

19 February 2024

Results for announcement to the market

Appendix 4D for the six months ended 31 December 2023

Reliance Worldwide Corporation Limited (ASX: RWC) (“Company”) announces the following financial results for the Company and its controlled entities (together “RWC”) for the six months ended 31 December 2023.

The 31 December 2023 Interim Financial Report has been reviewed by the Company’s auditor.

The reported information should be read in conjunction with the Company’s 30 June 2023 consolidated financial report and any public announcements made by the Company during the interim reporting period.

All amounts are reported in US dollars unless stated otherwise.

Extracted from the 31 December 2023 Interim Financial Report	Six months ended 31 Dec 2023	Six months ended 31 Dec 2022	Change
Revenue from ordinary activities	US\$589.5m	US\$601.3m	(2.0%)
Net profit from ordinary activities after tax attributable to members	US\$51.0m	US\$66.6m	(23.4%)
Net profit after tax attributable to members	US\$51.0m	US\$66.6m	(23.4%)
Earnings per share (basic)	6.5 cents	8.5 cents	(23.5%)

The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.2A.3 follows in this announcement and/or is contained in the 31 December 2023 Interim Financial Report, Results Announcement, Operating and Financial Review and presentation slides released today. These documents should be read in conjunction with this and each other document.



Comparison with prior period

Six months ended:	31 December	31 December	Variance
	2023	2022	
	US\$ million	US\$ million	
Net sales	589.5	601.3	(2%)
Reported EBITDA¹	112.6	139.3	(19%)
<i>Adjusted for one-time items²</i>	12.2	(11.2)	
Adjusted EBITDA¹	124.8	128.1	(3%)
Reported net profit before tax	69.6	98.3	(29%)
Tax Expense	(18.6)	(31.7)	41%
Reported net profit after tax	51.0	66.6	(23%)
Adjusted net profit after tax^{1,3}	67.7	67.5	-
Basic earnings per share	6.5 cents	8.5 cents	(24%)
Adjusted earnings per share ¹	8.6 cents	8.6 cents	-

Please also refer to the accompanying 31 December 2023 Interim Financial Report, Results Announcement, Operating and Financial Review and presentation slides released today for further information.

Earnings per Share

Weighted average earnings per share (basic) for the six months ended 31 December 2023 were US6.5 cents (2022 – US8.5 cents). Adjusted earnings per share were US8.6 cents (2022 – US8.6 cents).

Net Tangible Assets per Share

Net tangible assets per share at 31 December 2023 were US\$0.19 (30 June 2023 - US\$0.16).

- 1 EBITDA means earnings before interest, tax, depreciation and amortisation; EBITDA, Adjusted EBITDA, Adjusted net profit after tax and Adjusted earnings per share are non-IFRS measures. These measures are used by RWC in order to enhance comparability from period to period and to assess operating performance. They have not been subject to audit or audit review.
- 2 One-off items of \$12.2m adjusted for in the current period comprise (i) Supply Smart closure of operations (\$9.8m); and (ii) EMEA restructure costs (\$2.4m); Prior period (\$11.2 m) comprises gain on sale of UK property (-\$15.0m) and one-off costs to achieve EZ-Flo synergies (\$3.8m). Please refer to the accompanying Operating and Financial Review released today for further details.
- 3 Difference of \$16.7 million between Reported net profit after tax and Adjusted net profit after tax reflects the EBITDA adjusting items net of taxation expense impacts. Net adjustments comprise: (i) Supply Smart closure of operations (\$7.1m); (ii) EMEA restructure costs (\$1.8m); and (iii) Goodwill amortisation available for tax (\$7.8 million). Please refer to the accompanying Operating and Financial Review released today for further details.

Capital Management: Dividend and On-Market Share Buy-Back

The Company's dividend policy has been an intention to distribute between 40% and 60% of annual net profit after tax ("NPAT"). Changes which have occurred over time in the composition of RWC's geographic business have resulted in Australian earnings now accounting for less than 10% of total group earnings. Consequently, it is expected that future dividends will generally be either unfranked or only partly franked.

The Company announced in August 2023 that it would review its distribution policy settings. The outcome of the review is that the Company still intends to distribute between 40% and 60% of annual NPAT. However, the form of the distribution will be altered so that the total distribution amount will comprise a cash dividend component and an on-market share buy-back component. The Board recognises the desire of some investors to continue receiving cash dividends. The Board also considers that a capital management strategy utilising on-market share buy-backs will be value accretive for shareholders. The Board's intention, therefore, is that the total distribution amount for a period will be allocated approximately 50 per cent to a cash dividend and 50 per cent to on-market share buy-backs.

Since the end of the financial period, the directors have resolved to declare a total distribution amount for the half year ended 31 December 2023 of US4.5 cents per share (US\$35.6 million), comprising an unfranked interim cash dividend of US2.25 cents per share and the undertaking of an on-market share buy-back for US\$17.8 million (equivalent in total to US2.25 cents per share). The total distribution amount represents 70% of NPAT and 53% of Adjusted NPAT for the half year ended 31 December 2023. The total distribution amount of US4.5 cents per share is consistent with the distribution for the prior corresponding period:

Six months ended:	31 December 2023		31 December 2022	
	US\$	US Cents per share	US\$	US Cents per share
Total distribution amount payable	\$35.6m	4.5	\$35.6m	4.5
Interim dividend	\$17.8m	2.25	\$35.6m	4.5
On-market share buyback	\$17.8m	2.25	-	-
Interim dividend				
Dividend per share	2.25cps		4.5cps	
Dividend payable in Australian Dollars	3.459cps		6.285cps	
Interim dividend franked amount	0%		10%	

The interim dividend of US2.25 cents per share will be paid in Australian dollars at 3.459 cents per share.⁴ The record date for entitlement to receive the interim dividend is 7 March 2024. The payment date is 5 April 2024.

The Company does not have a dividend reinvestment plan.

⁴ Converted to Australian currency using the average exchange rate over the five business days ended 15 February 2024.



An unfranked final dividend for the 2023 financial year of US5.0 cents per share was paid to eligible shareholders on 6 October 2023. The dividend was paid in Australian dollars at the rate of 7.748 cents per share.

Other information

There were no entities over which control was gained or lost during the period.

For further information, please contact:

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Group Investor Relations Director
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Email: phil.king@rwc.com

This announcement has been authorised for release by the Board of Reliance Worldwide Corporation Limited.





Reliance Worldwide Corporation Limited
ABN 46 610 855 877

Interim Financial Report

31 December 2023

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Reliance Worldwide Corporation Limited

Directors' Report

For the half year ended 31 December 2023

The Directors present their report together with the consolidated Financial Report comprising Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "the Group" or "RWC") for the half year ended 31 December 2023 and the Auditor's report thereon.

Directors

The Directors of the Company at all times during and since the end of the reporting period, unless otherwise indicated, were:

Stuart Crosby (Chairman)

Heath Sharp (Chief Executive Officer and Managing Director)

Christine Bartlett

Russell Chenu

Darlene Knight

Sharon McCrohan

Ian Rowden

Brad Soller

Review of Operations

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.

All amounts reported in this Directors' Report and the 31 December 2023 condensed financial statements are in US dollars unless stated otherwise.

Net sales for the half year were \$589.5 million, a decrease of 2% against the prior corresponding period ("pcp"). Constant currency sales were down 3% on pcp. Sales in the Americas were in line with the pcp but were lower in the Asia Pacific and EMEA regions.

Reported earnings before interest, tax, depreciation and amortisation ("EBITDA") was \$112.6 million, 19% lower than the pcp.¹ Results for the period included \$12.2 million in one-off costs related to the closure of the Supply Smart sales unit in the Americas and restructuring in EMEA². Excluding these items, Adjusted EBITDA was \$124.8 million, 3% lower than the pcp and down 5% on pcp in constant currency.

Adjusted EBITDA margin was down slightly at 21.2% versus 21.3% in the pcp but ahead of guidance provided at the time of the FY2023 earnings announcement. Cost reduction measures implemented during the second half of FY2023 offset lower volumes in EMEA and APAC² in the period and higher manufacturing costs. SG&A costs were impacted by increased employee costs in the period.

Cost savings of \$11.8 million were achieved in the period, driven by prior period restructuring in the Americas, procurement savings, and other previously announced continuous improvement initiatives.

Reported net profit after tax "(NPAT)" of \$51.0 million was 23% lower than pcp. Adjusting for the one-off items noted above and the cash tax benefit arising from the amortisation of goodwill, NPAT was \$67.7 million, 0.3% higher than pcp. Higher depreciation and amortisation costs were offset by a lower adjusted tax charge for the period.

A detailed review of the operations of the Group for the half year ended 31 December 2023, the results of those operations and the financial position of the Group at 31 December 2023 is contained in the accompanying Results Announcement (Operating and Financial Review) dated 19 February 2024 and should be read in conjunction with this report.

In preparing the condensed 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 geopolitical and macroeconomic events which are impacting the estimation uncertainty in the preparation of the condensed consolidated financial statements.

¹ EBITDA, Adjusted EBITDA and Adjusted NPAT are non-IFRS measures used by the Group in order to enhance comparability from period to period and to assess operating performance. EBITDA, Adjusted EBITDA and Adjusted NPAT have not been subject to audit or audit review. Details of adjusting items are contained in the Results Announcement dated 19 February 2024.

² EMEA is Europe, Middle East and Africa; APAC is Asia Pacific.

Reliance Worldwide Corporation Limited

Directors' Report

For the half year ended 31 December 2023

At 31 December 2023, the Group has reassessed all significant judgements, assumptions and critical estimates included in the condensed 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 condensed consolidated financial statements.

Capital Management: Dividend and On-Market Share Buy-Back

The Company's dividend policy has been an intention to distribute between 40% and 60% of annual NPAT. Changes which have occurred over time in the composition of RWC's geographic business have resulted in Australian earnings now accounting for less than 10% of total group earnings. Consequently, it is expected that future dividends will generally be either unfranked or only partly franked.

The Company announced in August 2023 that it would review its distribution policy settings. The outcome of the review is that the Company still intends to distribute between 40% and 60% of annual NPAT. However, the form of the distribution will be altered so that the total distribution amount will comprise a cash dividend component and an on-market share buy-back component. The Board recognises the desire of some investors to continue receiving cash dividends. The Board also considers that a capital management strategy utilising on-market share buy-backs will be value accretive for shareholders. The Board's intention, therefore, is that the total distribution amount for a period will be allocated approximately 50 per cent to a cash dividend and 50 per cent to on-market share buy-backs.

Since the end of the financial period, the directors have resolved to declare a total distribution amount for the half year ended 31 December 2023 of US4.5 cents per share (US\$35.6 million), comprising an unfranked interim cash dividend of US2.25 cents per share and the undertaking of an on-market share buy-back for US\$17.8 million (equivalent in total to US2.25 cents per share). The total distribution amount represents 70% of NPAT and 53% of Adjusted NPAT for the half year ended 31 December 2023. The total distribution amount of US4.5 cents per share is consistent with the distribution for the prior period.

Dividends

An unfranked final dividend for the financial year ended 30 June 2023 of US\$0.05 per share was paid to eligible shareholders on 6 October 2023. The dividend was paid in Australian dollars at the rate of 7.748 cents per share.

As noted above, since the end of the financial period, the directors have resolved to declare an unfranked interim dividend of US2.25 cents per share. The dividend will be paid in Australian dollars at the rate of 3.459 cents per share. The dividend will be paid to eligible shareholders on 5 April 2024. The record date for dividend entitlement is 7 March 2024.

The Company does not have a dividend reinvestment plan.

Events subsequent to reporting date

As stated above, since the end of the financial period, the directors have resolved to declare an unfranked interim dividend of US2.25 cents per share and that the Company will undertake an on-market share buy-back for US\$17.8 million.

On 13 February 2024, the Company announced that it has entered into an agreement to acquire the Holman Industries business for A\$160 million (US\$105 million) subject to conditions precedent and customary closing adjustments and conditions. The acquisition will be debt funded using the Group's existing committed borrowing facilities. Completion, subject to conditions precedent and customary conditions, is expected to occur in March 2024.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period which has 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 and has not been covered elsewhere in this report or the condensed consolidated financial statements.

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

The lead auditor's independence declaration is set out on page 5 and forms part of this Directors' Report.

Reliance Worldwide Corporation Limited

Directors' Report

For the half year ended 31 December 2023

Rounding off

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, values reported in this Directors' Report are rounded to the nearest million 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



Heath Sharp
Chief Executive Officer
and Managing Director

Melbourne
19 February 2024



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 review of Reliance Worldwide Corporation Limited for the half-year ended 31 December 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Vicky Carlson

Partner

Melbourne

19 February 2024

Reliance Worldwide Corporation Limited

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2023

	Note	31 December 2023 US\$000	31 December 2022 US\$000
Revenue			
Revenue from sale of goods	3	589,529	601,300
Cost of sales		(358,937)	(375,264)
Gross profit		230,592	226,036
Other income	4	3,768	19,730
Product development expenses		(6,648)	(5,507)
Selling, warehousing and marketing expenses		(75,997)	(74,700)
Administration expenses		(55,736)	(50,457)
Other expenses	5	(11,372)	(1,382)
Operating profit		84,607	113,720
Finance income		178	87
Finance costs		(15,172)	(15,468)
Net finance costs		(14,994)	(15,381)
Profit before tax		69,613	98,339
Income tax expense	6	(18,586)	(31,717)
Profit for the period attributable to the Owners of the Company		51,027	66,622
Other Comprehensive profit			
Items that may be classified to profit or loss:			
Foreign currency translation differences		5,079	(5,887)
Total comprehensive profit for the period attributable to the Owners of the Company		56,106	60,735
Earnings per share			
		US Cents	US Cents
Basic earnings per share attributable to ordinary equity holders		6.5	8.5
Diluted earnings per share attributable to ordinary equity holders		6.5	8.4

Reliance Worldwide Corporation Limited
Condensed Consolidated Statement of Financial Position
At 31 December 2023

	Note	31 December 2023 US\$000	30 June 2023 US\$000
Assets			
Current assets			
Cash and cash equivalents		27,165	16,617
Trade and other receivables		216,253	246,044
Inventories	9	292,876	289,399
Current tax assets		35,772	25,302
Other current assets		13,952	11,776
Total Current Assets		586,018	589,138
Non-Current Assets			
Property, plant and equipment	7	234,504	231,138
Right-of-use assets		91,646	95,561
Deferred tax assets		36,853	31,695
Goodwill	10	782,866	780,711
Other intangible assets	10	312,453	326,968
Other non-current assets		4,564	3,374
Total Non-Current Assets		1,462,886	1,469,447
Total Assets		2,048,904	2,058,585
Liabilities			
Current liabilities			
Trade and other payables		169,904	166,541
Current tax liabilities		759	4,110
Employee benefits		8,984	8,319
Lease liabilities		16,551	15,459
Total Current Liabilities		196,198	194,429
Non-Current Liabilities			
Borrowings	8	418,734	450,165
Deferred tax liabilities		94,423	86,734
Employee benefits		4,117	4,503
Lease liabilities		86,763	91,396
Total Non-Current Liabilities		604,037	632,798
Total Liabilities		800,235	827,227
Net Assets		1,248,669	1,231,358
Equity			
Share capital		1,745,484	1,742,078
Reserves		(866,519)	(868,663)
Retained earnings		369,704	357,943
Total Equity		1,248,669	1,231,358

Reliance Worldwide Corporation Limited
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2023

	Share Capital	Foreign Currency Translation Reserve	Merger Reserve	Share Based Payment Reserve	Hedging Reserve	Retained Earnings	Total Equity
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Balance at 1 July 2022	1,738,846	(71,750)	(840,544)	18,195	(8,190)	294,026	1,130,583
Profit for the period	-	-	-	-	-	66,622	66,622
Foreign currency translation Reserve	-	(5,887)	-	-	-	-	(5,887)
Total comprehensive income	-	(5,887)	-	-	-	66,622	60,735
Transactions with owners of the Company							
Treasury shares	2,529	-	-	-	-	-	2,529
Share based payments	-	-	-	(2,138)	-	(1,194)	(3,332)
Dividends paid	-	-	-	-	-	(39,249)	(39,249)
Total transactions with owners of the Company	2,529	-	-	(2,138)	-	(40,443)	(40,052)
Balance at 31 December 2022	1,741,375	(77,637)	(840,544)	16,057	(8,190)	320,205	1,151,266
Balance at 1 July 2023							
Balance at 1 July 2023	1,742,078	(38,158)	(840,544)	18,229	(8,190)	357,943	1,231,358
Profit for the period	-	-	-	-	-	51,027	51,027
Foreign currency translation Reserve	-	5,079	-	-	-	-	5,079
Total comprehensive income	-	5,079	-	-	-	51,027	56,106
Transactions with owners of the Company							
Treasury shares	3,406	-	-	-	-	-	3,406
Share based payments	-	-	-	(2,935)	-	-	(2,935)
Dividends paid	-	-	-	-	-	(39,266)	(39,266)
Total transactions with owners of the Company	3,406	-	-	(2,935)	-	(39,266)	(38,795)
Balance at 31 December 2023	1,745,484	(33,079)	(840,544)	15,294	(8,190)	369,704	1,248,669

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Reliance Worldwide Corporation Limited
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2023

	31 December 2023 US\$000	31 December 2022 US\$000
Cash flows from operating activities		
Receipts from customers	646,773	617,154
Payments to suppliers, employees and for customer rebates	(495,124)	(522,893)
Cash generated from operations	151,649	94,261
Income taxes paid	(29,602)	(23,944)
Net cash inflow from operating activities	122,047	70,317
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(20,526)	(16,969)
Proceeds from sale of property, plant and equipment	175	31,031
Payments for intellectual property and other intangible assets acquired	(624)	(4,860)
Net cash (outflow)/ inflow from investing activities	(20,975)	9,202
Cash flows from financing activities		
Purchase of treasury shares	-	(1,415)
Proceeds from borrowings	49,017	50,344
Repayment of borrowings	(80,586)	(61,293)
Interest received	178	87
Interest paid	(12,504)	(12,749)
Dividends paid	(39,266)	(39,249)
Lease payments	(7,890)	(7,725)
Net cash outflow from financing activities	(91,051)	(72,000)
Net change in cash and cash equivalents	10,021	7,519
Cash and cash equivalents at 1 July	16,617	27,679
Effects of movements in exchange rates on cash held	527	(276)
Cash and cash equivalents at 31 December	27,165	34,922
Represented by:		
Cash at bank	27,165	34,922
Cash and cash equivalents at the end of the period	27,165	34,922

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Reliance Worldwide Corporation Limited
Notes to the Condensed Consolidated Financial Statements
For the half year ended 31 December 2023

1 Basis of preparation

(a) **Reporting Entity**

Reliance Worldwide Corporation Limited (“the Company”) is a limited liability company domiciled in Australia. These condensed 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**

These condensed consolidated financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001* (“Corporations Act”) and IAS 34 *Interim Financial Reporting*. They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2023. Accordingly, this report is to be read in conjunction with the 30 June 2023 consolidated financial report and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act.

(c) **Basis of preparation**

These condensed 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 31 December using historical cost conventions unless otherwise stated;
- have been prepared 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 2023; and
- do not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective.

The Company is a for-profit entity. These interim financial statements are presented in US dollars, which is the Group’s presentation currency.

The interim financial statements were authorised for issue by the Board of Directors on 19 February 2024.

(d) **Use of estimates and judgements**

The preparation of condensed 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 significant judgements made by management in applying the RWC group accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended 30 June 2023.

Reliance Worldwide Corporation Limited
Notes to the Condensed Consolidated Financial Statements
For the half year ended 31 December 2023

1 Basis of preparation (continued)

(e) New Standards, interpretations and amendments adopted by the Group

The accounting policies and methods of computation applied by the Group in this Interim Financial Report are consistent with those applied by the Group in its 30 June 2023 Financial Report. There have been no new or revised accounting standards that materially impacted the interim financial report.

Standards not yet applicable are not expected to have a material impact on the Group.

2 Segment reporting

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

The Group's regional segments are based on geographical operation of the business and comprise:

- Americas, including the United States of America and Canada
- Asia Pacific, including Australia, New Zealand, Korea and China¹
- EMEA, including the United Kingdom, Germany, Spain, Italy, Poland, France and Czech Republic

Segment revenues, expenses, assets and liabilities are reported on a gross basis. Segment results are presented before the elimination of profits made on inventory sales between segments, with a total deduction for intersegment profits to arrive at the Group's consolidated operating profit.

¹ Ningbo Rockwall Manufacturing business in China which is reported under the Americas segment consistent with internal reporting to the CODM.

Reliance Worldwide Corporation Limited

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2023

2 Segment reporting (continued)

	Americas		Asia Pacific		EMEA		Corporate/Other		Elimination		Total	
	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Revenue												
From external customers	425,465	425,321	57,984	62,443	106,080	113,536	-	-	-	-	589,529	601,300
From other segments	985	2,013	20,955	40,665	20,909	14,147	-	-	(42,849)	(56,825)	-	-
Segment revenues	426,450	427,334	78,939	103,108	126,989	127,683	-	-	(42,849)	(56,825)	589,529	601,300
Cost of sales	(273,669)	(291,019)	(60,599)	(75,798)	(66,670)	(65,249)	-	-	42,001	56,802	(358,937)	(375,264)
Gross Profit	152,781	136,315	18,340	27,310	60,319	62,434	-	-	(848)	(23)	230,592	226,036
Other income	2,639	3,613	35	301	1,094	15,816	-	-	-	-	3,768	19,730
Product development expenses	(3,942)	(3,198)	(1,242)	(1,186)	(1,464)	(1,123)	-	-	-	-	(6,648)	(5,507)
Selling, warehousing and marketing expenses	(52,737)	(52,524)	(7,307)	(6,907)	(15,666)	(14,969)	(287)	(300)	-	-	(75,997)	(74,700)
Administration expenses	(28,359)	(29,533)	(5,424)	(5,127)	(17,381)	(12,732)	(4,572)	(3,065)	-	-	(55,736)	(50,457)
Other expenses	(10,902)	(862)	(209)	(136)	(190)	-	(71)	(384)	-	-	(11,372)	(1,382)
Segment operating profit/(loss)	59,480	53,811	4,193	14,255	26,712	49,426	(4,930)	(3,749)	(848)	(23)	84,607	113,720
	31-Dec 2023	30-Jun 2023	31-Dec 2023	30-Jun 2023	31-Dec 2023	30-Jun 2023	31-Dec 2023	30-Jun 2023	31-Dec 2023	30-Jun 2023	31-Dec 2023	30-Jun 2023
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Segment assets	993,525	991,666	233,870	229,729	800,961	805,817	1,002,844	1,004,536	(982,296)	(973,163)	2,048,904	2,058,585
Segment liabilities	671,913	710,957	61,169	60,612	63,862	68,311	985,587	960,510	(982,296)	(973,163)	800,235	827,227

Reliance Worldwide Corporation Limited
Notes to the Condensed Consolidated Financial Statements
For the half year ended 31 December 2023

2 Segment reporting (continued)

	Americas		Asia Pacific		EMEA		Corporate/Other		Elimination		Total	
	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
EBITDA ¹	75,230	67,748	8,416	19,017	34,258	55,836	(4,432)	(3,314)	(848)	(23)	112,624	139,264
Depreciation of property, plant and equipment	(11,658)	(10,160)	(3,912)	(4,448)	(6,569)	(5,677)	(82)	(83)	-	-	(22,221)	(20,368)
Amortisation of intangible assets	(4,092)	(3,777)	(311)	(314)	(977)	(733)	(416)	(352)	-	-	(5,796)	(5,176)
Segment operating profit/(loss)	59,480	53,811	4,193	14,255	26,712	49,426	(4,930)	(3,749)	(848)	(23)	84,607	113,720
Finance income	78	52	4	3	-	-	96	32	-	-	178	87
Finance costs	(12,436)	(11,827)	(464)	(792)	(377)	(224)	(1,895)	(2,625)	-	-	(15,172)	(15,468)
Income tax expense	(10,943)	(16,264)	(1,097)	(4,005)	(5,550)	(10,549)	(1,193)	(906)	197	7	(18,586)	(31,717)
Net Profit After Tax for the Period											51,027	66,622

¹EBITDA is operating profit before interest, tax, depreciation, and amortisation.

Reliance Worldwide Corporation Limited
Notes to the Condensed Consolidated Financial Statements
For the half year ended 31 December 2023

3 Revenue

The principal product categories from which the aforementioned segments derive revenue are:

- **Plumbing Solutions** – brass and plastic push-to-connect plumbing fittings, other fittings, pipes, valves and integrated installation solutions;
- **Appliance Installations Solutions** – Fluid Tech and Appliance Installation and repair and;
- **Other Products**

Revenue by product group for the period ended 31 December:

	2023	2022
	US\$000	US\$000
Plumbing Solutions	452,987	461,108
Appliance Installations Solutions	109,837	107,301
Other Products	26,705	32,891
	589,529	601,300

Revenue by distribution channel for the period ended 31 December:

	2023	2022
	US\$000	US\$000
Retail	231,851	223,434
Wholesale	208,028	213,093
OEM	80,599	90,809
Other	69,051	73,964
	589,529	601,300

Revenue by geography for the period ended 31 December:

	2023	2022
	US\$000	US\$000
Australia	50,427	54,524
United Kingdom	79,976	82,756
United States of America	406,490	407,753
Other	52,636	56,267
	589,529	601,300

Seasonality of operations

The Group's results may be affected by seasonal influences in each segment. In the Americas, sales demand in the quarter ending 31 December is generally strong as retail and wholesale outlets typically build their inventory in anticipation of higher demand for repair and maintenance products during winter. The quarter ending 31 March may be affected by higher demand for repair and maintenance products as a result of unusually colder weather. Milder weather conditions can also result in lower sales during this period as retailers and wholesalers normalise their stock levels.

The EMEA segment derives stronger revenue in the January to June period due to customer activity slowdown in summer and winter breaks.

Reliance Worldwide Corporation Limited
Notes to the Condensed Consolidated Financial Statements
For the half year ended 31 December 2023

4 Other income

	31 December 2023 US\$000	31 December 2022 US\$000
Net (loss)/gain on sale of property, plant and machinery	(131)	14,604
Other	3,899	5,126
	3,768	19,730

In the half-year ended 31 December 2022, the Group sold a property in the U.K. for a total consideration of \$25.3 million and recognised a pre-tax gain on sale of \$15.0 million (\$9.7 million post-tax).

5 Other expenses

	31 December 2023 US\$000	31 December 2022 US\$000
Impairment expenses	9,781	-
Other expenses	1,591	1,382
	11,372	1,382

During the period, impairment expenses of \$9.4 million were recorded against intangible assets (customer relationships) as a result of a review of carrying values related to a decision to cease operating a non-core direct marketing selling model that was acquired as part of the EZ-Flo acquisition in the US. In addition, restructuring and severance costs of \$0.4 million relating to these operations have been reported in administration and selling expenses.

Severance costs of \$2.4 million relating to restructuring in the EMEA region have been reported in cost of sales for \$0.3 million, selling expenses for \$0.6 million and administration expenses for \$1.5 million in the Condensed Consolidated Statement of Profit or Loss.

Reliance Worldwide Corporation Limited
Notes to the Condensed Consolidated Financial Statements
For the half year ended 31 December 2023

6 Income tax expense

Reconciliation of prima facie tax expense to income tax expense recognised in the Condensed Consolidated Statement of Profit or Loss

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 condensed consolidated statement of profit or loss are as follows:

	31 December 2023 US\$000	31 December 2022 US\$000
Profit before income tax	69,613	98,339
Prima facie income tax expense at 30%	(20,884)	(29,502)
<i>Tax effect of items which (increase) / decrease tax expense:</i>		
Effect of tax rates in foreign jurisdictions	3,770	6,028
Non-deductible expenses	(847)	(599)
Net (under) over provision from prior years	-	-
Foreign income subject to US tax	(2,487)	(9,073)
Other	1,862	1,429
Actual income tax expense reported in the condensed consolidated statement of profit or loss and other comprehensive income	(18,586)	(31,717)

7 Property, plant and equipment

	31 December 2023 US\$000	30 June 2023 US\$000
<i>Carrying amounts of:</i>		
Freehold land	18,934	18,858
Buildings	43,229	33,281
Leasehold improvements	6,872	6,726
Plant and equipment	165,469	172,273
	234,504	231,138

Reliance Worldwide Corporation Limited

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2023

8 Net Debt

(a) Borrowings	31 December 2023 US\$000	30 June 2023 US\$000
Non-Current		
Bank borrowings – Unsecured	171,884	201,655
Guaranteed Senior Notes/ US Private Placement (USPP) – Unsecured	250,000	250,000
	421,884	451,665
Less: Transaction costs capitalised	(3,150)	(1,500)
Total borrowings	418,734	450,165

(b) Net Debt

At 31 December 2023	Facility Limit US\$000	Borrowings US\$000	Cash US\$000	Net cash/(debt) Balance US\$000
Syndicated Loan Facility (Tranche A1)	(217,500)	(25,884)	-	(25,884)
Syndicated Loan Facility (Tranche A2)	(217,500)	-	-	-
Syndicated Loan Facility (Tranche B)	(290,000)	(132,000)	-	(132,000)
Bilateral US Dollar Facility (Tranche A)	(45,000)	-	-	-
Bilateral US Dollar Facility (Tranche B)	(30,000)	(14,000)	-	(14,000)
Guaranteed Senior Notes/ US Private Placement (USPP)	(250,000)	(250,000)	-	(250,000)
Cash and cash equivalents	-	-	27,165	27,165
Total	(1,050,000)	(421,884)	27,165	(394,719)

At 30 June 2023	Facility Limit US\$000	Borrowings US\$000	Cash US\$000	Net cash/(debt) Balance US\$000
Syndicated Loan Facility (Tranche A)	(435,000)	(176,665)	-	(176,665)
Syndicated Loan Facility (Tranche B)	(290,000)	-	-	-
Bilateral US Dollar Facility (Tranche A)	(45,000)	(25,000)	-	(25,000)
Bilateral US Dollar Facility (Tranche B)	(30,000)	-	-	-
Guaranteed Senior Notes/ US Private Placement (USPP)	(250,000)	(250,000)	-	(250,000)
Cash and cash equivalents	-	-	16,617	16,617
Total	(1,050,000)	(451,665)	16,617	(435,048)

During the period, the Group extended the maturity of Tranche A of its existing syndicated loan facility (initially maturing in November 2024) across two equal tranches, A1 - \$217.5 million with a revised maturity date of November 2027 and A2 - \$217.5 million with a revised maturity date of November 2028. Similarly, the maturity of Tranche A of the existing bilateral US dollar facility - \$45 million has been extended by three years to November 2027. Form and terms of the facilities' documents are substantially unchanged. The facilities contain financial covenants which the Group is in compliance with.

The Group's weighted average debt maturity on the drawn down borrowings at 31 December 2023 was 6.9 years (30 June 2023: 5.4 years).

Reliance Worldwide Corporation Limited
Notes to the Condensed Consolidated Financial Statements
For the half year ended 31 December 2023

9 Inventories

	31 December 2023 US\$000	30 June 2023 US\$000
<i>At cost</i>		
Raw materials and stores	87,065	95,454
Work in progress	30,841	26,621
Finished goods	195,981	187,842
	<u>313,887</u>	<u>309,917</u>
Less: provision for diminution	(21,011)	(20,518)
	<u>292,876</u>	<u>289,399</u>

10 Goodwill and intangible assets

	31 December 2023 US\$000	30 June 2023 US\$000
<i>Carrying value</i>		
Goodwill	782,866	780,711
Identified intangible assets		
- Intellectual property, trade names, brand names and trademarks	228,792	228,534
- Product technology	13,422	14,009
- Customer relationships	53,724	65,805
- Licence fees, software and other	16,515	18,620
	<u>312,453</u>	<u>326,968</u>
	<u>1,095,319</u>	<u>1,107,679</u>

Customer relationships pertaining to a direct marketing distribution channel that was acquired as part of the EZ-Flo acquisition in the US have been impaired for \$9.4 million (Note 5).

The Group assesses whether there are indicators that goodwill and other intangible assets have suffered any impairment at each reporting date and believes that no impairment charge is required for any significant asset or Cash Generating Unit in the half year ended 31 December 2023.

Reliance Worldwide Corporation Limited
Notes to the Condensed Consolidated Financial Statements
For the half year ended 31 December 2023

11 Contingent liabilities

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 31 December 2023 totalling \$0.9 million (30 June 2023 – \$0.8 million).

General contingencies

The Company has entered into a Deed of Cross Guarantee ("Deed") with two of its subsidiaries, Reliance Worldwide Group Holdings Pty Ltd and Reliance Worldwide Corporation (Aust.) Pty Ltd. 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 either of these subsidiaries under certain provisions of the Corporations Act. If a winding up occurs under other provisions of the Corporations Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. These subsidiaries have also given similar guarantees in the event the Company is wound up.

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 Group establishes accruals for estimated costs associated with such matters in a manner which complies with applicable accounting standards. 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.

Reliance Worldwide Corporation ("RWC USA"), a member of the Group, is a party to a putative class action filed in the U.S. federal district court in Atlanta, Ga., in connection with alleged product liability claims. RWC USA reached a settlement to resolve the pending class action and it has been submitted to the Court for approval. The expected financial impact has been recognised in the Group's Consolidated Financial Statements, and is not material to the Group's financial position, results of operations or cash flows.

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

12 Related Party Transactions

There were no related party transactions entered into by the Group during the period other than the ongoing trading operations between certain Group companies.

13 Subsequent events

On 19 February 2024, the directors have resolved to declare a total distribution amount for the half year ended 31 December 2023 of US4.5 cents per share (US\$35.6 million), comprising an unfranked interim cash dividend of US2.25 cents per share and the undertaking of an on-market share buy-back for US\$17.8 million (equivalent in total to US2.25 cents per share). The cash dividend will be paid in Australian dollars at the rate of 3.459 cents per share. The cash dividend will be paid to eligible shareholders on 5 April 2024. The record date for dividend entitlement is 7 March 2024. The Company does not have a dividend reinvestment plan.

On 13 February 2024, the Company announced that it has entered into an agreement to acquire the Holman Industries business for a cash consideration of A\$160 million (US\$105 million) subject to conditions precedent and customary closing adjustments and conditions. The acquisition will be debt funded using the Group's existing committed borrowing facilities. Completion, subject to conditions precedent and customary conditions, is expected to occur in March 2024.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period 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.

Reliance Worldwide Corporation Limited
Directors' Declaration
For the half year ended 31 December 2023

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

1. the condensed consolidated financial statements and notes that are set out on pages 6 to 19 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the period from 1 July 2023 to 31 December 2023;
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting 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.

Signed in accordance with a resolution of the Directors.



Stuart Crosby
Chairman



Heath Sharp
Chief Executive Officer
and Managing Director

Melbourne
19 February 2024



Independent Auditor's Review Report

To the shareholders of Reliance Worldwide Corporation Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Reliance Worldwide Corporation Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of Reliance Worldwide Corporation Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2023
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 13 including selected explanatory notes.
- The Directors' Declaration.

The **Group** comprises Reliance Worldwide Corporation Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

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

Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Company are responsible for:

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

Auditor's Responsibilities for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Vicky Carlson

Partner

Melbourne

19 February 2024