on the cash and cash equivalents listed in the Consolidated Statement of Financial Position and the interest bearing borrowings is disclosed in Note 13.

The Group has determined that if interest rates were to increase or decrease by 100 basis points it would have an immaterial impact on the Group's interest income on cash deposits.

Commodity price risk

Commodity price risk is the risk the cost of some key raw material inputs required for the Group's products are correlated with the underlying commodity price and, as such, fluctuates over time. The most material exposures for the Group are to the market price of copper, which is used in the production of brass and to the cost of resins used in the production of plastics. The Group does not typically hedge its commodity price risk exposures but seeks to manage changing input prices through price negotiations with customers following changes in the underlying commodity prices, working with suppliers to achieve the maximum level of stability in their costs and related pricing and seeking alternative supply sources when necessary.

Liquidity risk

Liquidity risk arises from the ability of the Group to meet its financial liabilities and obligations as and when they fall due. The Group monitors future financial commitments and intends to maintain sufficient cash reserves and headroom in its banking facilities to meet these objectives on an on-going basis.

The Group prepares regular cash flow forecasts and monitors its liquidity to ensure it will always have sufficient cash to allow it to meet liabilities as they fall due.

The completion of the $250 million unsecured note issuance in the US Private Placement (USPP) market in April 2022 provides the Group with long-term debt funding and extended RWC's debt maturity profile with the weighted average debt maturity increasing from 3.8 years to 5.5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

14. Financial risk management (continued)

The Group had cash and cash equivalents of $27.7 million at 30 June 2022 (30 June 2021 - $21.3 million). In addition to its operating cash at bank the Group has undrawn borrowing facilities available. Details of the borrowing facilities in place and their terms are disclosed at Note 13.

	2022 US$000	2021 US$000
Total facilities available	1,050,000	562,500
Amount drawn at 30 June	578,737	151,750
Available at 30 June	**471,263**	**410,750**

The contractual maturity of the Group's financial liabilities based on the financing arrangements in place at period end date are shown in the table below:

2022 Financial liabilities	Carrying amount US$000	Less than 1 year US$000	1 to 2 years US$000	2 to 5 years US$000	More than 5 years US$000	Total US$000
Trade and other payables	173,166	173,166	–	–	–	173,166
Lease liabilities	116,714	16,279	15,929	45,071	60,532	137,811
Bank borrowings	328,737	9,329	8,389	333,262	–	350,980
Guaranteed Senior Notes/US Private Placement Notes (USPP)	250,000	9,770	9,797	29,311	311,708	360,586
Total	**868,617**	**208,544**	**34,115**	**407,644**	**372,240**	**1,022,543**

2021 Financial liabilities	Carrying amount US$000	Less than 1 year US$000	1 to 2 years US$000	2 to 5 years US$000	More than 5 years US$000	Total US$000
Trade and other payables	179,982	179,982	–	–	–	179,982
Lease liabilities	77,420	26,105	8,468	24,036	26,451	85,060
Bank borrowings	151,750	1,004	148,270	3,756	–	153,030
Total	**409,152**	**207,091**	**156,738**	**27,792**	**26,451**	**418,072**

Credit risk

Credit risk relates to the potential failure of the Group's counterparties (such as customers or financial institutions) to meet their obligations at the appropriate time. The maximum exposure at any time is equal to the carrying value of the financial assets. The business seeks to monitor and manage counterparty risk through internal controls and protocols, including customer credit policies and performing banking and financial activities with financial institutions. As such the Group does not seek collateral in respect of its trade and other receivables.

At 30 June, the maximum exposure to credit risk for trade and other receivables by geographic region is as follows:

	2022 Carrying amount US$000	2021 Carrying amount US$000
Americas	190,556	136,862
Asia Pacific	24,723	31,936
EMEA	50,944	51,111
Total	**266,223**	**219,909**

At 30 June 2022, the Group's most significant customer accounted for $53.3 million (FY2021: $42.4 million) of the trade debtors and receivables amount. Further details of the Group's trade receivables are included in Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

15. Share Capital

Share Capital

	Number of shares 2022 Number	Number of shares 2021 Number	Amount 2022 US$	Amount 2021 US$
Ordinary shares:				
Opening balance	790,094,765	790,094,765	1,738,067,404	1,738,067,404
Treasury shares	–	–	778,242	–
Total	**790,094,765**	**790,094,765**	**1,738,845,646**	**1,738,067,404**

The total acquisition cost of treasury shares held at 30 June 2022 was $18,573,363 (30 June 2021 – $19,351,606).

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

16. Reserves

	2022 US$000	2021 US$000
Foreign currency translation reserve:		
Opening balance	60,201	(59,894)
Movement resulting from translation of financial statements of foreign subsidiaries net of tax impacts	(131,951)	120,096
	(71,750)	60,202
Merger reserve:		
Opening balance	(840,544)	(840,544)
	(840,544)	(840,544)
Share-based payments reserve:		
Opening balance	14,331	9,062
Share-based payments expense	3,864	5,269
	18,195	14,331
Hedging reserve:		
Opening balance	(8,190)	(8,190)
Hedging loss during the year	–	–
	(8,190)	(8,190)
Total reserves	**(902,289)**	**(774,201)**

The movement in the foreign currency translation reserve of (US$132.0 million) [FY2021: US$120.1 million] relates to the translation of the Group's non-US dollar operations into the Group's presentation currency and primarily reflects the exchange rate movements of the Australian dollar and U.K. pound sterling against the US dollar in the respective period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

16. Reserves (continued)

Nature and purpose of reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and the translation of foreign currency monetary items forming part of a net investment in a foreign operation.

(b) Merger reserve

The Company, through a wholly owned subsidiary, acquired the entities that carry on the operations of Reliance Worldwide Corporation in April and May 2016 ("Restructure"). The Directors elected to account for the effect of the Restructure as a common control transaction in accordance with the provisions of *AASB 3: Business Combinations*. Consequently, the net assets acquired were recorded at the carrying values that existed at the time of the transaction. The excess consideration over book value at acquisition date is recorded in the Merger reserve.

(c) Share-based payments reserve

The share-based payments reserve is used to record the value of share-based payments provided to employees, including Key Management Personnel, as part of their remuneration.

(d) Hedging reserve

The hedging reserve records the effective portion of the cumulative change in the fair value of the hedging instruments used in cash flow hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

17. Employee benefits

Accounting Policy

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees render the service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Restructuring provisions

A provision is made for restructuring where the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Share-based payments

The fair value of equity settled share-based payment awards granted to employees is recognised as an expense with a corresponding increase in equity over the vesting period of the grant.

Short and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of leave entitlements in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Current:

Current employee entitlements include benefits for wages, salaries and annual leave that are expected to be settled within twelve months of the reporting date. The amounts represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted rates based on current remuneration and wage rates including related on-costs such as workers compensation, insurance and payroll tax.

Non-current:

Non-current employee entitlements include leave benefits which employees have earned in return for their continued service, pursuant to the Legislation and Regulations in the relevant jurisdictions. The entitlement is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted back to present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

17. Employee benefits (continued)

(a) Employee benefits expenses

Employee benefits expenses recognised in the profit or loss account are:

	2022 US$000	2021 US$000
Wages and salaries	151,172	143,724
Severance and restructuring costs	1,422	2,511
Employee leave entitlements	3,984	4,438
Workers compensation premiums	879	774
Superannuation contributions	8,151	7,597
Payroll related taxes	11,491	11,686
Contract labour	15,684	13,725
Share-based payment expense	4,916	4,748
Other payroll related expenses	293	254
	197,992	**189,457**
Recovered in costs of goods sold	(40,616)	(36,964)
	157,376	**152,493**

(b) Employee benefits provisions

	Current		Non-current		Total	
	2022 US$000	2021 US$000	2022 US$000	2021 US$000	2022 US$000	2021 US$000
Employee entitlements:						
Opening balance	9,053	11,484	5,087	4,613	14,140	16,097
Charged to profit or loss	3,202	6,098	299	106	3,501	6,204
Paid during the period	(5,811)	(9,057)	75	(80)	(5,736)	(9,137)
Foreign currency exchange differences	(688)	860	(449)	374	(1,137)	1,234
Reclassification	658	(332)	(147)	74	511	(258)
Closing balance	**6,414**	**9,053**	**4,865**	**5,087**	**11,279**	**14,140**

18. Share-based payments

Accounting Policy

Employee equity incentive plans are accounted for as share-based payments, whereby employees render services in exchange for the awards. The cost of share-based payments is recognised by expensing the fair value of the options or rights granted, over the period during which the employees become unconditionally entitled to these benefits. Where the plan will be settled by issuing equity, the corresponding entry is an increase in the share-based payments reserve. The fair value of rights granted is determined by reference to observed market values. The fair value of the TSR component of performance rights is independently determined at grant date by an external valuer using a Monte-Carlo simulation. For the non-market component (EPS), the fair value is independently determined using a Monte-Carlo and an additional EPS forecast simulation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

18. Share-based payments (continued)

Accounting Policy (continued)

Non-market performance conditions do not impact the value of shares and performance rights, but rather the estimate of the number of shares to vest. At each reporting date the Company revises the estimate of the number of non-market component of performance rights that are expected to vest, and the employee benefits expense recognised each period incorporates this change in estimate. An expense is recognised for the TSR component of performance rights whether or not the TSR hurdle is met. No expense is recognised if these rights do not vest due to cessation of employment. No expense is recognised for non-market components of performance rights that do not ultimately vest.

The Company has established an Equity Incentive Plan ("Plan") to assist in the motivation, retention and reward of eligible executives. The Plan is designed to align the interests of employees with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company. The Plan provides flexibility for the Company to grant rights, options and/or restricted shares as incentives, subject to the terms of individual offers and the satisfaction of performance conditions determined by the Board from time to time.

Options

	Vested (#)	Unvested (#)	Total (#)
Balance at 30 June 2021	**500,000**	**4,000,000**	**4,500,000**
Exercised during the reporting period	(200,000)	–	(200,000)
Vested during the reporting period	4,000,000	(4,000,000)	–
Cancelled, forfeited or lapsed	–	–	–
Balance at 30 June 2022	**4,300,000**	**–**	**4,300,000**
Vesting date (subject to vesting conditions)	–	30 June 2022	
Expiry date	5 December 2024 – 300,000 options		
Expiry date	30 June 2031 – 4,000,000 options		
Exercise price	US$1.62 – 4,000,000 options		

Each option provides an entitlement to acquire an ordinary share in Reliance Worldwide Corporation Limited upon payment of the exercise price and meeting certain vesting criteria. These options are equity settled. The Company has not granted any other options.

The 4,000,000 options vested at 30 June 2022 upon satisfaction of service and performance conditions below:

Service condition	The service condition required achievement of continued employment till 30 June 2022.
Performance conditions	The options were also subject to the following performance conditions: • 30% of the options were subject to a net profit after tax ("NPAT") performance condition, which was based on the company meeting or exceeding its pro forma NPAT forecast for the year ended 30 June 2017 of $62.6 million • 70% of the options were subject to a relative total shareholder return ("TSR") performance condition, which compares the TSR performance of the company since listing with the TSR performance of each of the entities in a comparator group over the period from 29 April 2016 to 30 June 2021

Rights to shares

The Board has approved that nominated, eligible executives and employees be invited to participate in the Plan. Participants are granted rights to be awarded fully paid ordinary shares in the Company ("Rights") in accordance with the rules of the Plan and subject to the offer terms ("Offer"). An Offer constitutes a long-term incentive component of the participant's remuneration from the grant date until the end of the vesting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

18. Share-based payments (continued)

At 30 June 2022, the number of unvested Rights which had been granted by the Company to all participants was 7,707,471 (30 June 2021 – 6,364,864). The opening, closing balances and the fair values of all unvested Rights granted are reconciled as follows:

	Number of Rights	Fair value range for Rights granted
Granted and unvested at 30 June 2021	**6,364,864**	
Granted during FY2022 with the following grant dates:		
1 October 2021	1,507,858	(US$3.18 – US$3.75)
17 November 2021	125,000	US$4.17
1 April 2022	333,600	(US$2.74 – US$2.89)
Vested during FY2022	(152,264)	
Forfeited, cancelled or lapsed during FY2022	(471,587)	
Unvested at 30 June 2022	**7,707,471**	

Subsequent to 30 June 2022 through to the date of this report:

- A further 2,231,109 service condition only Rights have vested (including 165,000 Rights awarded to Executive KMP);
- No further Rights have lapsed or been forfeited or cancelled; and
- No Rights have been granted.

Vesting conditions for all granted Rights include a continuous service period ranging between two and five years.

Unless the Board determines otherwise, if a participant ceases employment with the Group prior to the vesting date and any of the following has occurred then a pro rata portion of unvested Rights will remain on foot and vest in the ordinary course as though the participant had not ceased employment:

- The participant's employment is terminated by the Company without cause; or
- The participant terminates employment for good reason.

The remainder of the Rights will lapse.

The Company has established a subsidiary, Reliance Employee Share Investments Pty Ltd ("Trustee") to act as trustee of the Reliance Employee Share Investments Trust. The Trustee will acquire Reliance shares on-market on behalf of the Trust to meet any obligations to deliver shares to a participant who satisfies the vesting conditions. The movement in the number of shares held during the reporting period is:

	Total
Shares held at 30 June 2021	**6,854,359**
Acquired during FY2022 (at an average cost of $3.25 per share)	234,217
Allocated property transferred to participants	(471,746)
Shares held at 30 June 2022	**6,616,830**

Share Match Plan

The Group has a share match plan to encourage employees to own shares in the Company. Eligible employees can acquire up to A$5,000 of shares in RWC per plan year from post-tax income with contributions made via a regular salary deduction ("Purchased Shares"). The Company will match the shares acquired on a 1:2 basis up to a cap A$2,500 of Purchased Shares subject to the terms of the Share Match Plan ("Matching Rights"). There is a minimum holding period for Purchased Shares of 2 years and a continuous service obligation for Matching Rights to convert into shares on a 1:1 basis. There are no performance conditions. Participants receive dividends and have voting rights on their Purchased Shares. Matching Rights have no voting or dividend entitlements prior to vesting. The total number of Matching Rights granted at 30 June 2022 was 117,648.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

19. Group entities

Reliance Worldwide Corporation Limited was incorporated on 19 February 2016 and is the parent, and ultimate controlling entity of the Group. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1 and 27.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2022	Equity Holding 2021	Functional Currency
Reliance Worldwide Group Holdings Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Corporation (Aust.) Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Pty Ltd[1]	Australia	Ordinary	–	100%	AUD
Reliance Employee Share Investments Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Holdings (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Worldwide Corporation (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Worldwide Corporation (Canada) Inc	Canada	Ordinary	100%	100%	CAD
Reliance Worldwide Holdings (USA) Corporation	America	Ordinary	100%	100%	USD
Reliance Worldwide International Group Holdings Corporation	America	Ordinary	100%	100%	USD
Reliance Worldwide Corporation	America	Ordinary	100%	100%	USD
Streamlabs Inc[2]	America	Ordinary	–	100%	USD
EZ-Flo International, LLC[3]	America	Ordinary	100%	–	USD
Rockwall Mission, LLC[3]	America	Ordinary	100%	–	USD
Rockwall Manufacturing International, Inc.[3]	British Virgin Islands	Ordinary	100%	–	USD
Reliance Worldwide Corporation (Europe) S.L.U.	Spain	Ordinary	100%	100%	EUR
Reliance Worldwide Holdings (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Corporation Underfloor Heating Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Corporation (R.W.C Israel) Ltd[4]	Israel	Ordinary	–	100%	ILS
Reliance Worldwide Finance Limited	United Kingdom	Ordinary	100%	100%	USD
Reliance Worldwide Holdings (International) LLC	America	Ordinary	100%	100%	USD
Reliance Worldwide Corporation Holdings (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
John Guest International Ltd	United Kingdom	Ordinary	100%	100%	GBP
John Guest Speedfit Ltd	United Kingdom	Ordinary	100%	100%	GBP
John Guest Engineering Ltd	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Corporation (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Distribution (Europe) Ltd[5]	United Kingdom	Ordinary	100%	–	EUR
John Guest Automotive GmbH	Germany	Ordinary	100%	100%	EUR
John Guest GmbH	Germany	Ordinary	100%	100%	EUR
Rockwall Europe Cooperative U.A.[3]	Netherlands	Ordinary	100%	–	EUR
Reliance Worldwide Corporation France SAS	France	Ordinary	100%	100%	EUR
John Guest SRL	Italy	Ordinary	100%	100%	EUR
John Guest Korea Ltd	Korea	Ordinary	100%	100%	KRW
John Guest (Shanghai) Trading Co. Ltd	China	Ordinary	100%	100%	CNY
Ningbo Rockwall Manufacturing International, Co Ltd[3]	China	Ordinary	100%	–	CNY
John Guest Czech S.R.O	Czech Republic	Ordinary	100%	100%	CZK
John Guest Sp zoo	Poland	Ordinary	100%	100%	PLN

1 Reliance Worldwide Pty Ltd was deregistered on 25 May 2022.
2 Streamlabs Inc. was dissolved on 12 August 2021.
3 Subsidiaries acquired on 17 November 2021.
4 Reliance Worldwide Corporation (R.W.C. Israel) Ltd was liquidated during the period.
5 Reliance Worldwide Distribution (Europe) Limited was incorporated on 19 November 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

20. Commitments and contingencies

(a) Expenditure commitments

Capital expenditure commitments contracted for at balance date but not provided for in respect of plant and equipment:

	2022 US$000	2021 US$000
Payable not later than one year	19,755	14,113
Payable later than one year and not later than five years	95	–
	19,850	**14,113**

Details of the Group's lease commitments are captured in lease liabilities in Note 14.

(b) Contingencies

Financial guarantees

The Company has agreed to provide guarantees to third parties for certain commitments made or entered into by subsidiary entities in the ordinary course of business. The Company does not consider these guarantees to be material in the context of the Group's business.

The Group has provided bank guarantees at 30 June 2022 totalling $903,693 (2021: $1,008,663).

General contingencies

The Group may be involved in legal claims, administrative actions and proceedings related to the normal conduct of its business including, among other things, general liability, commercial, employment, intellectual property, and products liability matters such as the proceeding listed below. Based upon existing information, it is not possible to predict with certainty the outcome or cost of current legal claims, actions and proceedings. The Directors believe that current matters of which they are aware should not significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

The Company is aware of a legal proceeding filed in the United States federal district court in Atlanta, Georgia, against Reliance Worldwide Corporation, a member of the Group, ("RWC USA") to a putative class action in connection with alleged product liability claims. At this stage, it is not possible to provide a reasonable or accurate assessment of RWC USA's potential exposure, if any. In any event, RWC USA does not accept any liability and intends to continue vigorously defending this matter.

The Directors are not aware of any other material contingent liabilities at balance date or arising since the end of the financial period.

21. Key Management Personnel and related party transactions

Under Australian Accounting Standards, the term Key Management Personnel refers to directors (both non-executive directors and executive directors) and those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Key Management Personnel of the Group during the reporting period until the date of this report are set out below. All Key Management Personnel held their positions for the entire reporting period unless otherwise noted.

Stuart Crosby	Independent Non-Executive Chairman
Russell Chenu	Independent Non-Executive Director
Sharon McCrohan	Independent Non-Executive Director
Christine Bartlett	Independent Non-Executive Director
Ian Rowden	Independent Non-Executive Director
Darlene Knight	Independent Non-Executive Director
Heath Sharp	Managing Director and Chief Executive Officer
Andrew Johnson	Group Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

21. Key Management Personnel and related party transactions (continued)

(a) Key Management Personnel compensation

Details of the total remuneration of Key Management Personnel of the Group during the reporting period are:

	2022 US$	2021 US$
Short-term employee benefits	3,793,699	3,788,681
Post-employment benefits	73,438	92,729
Termination benefits	–	–
Share-based payments	1,285,367	1,936,957
Total	**5,152,504**	**5,818,367**

(b) Key Management Personnel transactions in shares and options

The total direct and indirect interests of Key Management Personnel, including their related parties, in the share capital and options of the Company at 30 June 2022 are:

	Shares		Options		Rights	
	2022 Number	2021 Number	2022 Number	2021 Number	2022 Number	2021 Number
Russell Chenu	155,217	155,217	–	–	–	–
Stuart Crosby	150,506	150,506	–	–	–	–
Sharon McCrohan	30,000	–	–	–	–	–
Christine Bartlett	30,000	20,000	–	–	–	–
Ian Rowden	22,000	10,000	–	–	–	–
Darlene Knight	10,000	–	–	–	–	–
Heath Sharp	1,423,397	1,275,368	4,000,000	4,000,000	927,191	611,201
Andrew Johnson	55,629	512	–	–	682,978	582,663
Total	**1,876,749**	**1,611,603**	**4,000,000**	**4,000,000**	**1,610,169**	**1,193,864**

At 30 June 2022, no Key Management Personnel had been offered or held any rights to be awarded shares other than as disclosed above.

(c) Transactions with other related parties

There were no material contracts between a KMP or a related party and the Company or any of its subsidiaries entered into during the reporting period.

No KMP has entered into a loan made, guaranteed or secured, directly or indirectly, with or by the Company or any of its subsidiaries during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

22. Auditor's remuneration

KPMG are the auditors of the Company. The total remuneration received, or due and receivable by KPMG from the Group is:

	2022 US$	2021 US$
KPMG Australia		
Audit services	773,334	522,387
Other assurance and non-audit services		
▪ Tax services	31,754	32,673
▪ Other services	–	–
Total remuneration paid to KPMG Australia	805,088	555,060
Overseas KPMG offices		
Audit services	321,574	245,039
Tax services	138,572	95,487
Total remuneration paid to KPMG overseas	460,146	340,526
Total remuneration to KPMG	**1,265,234**	**895,586**
Total remuneration for audit services	**1,094,908**	**767,426**
Total remuneration for non-audit services	**170,326**	**128,160**

23. Deed of cross guarantee

The wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports following the execution of a Deed of Cross Guarantee ("Deed") on 29 June 2016. The Deed complies with the relevant ASIC instrument/class order.

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

The holding entity for the purpose of the Deed is Reliance Worldwide Corporation Limited.

The subsidiaries who are parties to the Deed are:

- Reliance Worldwide Group Holdings Pty Ltd; and
- Reliance Worldwide Corporation (Aust.) Pty Ltd.

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23. Deed of cross guarantee (continued)

A consolidated statement of profit or loss and other comprehensive income, comprising the Company and controlled entities which are party to the Deed and after eliminating all transactions between those entities, for the year ended 30 June 2022 and a Statement of Financial Position for the same group for entities at balance date are set out below.

Statement of profit or loss and other comprehensive income

	2022 US$000	2021 US$000
Revenue from sale of goods	198,472	184,018
Cost of sales	(149,894)	(135,406)
Gross profit	**48,578**	**48,612**
Other income	99	141
Product development expenses	(2,162)	(2,406)
Selling, warehousing and marketing expense	(13,435)	(13,458)
Administration expense	(17,272)	(15,014)
Other expenses	(294)	(2,268)
Operating profit	**15,514**	**15,607**
Finance income	1	1,297
Finance costs	(6,368)	(5,747)
Net finance costs	**(6,367)**	**(4,450)**
Dividend income	47,977	96,151
Profit before tax	**57,124**	**107,308**
Income tax expense	(4,175)	(5,256)
Profit for the period attributable to the Owners of the Company	**52,949**	**102,052**
Other comprehensive profit		
Items that may be classified to profit or loss: Foreign currency translation differences	–	–
Total comprehensive profit for the period attributable to the Owners of the Company	**52,949**	**102,052**

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For the year ended 30 June 2022

23. Deed of cross guarantee (continued)

Statement of financial position at 30 June 2022

	2022 US$000	2021 US$000
Assets		
Current Assets		
Cash and cash equivalents	5,849	6,263
Trade and other receivables	26,744	50,720
Inventories	66,868	43,570
Current tax assets	6,646	5,812
Other current assets	7,634	5,599
Total Current Assets	**113,741**	**111,964**
Non-current Assets		
Property, plant and equipment	30,984	24,999
Right-of-use assets	27,359	28,947
Investment in subsidiaries	1,571,605	1,571,605
Deferred tax assets	5,401	5,316
Goodwill	38,537	29,867
Other intangible assets	5,425	6,643
Other non-current assets	10,869	11,441
Total Non-current assets	**1,690,180**	**1,678,818**
Total Assets	**1,803,921**	**1,790,782**
Liabilities		
Current Liabilities		
Trade and other payables	28,387	53,163
Employee benefits	2,841	3,244
Other current liabilities	4,292	4,253
Total Current Liabilities	**35,520**	**60,660**
Non-current Liabilities		
Borrowings	69,737	26,324
Deferred tax liabilities	2,955	1,711
Employee benefits	3,820	3,941
Other non-current liabilities	25,155	26,468
Total Non-current Liabilities	**101,667**	**58,444**
Total Liabilities	**137,187**	**119,104**
Net Assets	**1,666,734**	**1,671,678**
Equity		
Share capital	1,491,106	1,490,328
Reserves	5,778	(7,814)
Retained earnings	169,850	189,164
Total Equity	**1,666,734**	**1,671,678**

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24. Parent entity disclosure

As at, and throughout, the financial year ended 30 June 2022, the parent entity of the Group was Reliance Worldwide Corporation Limited.

(a) Result of the parent entity

	2022 US$000	2021 US$000
Profit/(Loss) for the period	23,948	115,922
Other comprehensive income	–	–
Total comprehensive profit/(loss) for the period	**23,948**	**115,922**

(b) Statement of financial position of the parent entity at 30 June

	2022 US$000	2021 US$000
Assets		
Current Assets	19,272	14,717
Non-current Assets	1,882,356	1,882,346
Total Assets	**1,901,628**	**1,897,063**
Liabilities		
Current Liabilities	3,264	2,758
Non-current Liabilities	60,707	12,141
Total Liabilities	**63,971**	**14,899**
Net Assets	**1,837,657**	**1,882,164**
Equity		
Share capital	1,729,647	1,728,868
Reserves	53,222	49,975
Retained earnings	54,788	103,321
Total Equity	**1,837,657**	**1,882,164**

(c) Parent entity contingent liabilities

The Company has agreed to provide guarantees for certain commitments made or entered into by subsidiary entities in the ordinary course of business. The Company does not consider these guarantees to be material in the context of the Group's business. Refer to Note 20.

(d) Parent entity capital commitments for acquisition of property, plant and equipment

The Company did not enter into any material contracts to purchase plant and equipment during the year.

(e) Parent entity guarantees in respect of the debts to its subsidiaries

The Company has entered into a Deed of Cross Guarantee with the effect that it guarantees liabilities and obligations in respect of some Australian subsidiaries in certain circumstances. Refer to Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

25. Change in accounting policy

As noted in Note 1(d), the Group elected to change its presentation currency from Australian dollars to US dollars effective from 1 July 2021. This change constitutes a voluntary change in accounting policy and has been applied retrospectively. The consolidated statement of financial position as of 1 July 2020 in Australian dollars and US dollars is stated as below:

	1 July 2020 Previously reported A$000	1 July 2020 Restated US$000
Assets		
Current Assets		
Cash and cash equivalents	82,166	56,642
Trade and other receivables	263,205	181,503
Inventories	215,450	147,577
Current tax assets	9,671	6,662
Other current assets	16,066	11,074
Total Current Assets	**586,558**	**403,458**
Non-current Assets		
Property, plant and equipment	264,965	181,299
Right-of-use assets	99,969	69,182
Deferred tax assets	36,973	25,505
Goodwill	897,350	617,860
Other intangible assets	325,660	224,306
Other non-current assets	2,052	1,415
Total Non-current assets	**1,626,969**	**1,119,567**
Total Assets	**2,213,527**	**1,523,025**
Liabilities		
Current Liabilities		
Trade and other payables	168,426	116,085
Current tax liabilities	5,256	3,402
Employee benefits	16,665	11,484
Dividend payable	35,554	24,496
Other current liabilities	15,335	10,574
Total Current Liabilities	**241,236**	**166,041**
Non-current Liabilities		
Borrowings	384,377	265,181
Deferred tax liabilities	68,184	47,040
Employee benefits	6,693	4,613
Other non-current liabilities	93,546	64,494
Total Non-current Liabilities	**552,800**	**381,328**
Total Liabilities	**794,036**	**547,369**
Net Assets	**1,419,491**	**975,656**
Equity		
Share capital	2,330,533	1,738,067
Reserves	(1,084,228)	(899,566)
Retained earnings	173,186	137,155
Total Equity	**1,419,491**	**975,656**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

26. Subsequent events

On 15 July 2022, the Group completed the sale of a property in the U.K. for a total consideration of $25.3 million and recognised a gain on sale of $15.4 million. This property was classified as an asset held for sale at 30 June 2022.

On 22 August 2022, the Directors resolved to declare a final dividend for the 2022 financial year of 5.0 cents per share franked to 10%. The aggregate dividend payment amount is $39.5 million. The dividend will be paid to eligible shareholders on 7 October 2022. The Company does not have a dividend reinvestment plan.

The Directors are not aware of any other matters or circumstances that have occurred since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

27. Other accounting policies

(a) Basis of consolidation

This note sets out details of accounting policies which aid the understanding of the financial statements as a whole. Accounting policies which are specific to a particular income, expense or account balance are described in the note to which that policy relates.

(i) Principles of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

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

(b) Foreign currency

The individual financial statements of each entity comprising the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of these consolidated financial statements, US dollars is the presentation currency (refer to Note 1(d) and 25) and Australian dollars is the functional currency of the Company. The functional currency of each subsidiary is provided in Note 19.

(i) Foreign currency transactions

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

(ii) Foreign operations

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at average exchange rates. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated within Foreign Currency Translation Reserve ("FCTR"). The FCTR comprises all foreign currency differences arising from the translation of the financial statements of the foreign operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

27. Other accounting policies (continued)

(c) Financial instruments

Non-derivative financial instruments: Recognition, Measurement, Classification and De-recognition

Non-derivative financial assets are classified into the following categories: (a) cash and cash equivalents and (b) trade and other receivables. Non-derivative financial liabilities are classified into the following categories: (a) trade and other payables and (b) borrowings.

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through the profit and loss (FVTPL), transaction costs attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows and;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies and measures financial assets it has recognised at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire or when the financial asset and all the substantial risks and benefits are transferred. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(d) Fair value measurement

The fair values of the Group's financial assets and financial liabilities reflect the amounts that would be received to sell the assets or paid to transfer the liabilities in an orderly transaction between market participants at the measurement date (exit price). The Group determines fair value based on a three-tiered fair value hierarchy. The hierarchy consists of:

- Level 1: fair value measurements represent exchange-traded securities which are valued at quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date;
- Level 2: fair value measurements are determined using input prices that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data; and
- Level 3: fair value measurements are determined using unobservable inputs, such as internally developed pricing models for the asset or liability due to little or no market activity for the asset or liability.

(e) Goods and services tax (GST)/Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT except where the amount of GST/VAT incurred is not recoverable from the Australian Taxation Office and other tax authorities. In these circumstances, the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT. Cash flows are presented on a gross basis. The GST/VAT components arising from investing and financing activities are presented as operating activities. Any commitments are disclosed net of GST/VAT.

DIRECTORS' DECLARATION

For the year ended 30 June 2022

In the opinion of the Directors of the Reliance Worldwide Corporation Limited ("the Company"):

1. the consolidated financial statements and notes set out on pages 74 to 120, are in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
   (ii) complying with Australian Accounting Standards, other mandatory professional reporting requirements and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. there are reasonable grounds to believe that the Company and the Group entities identified in Note 23 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee described in Note 23.

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

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with resolution of the Directors.

Stuart Crosby
Chairman

Melbourne
22 August 2022

Heath Sharp
Chief Executive Officer
and Managing Director

KPMG

Independent Auditor's Report

To the shareholders of Reliance Worldwide Corporation Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Reliance Worldwide Corporation Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

KPMG

Key Audit Matters

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

- Acquisition of EZ-FLO
- Valuation of goodwill and indefinite life intangible assets

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

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of EZ-FLO (Goodwill ($137.9m) and net identifiable assets acquired ($190.0m))

Refer to Note 3 *Business combinations*

The key audit matter	How the matter was addressed in our audit
The acquisition of EZ-FLO International, LLC ("EZ-FLO") for consideration of $327.9m is a key audit matter due to the: • size of the acquisition having a significant impact on the Group's financial statements; and • significant judgement required to be exercised by us in assessing the Group's accounting for the identification and measurement of acquired intangible assets such as brand names and customer relationships. The Group engaged an external expert to advise on the identification and measurement of acquired intangible assets. These factors and the complexity of the acquisition accounting required significant audit effort and involvement of senior audit team members, including our specialists, in assessing this key audit matter.	Our procedures included: • We read the underlying transaction agreement related to the acquisition to understand the structure, key terms and conditions and nature of the purchase consideration. • We evaluated the acquisition accounting against the requirements of the accounting standards. • With the assistance of our valuation specialists and using our knowledge of the Group, their past performance, business and customers, and our industry experience we: o assessed the scope, competence and objectivity of the Group's external expert engaged to identify and measure acquired intangible assets; o evaluated the Group's assessment of acquired intangible assets such as brand names and customer relationship, against the Group's due diligence information and our knowledge of the industry; o evaluated the valuation methodology for the acquired intangible assets against our knowledge of accepted industry practice and the requirements of the accounting standards; o assessed the Group's assumptions used in the valuation of the acquired intangible assets against published comparable company data and considered differences for the Group's operations; and

	○ checked inputs to the Group's external expert report to the Group's valuation model used as part of the due diligence process and to historical cash flow data of the acquiree. • We recalculated the goodwill balance recognised as a result of the transaction and compared it to the goodwill amount recorded by the Group. • We assessed the Group's disclosures in relation to the business acquisition to our understanding obtained from our testing and the requirements of the accounting standards.

Valuation of goodwill ($758.6m) and indefinite life intangible assets ($201.8m)

Refer to Note 12 *Goodwill and other intangible assets*

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill and indefinite life intangible assets for impairment, given the size of the balance (being 46% of total assets). We focused on the significant forward-looking assumptions the Group applied in their value in use models, including: • forecast operating cash flows – the Group has experienced a market of continued global supply chain disruptions and uncertainty around inflation expectations and commodity prices in the current year. These conditions increase the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider, leading to the possibility of goodwill and indefinite life intangible assets being impaired. • terminal growth rates – in addition to the uncertainties described above, the Group's models are sensitive to changes in terminal growth rates, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • discount rates – these are complicated in nature and vary according to the conditions and environment of each Cash Generating Unit (CGU), and the models approach to incorporating risks into the cash flows or discount rates. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual impairment test of goodwill and indefinite life intangible assets against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • We considered the interdependencies of key assumptions when performing the sensitivity analysis of the models by varying key assumptions, such as forecast operating cash flows, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures. • Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • We challenged the Group's significant forecast operating cash flows and terminal growth rate assumptions in light of the expected continuation of global supply chain disruptions and uncertainty around inflation expectations and commodity prices. We compared key events to the Board approved plan and strategy. We applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. We compared terminal growth rates to published studies of industry trends and expectations and considered differences for the Group's operations. We compared the forecast commodity prices to published views of market commentators on future trends seeking authoritative and credible sources. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Reliance Worldwide Corporation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

• assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

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

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

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Reliance Worldwide Corporation Limited for the year ended 30 June 2022, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 47 to 72 of the Directors' report for the year ended 30 June 2022.

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

KPMG

KPMG

Tony Romeo

Partner

Melbourne

22 August 2022

SHAREHOLDER INFORMATION

The information set out below was applicable at 1 August 2022.

Distribution of Equities – Ordinary Shares

Range	Total holders	Number of shares	% of issued shares
1 – 1,000	3,059	1,541,238	0.20
1,001 – 5,000	5,100	13,834,414	1.75
5,001 – 10,000	1,963	14,483,919	1.83
10,001 – 100,000	1,494	33,969,417	4.30
100,001 and over	87	726,265,777	91.92
Total	**11,703**	**790,094,765**	**100.00**

The number of shareholders holding less than a marketable parcel of shares was 284.

Largest Shareholders

The names of the 20 largest registered holders of ordinary shares are listed below.

Name	Number of shares held	% of issued shares
HSBC Custody Nominees (Australia) Limited	209,998,449	26.58
J P Morgan Nominees Australia Pty Limited	160,613,825	20.33
Citicorp Nominees Pty Limited	160,547,925	20.32
BNP Paribas Nominees Pty Ltd	46,808,113	5.92
National Nominees Limited	32,778,304	4.15
Citicorp Nominees Pty Limited	25,508,778	3.23
BNP Paribas Noms Pty Ltd	22,268,973	2.82
HSBC Custody Nominees (Australia) Limited	11,510,672	1.46
HSBC Custody Nominees (Australia) Limited	7,684,038	0.97
Australian Foundation Investment Company Limited	5,918,279	0.75
Reliance Employee Share Investments Pty Limited	5,166,688	0.65
Netwealth Investments Limited	2,945,994	0.37
HSBC Custody Nominees (Australia) Limited	2,787,141	0.35
HSBC Custody Nominees (Australia) Limited	2,682,850	0.34
BNP Paribas Nominees Pty Ltd	2,226,742	0.28
First Samuel Ltd	1,986,991	0.25
Sandhurst Trustees Ltd	1,592,310	0.20
Broadgate Investments Pty Ltd	1,247,264	0.16
Mr Heath Graham Sharp	1,243,868	0.16
BNP Paribas Noms Pty Ltd	1,173,351	0.15

SHAREHOLDER INFORMATION

Substantial Shareholders

The number of shares held by substantial shareholders at 1 August 2022 was:

Name	Number of shares held	%
Australian Super	86,100,059	10.90
Bennelong Funds Management Group Pty Ltd	78,616,973	9.95
First Sentier Investors Holdings Pty Ltd	57,871,308	7.32
Mitsubishi UFJ Financial Group, Inc	57,871,308	7.32
Aware Super Pty Ltd	50,487,207	6.39
Commonwealth Bank of Australia	49,160,166	6.22
Comet Asia Holdings II Pte Ltd, Comet Asia Holdings I Pte Ltd, KKR Asia III Fund Investments Pte Ltd and KKR Asian Funds, III LP	49,100,112	6.21
Superannuation and Investments HoldCo Pty Ltd	49,100,112	6.21
UniSuper Limited	40,709,110	5.15

Buy-back

The Company does not have a current on-market buy-back.

Voting rights

Every shareholder present at a general meeting has one vote on a show of hands and one vote for every fully paid share held if a poll is conducted. Shareholders entitled to cast two or more votes may appoint up to two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific number or proportion of the shareholder's votes. If the appointment does not specify the proportion or number of votes that each proxy may exercise, each proxy may exercise half of the shareholder's votes.

Shareholder enquiries

Shareholders with enquiries about their shareholding should contact the Company's share registry:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford Vic 3067
T: 1300 850 505 (within Australia)
T: +61 3 9415 4000 (International)

Please mail all share registry correspondence to:
Computershare Investor Services Pty Ltd
GPO Box 2975
Melbourne VIC 3001

Please include your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) in all correspondence to the share registry.

Shareholder Communications

Receiving your shareholder communications electronically is the best way to stay informed. To change your preferences or contact details, please go to www.computershare.com.au and click on the "Login to Investor Centre" icon. Then follow the prompts.

It is important for shareholders to notify the share registry in writing promptly of any change of address. As an added security measure, please quote your Shareholder Reference Number and your old address.

Investor information

The Company maintains a website at www.rwc.com where company information is available and a service for any queries is provided. For further queries, please email the Company at investorrelations@rwc.com or call +61 3 8352 1400.

Stock Exchange listing

Reliance Worldwide Corporation Limited's ordinary shares are quoted on the Australian Securities Exchange under the code "RWC".

Annual General Meeting

Details of the 2022 Annual General Meeting of Reliance Worldwide Corporation Limited will be advised in the Notice of Meeting.

CORPORATE DIRECTORY

Board of Directors

Stuart Crosby, Chairman
Heath Sharp, Chief Executive Officer
Christine Bartlett
Russell Chenu
Darlene Knight
Sharon McCrohan
Ian Rowden

Company Secretary

David Neufeld

Registered Office

28 Chapman Place
Eagle Farm, QLD 4009

T: +61 7 3018 3400
F: +61 7 3105 8130

Principal Place of Business

Level 26, 140 William Street
Melbourne, VIC 3000

T: +61 3 8352 1400
F: +61 3 8080 9128

Auditor

KPMG
Tower Two
Collins Square
727 Collins Street
Melbourne Vic 3008

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford Vic 3067

T: 1300 850 505 (within Australia)
T: +61 3 9415 4000 (International)
W: www.computershare.com.au

Please mail all share registry correspondence to:
Computershare Investor Services Pty Ltd
GPO Box 2975
Melbourne VIC 3001

Website address

www.rwc.com

Reliance Worldwide Corporation Limited
28 Chapman Place
Eagle Farm, QLD 4009

ACN 610 855 877