

FV 23



Annual Report

Management commentary
(no financial statements)

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Skellerup is a global leader in the design, manufacture and distribution of precision engineered products.

We work closely with customers to define and solve their problems through a deep understanding of material properties, tool design, and manufacturing processes.

As a result, we have developed strong and enduring relationships with key partners, in particular original equipment manufacturers (OEMs) and major distributors.

We have a diverse and highly skilled team of over 800 people, and manufacturing and distribution facilities in New Zealand, Australia, China, Vietnam, UK, Italy and the US.



Skellerup Highlights FY23



Strong financial growth

Revenue growth

⬆️ 5%

\$333.5_M

(FY22: \$316.8m)

Earnings (EBIT)

⬆️ 7%

\$71.7_M

(FY22: \$66.8m)

Earnings (NPAT)

⬆️ 7%

\$50.9_M

(FY22: \$47.8m)

Operating cash flow

⬆️ 25%

\$54.1_M

(FY22: \$43.3m)



Delivering for our customers

over **4,000**
Customers

sold to
73
Countries

over **470**
New products
to market

last 24 months

4
Acquisitions
over last
5 years



Diverse & experienced team

People

⬆️ 7%

807

(FY22: 869)

Demographic (gender)

(FY22 – f: 50% m: 50%)

Female 50%

Male 50%

Years' service for staff

Fewer than 2 years 28%

2 – 10 years 36%

10 – 20 years 27%

Greater than 20 years 9%

Financial return ratio (RONA)

⊖ Unchanged

22.6%

(FY22: 22.6%)

EPS growth

⬆️ 6%

26.0 cps

(FY22: 24.5 cps)

Dividend per share growth

⬆️ 7%

22.0 cps

(FY22: 20.5 cps)



Focused on community and environment

GHG* emissions (Tonnes CO₂-e)

(Scope 1 and 2)

⬆️ 5% (favourable)

4,391

(FY22: 4,645)

*greenhouse gas

GHG emissions / revenue

(Scope 1 and 2)

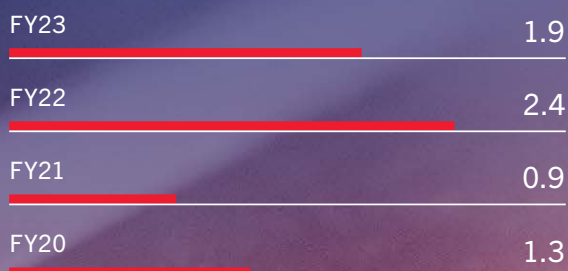
⬆️ (favourable)

10%

CO₂-e emissions per \$1 million of revenue over the past year

Total injury rate

⬆️ 21% (favourable)



Over a century of innovation and efficiency

Skellerup has been designing, manufacturing, and distributing precision-engineered products around the world for over a century. Our growth-oriented business started in Christchurch (NZ) and has grown into a global business with a track record of innovation, product development and efficiency.

Rubber footwear production begins at Empire Rubber Mills and Marathon Rubber Footwear, including establishing rubber reclamation plant to utilise old motor tyres

1939



Production of the Red Band gumboot commenced by Skellerup

1958

The Masport vacuum pump manufacturing and marketing operations in the USA acquired

1991



PRODUCTIVITY GAINS

EFFECTIVE, EFFICIENT



1910

George Skellerup founded Para Rubber Company in Christchurch, establishing expertise in polymer technologies

1948

Businesses united to establish Skellerup Industries and listed on NZ Stock Exchange



1983

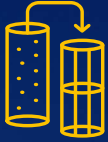
Skellerup acquires Ultralon, expanding its foam and polymer manufacturing and products



2002

Skellerup re-listed on NZX as Skellmax Industries Ltd (now Skellerup Holdings Ltd)





Skellerup acquires Stevens Filterite (NZ), expanding its range of essential food-grade consumable products for the global dairy industry and DEKS (Australia) to expand its industrial focus to include roofing and plumbing products

2004

Wigram Dairy Rubberware Development, Manufacturing and Distribution facility opens (19,000sqm)

2016



Skellerup acquires Talbot Technologies (NZ) expanding its engineered plastics design and manufacturing capability

2021

AND ADAPTABLE PROCESS IMPROVEMENT

2006 / 2007

Skellerup acquires Gulf Rubber (NZ and Australia) and Tumedei expanding its engineered rubber products capability for critical industrial and infrastructure applications



2019

Skellerup extends its design and manufacturing capability acquiring Silclear (UK) for food-grade silicone products, and Nexus Foams (NZ) to further expand its high-performance foam and soft material capability



2022

Skellerup takes full ownership of SimLim Technic LLC (USA) expanding its liquid silicone rubber capability.

Skellerup completes relocation of Ultralon & Nexus (New Zealand) and DEKS (Australia) to new facilities



The essence of an interesting business is to be competitive.

George Waldemar Skellerup



Chair's Review

It is a pleasure to write to shareholders, as your Chair of the board, for the first time.



I am extremely pleased to report another successful year for Skellerup with a record-breaking net profit after tax (NPAT) of over \$50 million. The variety of engineered products we make for a range of critical applications – capitalising on the broad and deep technical expertise in our Group – continues to provide a robust and resilient foundation upon which we grow.

The trading environment in the period reported in this annual report was a challenging one for all market participants. In FY23, the commercial environment was supposed to normalise – to the 'new normal'. We must have missed that particular call. Instead:

- Input costs including natural and synthetic rubbers continued to escalate initially and they have been slow to abate.
- Freight costs and capacity shortfalls did not ease off (despite press comment, on occasion, informing us that they had).
- Wage pressures arose in response to the domestic inflationary environment.
- Everywhere, the implications of a wide-ranging overstocking by customers in response to FY22 COVID-19 supply chain uncertainties made demand 'lumpy' and hard to predict.
- Important projects with key customers were delayed (as a result of their response to the above factors).
- Continuing COVID-19 restrictions in geographies where our key owned and external suppliers are located put continuum of supply in real jeopardy.

I want to touch on this last factor in slightly more detail.

Our manufacturing facility in Jiangsu province (northeast of Shanghai) manufactures all our iconic range of gumboots and specialist rubber footwear for international markets, as well as vacuum pumps which have been so successful, especially in the North American market. Shareholders will be familiar with the response to the threat of COVID-19 adopted by the Chinese authorities in that country. Strict quarantining protocols were put in place and vast parts of the population were consigned to home, for significant periods. Notwithstanding these challenges, output from our manufacturing facility in China barely missed a beat. Our team in that market is well lead and did a fabulous job in the face of real adversity.

Similarly, our key contract manufacturing partner in Vietnam (TNR) achieved a continuum of supply, regardless of the advent of strict lockdown conditions and travel restrictions in that region.

In Italy, our manufacturing facility at Tumedei had to contend with substantial cost increases, and fluctuating demand from customers who found themselves overstocked.

Domestically, our large and modern manufacturing facility at Wigram had to contend with significant (and random) bouts of infection, and the consequent personnel shortages, as COVID-19 worked its way through that workforce. But again, production was maintained, and we met our obligations to our customers.

It is in no small part due to the contribution of employees at the above facilities (and elsewhere) that saw Skellerup achieve \$333.5 million in revenue and \$50.9 million in NPAT in FY23, both of which are records. These outcomes are genuinely the result of a team effort, and your Board is, and continues to be, humbly grateful for the efforts of our entire team.

At Skellerup, we are often told by well-intentioned third-party commentators that we have a "lazy" balance sheet. It is true that we do carry low levels of debt, but in periods of uncertainty have found that to be a distinct advantage; this ensures we make the right decisions for the business in a holistic sense, rather than responding to short-term exigencies.

This also enables us to distribute a healthy proportion of our earnings to shareholders in the form of dividends. Your Directors are very pleased to announce a final dividend, imputed to 50 per cent, of 14 cents per share. This takes the full-year dividend to 22 cents per share, a seven per cent increase on the prior year. The final dividend will be paid on 13 October 2023 with a record date of 29 September 2023.

We are pleased to achieve these pay-outs to shareholders, and to log another record year for Skellerup (and the seventh successive year of earnings growth). These year-on-year record years become increasingly hard to beat, and inevitably there will be a year when we do not. However, I'm sure our shareholders will appreciate that here at Skellerup we are (as has been said before) in this for the long haul. Our history is one of quiet achievement and incremental (and sustainable) rather than flashy growth, as befits our origins.

The key to Skellerup's success is to work closely with our customers to identify and produce enduring solutions to their problems. The intellectual capability of our people is as much an asset of the Group as the bricks and mortar which are reported on the balance sheet. Done well, this can create enduring trade relationships which can be hard to shift; the results reported now reflect years of investment in this process – there is no 'overnight success' in the FY23 results.

Shareholders can be assured that this investment in people and trading relationships continues, and for this reason your Board remains optimistic about Skellerup's long-term prospects.

Looking to the future, an initiative that looms large for your Board in the forthcoming year is environmental, social and governance (ESG) reporting requirements, which become mandatory from FY24. We see this as an opportunity to reposition perceptions of current business practices at Skellerup, and as a catalyst to further change, where the potential for further improvement is identified. The initiatives we are undertaking in this area will challenge the status quo.



The key to Skellerup's success is to work closely with our customers to identify and produce enduring solutions to their problems.



Your Directors are business savvy, shareholder oriented and all take a special interest in Skellerup. Their skills and relevant experience provide support and guidance to our management team.

Personally, I would like to take this opportunity to extend a vote of thanks to the senior leadership team for their unrelenting efforts to take this business forward. We are fortunate to have enjoyed continuity of tenure from such a capable group of individuals.

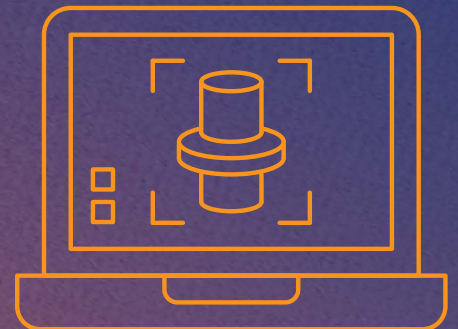
We thank you for your continuing support of Skellerup.

John Strowger
Chairman

Solving problems with customers to keep them ahead of the curve

Skellerup is a global leader in the design, manufacture and distribution of precision-engineered products. Our components and products are used in a wide range of everyday applications that often must meet stringent food, drinking water, hygiene and safety standards across various jurisdictions.

At our heart is a key focus on our customers – working as a part of their development teams to define and solve problems to help stay ahead of their competitors. The value we bring is dependent on our deep material expertise, strong product and tool design capability and proven manufacturing knowledge.



Research & Development

Working to identify issues and opportunities

- Understanding our customers' issues, challenges and pain points
- Providing solutions grounded in our extensive engineering, chemistry and manufacturing expertise

Developing the prototype

- In-depth material science with expertise combining multiple materials, including polymers such as rubber, plastics and foam
- Rapid prototyping to provide proof-of-concept and refinement based on feedback
- Augmenting the product and reducing complexity

Across Multiple Sectors



Industrial & Retail

Our products are used throughout potable water and wastewater applications, flow control systems and construction



Dairy

Our food-grade rubberware, filters and animal hygiene products are critical to the safe supply of dairy products across the world



Residential

Our products are critical components within a wide range of home applications such as taps, showers, HVAC, roofing, solar, kitchen appliances, plumbing, and more



Transport

Our vacuum systems, seals, injectors, couplings, and gaskets are utilised throughout the transport industry



Specialist Footwear

Protective rubber footwear used throughout farms and speciality applications, such as fire, forestry and electrical distribution



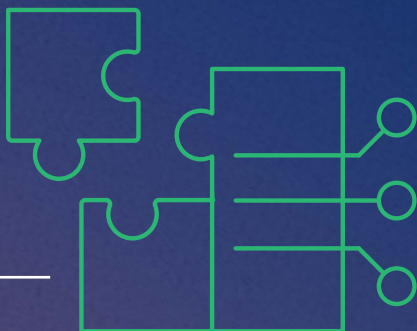
Medical, Health & Hygiene

Our components play a vital role in equipment used to treat and heal patients, as well as keeping front-line workers safe



Sport & Leisure

Our products are utilised in a variety of recreational settings, including marine, snow and field sports



Delivering critical components for production:

- Deep understanding of process capability and quality control
- Refining manufacture and assembly processes to allow increased scale at reduced time and costs
- Ensuring speed and accuracy at each stage

CEO's Review

I have been CEO of Skellerup for 12 years and in that time, I have thought a lot about our reason for existence (Purpose).



Our purpose comprises five groups of people (customers, employees, suppliers, our community and shareholders). I have articulated that purpose not only internally to our employees but also to our shareholders and other stakeholders. When considering our purpose, I have always understood it is about creating 'corporate value' and that outcome is more than simply making profits for shareholders.

However, economic value, such as sustained high profitability and a healthy financial standing, is *the* most important foundation. Without securing economic value, we cannot take on other challenges. If we don't recognise this fact and consider the other contributors to corporate value from the same perspective, our existence as a company will be diminished. In creating corporate value, we must not forget it is shareholders that evaluate our efforts.

The key element to achieving corporate value is our unwavering focus on, and commitment to, understanding customer needs and using our deep material science expertise and capability to combine materials, rapidly build and deliver prototypes, and manufacture precision products in a scalable way. This enables us to continue to create new opportunities to grow Skellerup's business.

At Skellerup, we believe in Just-in-Time (JIT) principles. A basic tenet is to be demand driven, and this puts pressure on teams to come up with better ways to deliver products and services within shorter and shorter lead times. A culture of continuous improvement is essential to motivate every employee to spend time working on improving the processes they are involved in, not merely a focus on outcomes. Simply, we must align in the same direction and move faster.

We have been through a period where demand had risen above true demand and when COVID-19 hit, the uncertainty of both manufacturing and delivery lead times meant many customers over-ordered. The general view was that JIT was dead and accentuated the issues; I disagree. This process lasted for more than two years. Recently, we have seen cases where customers have realised that they are overstocked relative to demand and as lead times have started to reduce, customers have in many cases tried to delay production or shipping. This phenomenon is known as the bullwhip.

These testing market conditions throughout the financial year reinforced why our platform needed to be strong to ensure we are better prepared for organic growth into the future. To mitigate risk and volatile demand, we deliberately carried slightly higher inventory during the supply chain disruption. We are working through a phase to readjust what is needed to meet the expected growth of our customers and Skellerup.

A key requirement for our leaders is to see and plan two to three years ahead. We see, for instance, excellent growth opportunities in the US market (see case study page 17). It is both the largest and fastest-growing market for our products. In the past five years, USA Group revenue growth is a cumulative 76 per cent (52 per cent on constant currency basis), fuelled by outstanding cumulative revenue growth of 98 per cent (72 per cent on constant currency basis) for the Industrial Division and 31 per cent revenue growth in the Agri Division (13 per cent on constant currency basis).

Cost structures remain challenging. Our teams have worked very closely with their customers to understand their markets, helping them to reduce costs and boost revenue through technical solutions and process improvements. This builds trust with existing customers, leading to greater sales volumes and new product potential. Importantly, our strong balance sheet offers Skellerup the flexibility to fund aligned acquisitions that will help further grow Group revenue. An example of this in FY23 is increasing our ownership of Sim Lim – a manufacturer of liquid silicone products – from 35 per cent to 100 per cent ownership. We expect further acquisition opportunities to present as economic conditions become more difficult for some businesses.

This year, Skellerup has been able to celebrate two notable achievements, both featured in case studies within this report. Our Jiangsu operation in China celebrated its 20th anniversary and DEKS Australia achieved a notable diamond anniversary (75 years). Jiangsu has grown significantly during its lifespan, making substantial productivity gains over time through excellent leadership, workforce stability, and quality assurance. DEKS relocated to new premises in November 2022, supporting its already leading brand reputation within the Australian market. DEKS's premium roofing and flashing products are also prominent in the US and Europe.

Proven track record of earnings and cash flow growth

Healthy balance sheet, strong cash flow, low debt and strong dividend yield.

Earnings per share (cents)

FY23	26.0
FY22	24.5
FY21	20.6
FY20	14.9
FY19	15.0
FY18	14.1
FY17	11.5

Customer relationships with growth potential



We have enduringly strong relationships with over 4,000 customers, particularly OEMs, who we work with closely in a dynamic interaction to deliver new products and developments.

14 of our top customers were also in our top 20 in FY19.



Focus on products in key markets

470 new products we have developed over the past two years

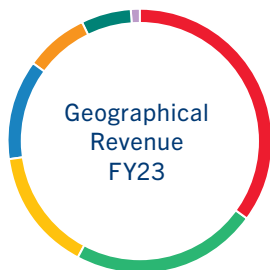


- Agriculture (36%)
- Potable Water & Wastewater (incl Plumbing) (23%)
- Roofing & Construction (14%)
- Automotive & Machinery (6%)
- Sport & Leisure (6%)
- Exploration & Mining (5%)
- Electrical & Appliances (4%)
- Health & Medical (2%)
- Other (4%)

Strong relationships across global markets

We are a global business with a highly technical team of more than

807 People in 6 countries



- North America (35%)
- Asia (8%)
- New Zealand (23%)
- UK & Ireland (6%)
- Australia (15%)
- Other (1%)
- Europe (12%)



We are pleased to celebrate these important milestones and thank these businesses for their long-standing contributions to Skellerup's success.

Addressing climate change continues to be a critical issue for all businesses. As identified in the Chair's Review, high emphasis is being placed on understanding future climate impacts on Skellerup's businesses. We are investing resources into completing the complex work of investigating different climate scenarios to understand the potential impacts on our physical assets and manage transition risks (which will vary from one jurisdiction to another). This work will in turn inform future investment decisions and help with mandatory reporting obligations in FY24. You can review our progress on this on pages 28 to 33 of this report.

Skellerup's financial result represents another record profit, one we are proud to have achieved under challenging global economic conditions. It reflects the success of our business strategy, our purpose and focus. The FY23 NPAT was \$50.9 million, a seven per cent improvement on last year's record result. Over the past seven years, NPAT has grown at a compound annual growth rate of 14 per cent. We are confident we can continue to deliver long-term sustainable earnings growth.



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Case Study

The Future of Work at Skellerup

How we work

There is a lot of discussion about whether or not people should have to travel to their workplace and whose choice that is. There is also considerable dialogue around the benefits of a four-day week and deep work.

Many of our businesses involve some processing of materials and so we resist an 'us and them' culture that can easily develop between those involved in processing (running machines) and those who are based in an office, especially if they are on located in different areas of the same site.

As usual, we have taken a pragmatic approach to trialling new ways of working and, before final adoption, ensuring that we bring all our people with us. It is part of our purpose: good for Skellerup *and* good for our employees. Without doubt, businesses of the future will see flatter hierarchies and so we will need more broadly skilled people at every level of the business. There will be pockets of depth in terms of specialist skill sets, but we will see fewer people better paid.

In offices, we see the adoption of digital marketing and information flows leading our people to develop broader business perspectives. We also see the opportunity to add value by eliminating manual or duplicate processes and focusing on improving information flows.

Having a plan to become the lowest-cost producer of our key product lines is an essential part of our planning processes. In the areas of manufacturing and distribution in particular, we believe there will be a greater use of mechanisation and eventually cobots (robots that can work safely alongside people) to undertake repetitive tasks. People operating equipment are likely to become service specialists in that equipment as well. Mechanisation and a focus on standardisation will improve material flows.

In some cases, we have successfully moved to working four-day weeks (for operations, this means four 10-hour shifts). This enables our people to enjoy less commuting time, develop consolidated work patterns and have bigger blocks of time with family and for other personal commitments, and this reduces the number of unexpected interruptions due to increasing weather events. This is then aligned with our service commitments, whereas many companies find they must run customer service and distribution for longer hours, for more days per week. In many instances, we have been able to align the four-day week with the demand for both services and operations.

Where we work

Scalability of our activities is key to meeting growth in demand. Increasing cost structures in Asia, the location of our key raw material suppliers, a higher risk of supply chain interruption and the environmental considerations for shipping products across the globe collectively are causing us to consider how we best meet our customers' needs in the future. We believe part of the solution will be increased in-market manufacturing capability and capacity. As our largest market, we have a particular focus on the US. During FY23, we acquired full ownership of Sim Lim Technic in Wisconsin where we manufacture liquid silicone rubber products. We also began working on several projects, including one to manufacture a limited range of potable water products in the US for existing customers and another to develop a solution for manufacturing dairy rubberware in market. We believe these investments will help ensure Skellerup retains our competitive advantage in supplying highly engineered and essential products for critical applications in the future.





Case Study

Integration and information systems

We continue to invest in information systems. Every investment is framed with clear objectives that include simplification and standardisation of business processes and tools, gaining more insightful and faster access to information and improving the security of our environment. In FY23 we completed the move of Masport onto the NetSuite platform, expanding the number of business units in our Group on this platform to 10.

Masport, which designs and manufactures vacuum pump systems sold predominantly in the US market, replaced a dated and inefficient legacy platform. Masport has realised immediate benefits from the upgrade, most notably from the end-to-end integration of NetSuite into its online store. Orders placed by customers through the online store are now automatically entered into NetSuite, generating a pick ticket to enable immediate shipping. As well as enjoying faster delivery, customers also experience the benefit of being able to electronically track the details and contents of each order. The implementation has improved Masport's cash flow too, because customers are able to pay electronically directly from their emailed invoice. Further NetSuite enhancements are planned for Masport to enable an even stronger customer focus and ensure we deploy our human capital for maximum benefit.

Using NetSuite as a common platform across the Group has enabled the development of internal expertise and the opportunity to capitalise on the standardisation of processes, while reducing cost and risk and improving the quality and speed of each implementation.



Industrial Division

During FY23, sales growth and continuous platform and process improvements combined to increase earnings before interest and tax (EBIT) over the prior corresponding period (pcp) to \$42.9 million, a record EBIT result for the Industrial Division.

North America was Skellerup's fastest-growing market on the back of increased sales of our Masport vacuum pump systems, U-DEK® marine foam, and DEKS roofing products. The quality of our solutions and products helped increase our market share. Strong growth in solar installations in Europe also boosted sales for our DEKS roofing products in this market. Demand for our U-DEK® marine foam continued to grow in Australia and New Zealand as well.

These factors more than offset the impact of lower construction activity, decreased consumer demand for products like tapware and household appliances, the later than planned commencement of sales of a new product used in the hygiene market and customer inventory reduction programmes.

Our philosophy of interrogating every process cost and our commitment to continuous process improvement saw Skellerup continue to invest in better business information and insights during FY23.

The objective is to simplify and optimise standardised business processes and tools, enabling access to more insightful data, a more secure environment and ultimately improved outcomes for our customers and our people. This year saw the implementation of the NetSuite platform at Masport, with it going live in December 2022 (see adjacent case study). Updating our enterprise resource planning (ERP) platform over recent years has seen multiple benefits, notably sales growth, improved labour utilisation, and ease of use for both customers and our staff.



Case Study

US Market – Approach, Results and Opportunities

The US is our largest and fastest-growing market and continues to offer significant growth opportunities. Skellerup's success in the US market is underpinned by applying technical expertise and delivering highly integrated products and systems that create better value for customers.

Being a trusted partner is imperative. By becoming an extension of our customers' engineering teams through design work, rapid prototyping of products and ultimately delivering products and systems that reduce complexity, installation time and cost, we retain trust with existing customers and build trust with new customers.

The Gulf Group, which specialises in the global design and manufacture of precision engineered rubber and plastic products and components of mainly original equipment manufacturer (OEM) customers, offers an insight into our strategy. We were approached by a potential customer who was experiencing technical problems with the development of their next-generation dispensing system for their soap and sanitiser hand products. By applying our expertise in combining engineered rubber and engineered plastic materials, this initial query on a single component was quickly resolved, building trust that has resulted in Gulf delivering a single critical subsystem that eliminated complexity for their product and the need to use multiple suppliers.

This systems approach has been a hallmark of our Vacuum Systems Group. The Masport business designs vacuum systems used in the collection of water and liquid waste. Over the past seven years, by working closely

with customers to understand the challenges they have with installing vacuum systems, we have identified and implemented many improvements and integrations into our systems to create more value for them. This has principally reduced installation time due to lower complexity and a reduced number of suppliers and components and, as a result, captured additional returns for Skellerup.

We believe continued growth in the US will be enhanced by a greater in-market manufacturing capability. Customers want certainty and shorter supply chains; geopolitical tensions carry the risk of further trade barriers too. We are gradually moving to establish this capability with one example being our investment in liquid silicone rubber (LSR) manufacturing. In July 2018, we acquired a 35 per cent share in Sim Lim Technic (Sim Lim), a start-up LSR manufacturing business. In November 2022, we moved to full ownership of Sim Lim and have since fully integrated this into the Gulf Group – now called Gulf Whitewater. This provides us with a platform from which to grow capacity in a highly automated business close to customers within our largest market.

Building trust with customers, helping them to solve problems and design solutions through our deep material, tooling and processing expertise, while increasing automation to increase capability at competitive cost to offer new products, will continue to be the keys to growth in the US.





Case Study

Celebrating 75 years of DEKS Australia

DEKS is a world-leading, innovative manufacturer of plumbing, roofing, heating, ventilation and air conditioning (HVAC), washers and civil products. In November 2022 we celebrated DEKS diamond anniversary with a special function at our new distribution centre in Melbourne.

The move was needed to accommodate business growth, deliver a faster response to customers and improve the environment for our people. DEKS now enjoys a clean, bright, modern, quality facility in the heart of Melbourne's southeast industrial area. The new site provides improved access, efficiency, safety and security. We carefully planned the warehouse layout that minimises people- and vehicle-moving distances and invested in mechanised packaging capability and tablets to reduce cost and better utilise our team. We also continue to grow the proportion of our orders managed by the electronic data interface (EDI). The result is 70 per cent of the 25,000 orders we process each year are managed via EDI, we deliver customer orders more quickly and efficiently, and have eliminated an estimated 55,000 pieces of paper annually.

Our people are proud of the smooth execution of the planned relocation and are enjoying the welcoming work environment.

We have established a great foundation for the next 75 years of success.



Agri Division

During FY23, sales growth for footwear, increased EBIT by one per cent over the pcp to \$34.0 million. Sales of our high-quality gumboots, including the iconic Red Band brand and Quatro, grew in New Zealand and sales of Skellerup's di-electric footwear in the US grew strongly also. Our product performance reflecting our design and manufacturing capability is world-class, so we expect future growth opportunities as demand increases over the next financial year.

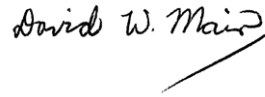
There were also challenges facing the Agri Division in FY23. Tighter margins for dairy farmers globally meant some non-essential maintenance was deferred, reducing sales and production as a result. Improving our understanding of customer demand and inventory helped us organise our operations to respond to flatter demand and we continue to drive and make productivity gains to mitigate cost increases and to continue to reward our people fairly, while lifting wages over time.

As stated earlier, we were pleased to celebrate Skellerup's 20th anniversary at Jiangsu. I'd like to echo the Chair's comments that despite China's unique response to COVID-19, volumes at Jiangsu remained robust, particularly in footwear. Jiangsu is well led and we have steadily invested in capability, quality, reliability and continuous productivity improvements, facilitating continuing manufacture of high-quality products including rubber footwear and vacuum pumps.

As signalled in last year's annual report, FY23 also saw the completion of the relocation of our Stevens milk filter business from Featherston to Christchurch. An established brand, over 60 years strong, this business is now better positioned through a combination of improved access to materials and a bigger labour market to flourish under the Skellerup Group of companies.

Improving operating performance is a common thread across our Agri Division's businesses, with greater process standardisation that is scalable so that our businesses can meet increased demand and revenue from existing capability. The other dimension is better utilising equipment and people in a cycle of continuous improvement to boost productivity.

The commitment and quality of our people across both Divisions, as well as the leadership exhibited across the Skellerup network, has resulted in another record year. It has been a special pleasure seeing our leaders develop, mature and excel, and as their competence and confidence has lifted, so too has our success.



David Mair
Chief Executive Officer
and Director



Case Study

Jiangsu's commitment to continuous improvement

We are proud to celebrate the 20th anniversary of Skellerup in China. Located in Baochang, Jiangsu province and established in June 2003, we manufacture technical rubber boots used in agriculture, forestry and the electrical industries as well as rotary vane pumps used primarily in applications to transport water and liquid waste. From small beginnings, we now employ just under 200 people, 19 of whom have been with us from the start.

Our team's success is driven from stable leadership and skilled workers. General Manager Martin Li has led the business and team since 2006. Consistent productivity improvements are underpinned by our Total Quality Management system, which ensures all processes are documented and monitored for quality at every step. The business now boasts ISO accreditations for Quality, Health and Safety, and Environmental.

The success of the business is measured by growth in production volumes. In FY23 footwear production was 60 per cent higher than 10 years earlier, while reject rates continue to fall. We prioritise training on quality assurance, ensuring everyone contributes to identifying defective products before undergoing any subsequent processes.

Capital investment has bolstered Skellerup Jiangsu's ability to meet the increased demand, product development requirements, improved efficiency and delivery of better environmental and safety performance.

The footwear product mix has grown over the decades and this has been met by the growth in skills of our team. CEO David Mair was in Jiangsu during June 2023 to celebrate the 20th anniversary of Skellerup Jiangsu and express appreciation for the team's outstanding performance as an exemplar for commitment and success with continuous productivity improvements for the Group.



Financial Review

For the year ended 30 June 2023 (FY23) we have delivered a record net profit after tax (NPAT) for the seventh consecutive year.



Growth from sales of new and improved products for wastewater, leisure and footwear applications, combined with a Group-wide focus on costs and margin, enabled Skellerup to overcome the impact of customers reducing inventory levels for products used in potable water and dairy applications. We have invested carefully in improving our technical capability (people and equipment) to underpin growth in the years ahead.

Our financial position remains very strong enabling us to focus on delivering sustainable growth in financial returns for our shareholders, as well as opportunities for our employees, by providing innovation and assurance to our customers for the essential engineered solutions they need now and in the future.

FY23 Group Earnings and Dividends

In FY23 Skellerup achieved a record audited net profit after tax (NPAT) of \$50.9 million and declared a gross dividend pay-out of 22 cents per share (50 per cent imputed). FY23 NPAT is a seven per cent improvement on the record result achieved in the prior corresponding period (pcp).

The FY23 gross dividend pay-out declared is up 1.5 cents per share (seven per cent) on the pcp and represents a gross yield¹ of 5.7 per cent for shareholders.

Net Profit After Tax (\$m)

FY23	50.9
FY22	47.8
FY21	40.2
FY20	29.1
FY19	29.1
FY18	27.3
FY17	22.1

Dividend Declared (cents per share)

FY23	22.0
FY22	20.5
FY21	17.0
FY20	13.0
FY19	13.0
FY18	11.0
FY17	9.5

¹ Gross yield is determined by comparing the FY23 dividends paid and declared, totalling 22 cents per share (50% imputed), with the closing share price on 30 June 2023.

We segment and measure our performance by two divisions – Industrial and Agri.

Industrial Division

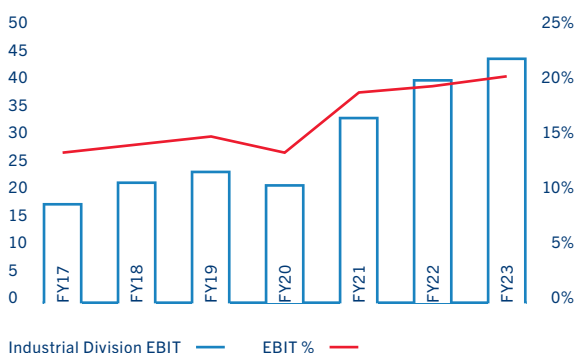
Industrial Division sales were a record \$216.8 million, up five per cent on FY22. Earnings before interest and tax (EBIT) was \$42.9 million – also a record and up 10 per cent on FY22.

Our Industrial Division generates 85 per cent of its revenue from international markets. FY23 sales revenue growth of five per cent was slower than in recent years. Strong revenue growth was realised from sales of vacuum systems for wastewater applications (most notably in the USA), sales of high-performance marine foam products (into the USA, NZ and Australia) and roof-flashing products for solar energy installations (in the UK). This growth was partially offset by lower sales for potable water and appliance applications as customers reduced inventories; this reflected both lower demand and an easing of supply chain pressures such as raw material shortages and freight congestion prevalent during the COVID-19 pandemic of the preceding two years. Revenue was unchanged on a constant currency basis.

We continue to work closely with customers to apply our deep expertise in material science to design and manufacture products that often combine multiple materials like rubber, plastic and metals to perform in a wide variety of critical and high-performance applications. This broad range of applications we serve is a feature and strength of our Industrial Division enabling us to leverage our expertise and not be singularly exposed to changes in demand from any one sector.

The five per cent growth in revenue translated to 10 per cent growth in EBIT in FY23. New and improved products helped improve gross margin from 37 per cent to just over 39 per cent which funded an increase of investment into sales and technical resource and the impact of inflation on operating costs (people, energy and facilities). FY23 also enabled our key people to travel more frequently to collaborate and meet with customers and suppliers to progress opportunities for future growth.

Industrial Division EBIT (\$m)



Agri Division

Agri Division sales were a record \$117.0 million, up six per cent on FY22. EBIT was \$34.0 million, also a record and up one per cent on FY22.

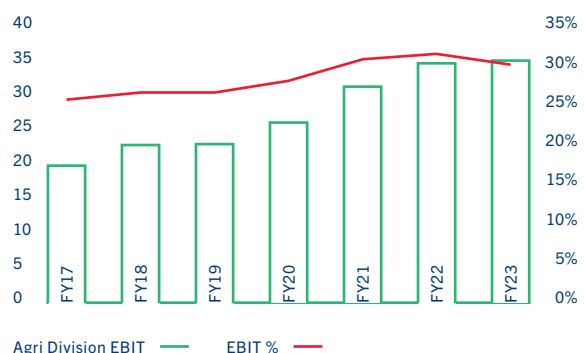
Our Agri Division remains a world leader in the design and manufacture of essential consumables for the global dairy industry and the design and manufacture of rubber footwear for farming and specialty applications including electricity, fire and forestry.

Revenue growth in FY23 was largely due to increased footwear sales in NZ (hardware channels and urban markets) and the USA (electricity applications). Sales volumes of dairy consumables were down as customers reduced inventories due to lower demand and an easing of freight congestion prevalent during COVID-19 of the preceding two years. On a constant currency basis revenue growth was two per cent.

Hedging arrangements neutralised the benefit of lower spot rates; this meant EBIT growth of one per cent is more closely correlated to constant currency than headline revenue. Sales price adjustments in the second half of the year lagged the impact of raw material cost increases incurred in the first half of the year. Productivity gains helped offset the impact of lower production volumes, increased raw material prices and freight costs.

We are increasing our investment in internal engineering capability to ensure our technical and product leadership position is retained, as well as investing in advanced design and equipment capability to improve the efficiency and adaptability of manufacturing for the future.

Agri Division EBIT (\$m)



Corporate

Corporate costs remain well contained and were down \$0.7 million on the pcp.

FY23 Financial Position

Skellerup's financial position remains strong due to prudent management of working capital and robust evaluation of capital investment key disciplines. Strong operating cash flows and low levels of debt provide us with the opportunity to invest in growth and improvement. We evaluate and select investments with diligence to ensure capital is allocated to deliver excellent returns on shareholders' funds.

During FY22 and the first half of FY23 we increased our investment in inventory to mitigate the risk of shortages in raw materials and extended shipping timeframes so that we could continue to meet customer requirements. As supply chain pressures began to ease in the middle of FY23 and demand for some product abated, we were able to reduce inventory in the second half of the year. At the close of FY23, inventory stood at \$74.9 million, up nine per cent on the pcp but down nine per cent on the peak level held at the end of February 2023. We expect further gradual reductions in the first half of FY24.

Receivables are also managed with great care. FY23 receivables closed at \$49.3 million, down 12 per cent on the pcp. Fairer payment terms, simpler electronic payment options for customers (in the USA) and discount structures for prompt payment all contributed to faster collection. At the close of FY23, receivables represented 48 days sales outstanding compared to 50 days outstanding at the end of FY22.

Working capital discipline resulted in operating cash flow of \$54.1 million in FY23, up 25 per cent on the pcp. This operating cash flow, plus a small \$1.6 million increase in net debt, funded payments for right-of-use asset lease obligations of \$6.0 million, capital expenditure of \$8.2 million and dividends to shareholders of \$41.1 million. We also invested \$0.9 million to acquire full ownership of Sim Lim Technic LLC (having previously acquired a 35 per cent share in July 2018).

Net debt remains low at \$26.8 million, up \$1.6 million over the pcp and representing just eight per cent of our total assets. Skellerup remains very well placed to continue to invest in profitable growth.

Operating Cash Flow (\$m)

FY23	54.1
FY22	43.3
FY21	58.8
FY20	48.0
FY19	28.9
FY18	28.3
FY17	21.2

Return on Net Assets¹ (\$m)

FY23	22.6
FY22	22.6
FY21	20.5
FY20	15.7
FY19	16.3
FY18	15.8
FY17	13.9

¹ Calculated as Earnings (NPAT) divided by Net Assets.

Seven-Year Financial Review

The table below shows the financial results and position of the Skellerup Group for each of the last seven years. Over this period, revenue has grown by 59 per cent, NPAT has increased by 130 per cent and our return on net assets has grown by 63 per cent. The sustained earnings growth has enabled an increase in the gross dividend pay-out (excluding imputation credits) of 132 per cent across the same period.

Period Ending (\$000)	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Total Revenue	333,537	316,829	279,515	251,389	245,792	240,408	210,322
EBIT	71,659	66,760	56,361	42,486	41,798	39,781	32,824
Finance Costs	4,594	2,249	2,081	2,582	1,785	1,863	1,414
Share of Net Profit of Associates	(78)	(224)	(35)	(73)	23	-	-
Profit Before Tax	66,987	64,287	54,245	39,831	40,036	37,918	31,410
Tax	16,046	16,474	14,070	10,767	10,973	10,641	9,300
Net Profit After Tax	50,941	47,813	40,175	29,064	29,063	27,277	22,110
EPS (cents)	26.0	24.5	20.6	14.9	15.0	14.1	11.5
Dividend (cents)	22.0	20.5	17.0	13.0	13.0	11.0	9.5
Operating Cash Flow	54,114	43,322	58,796	48,006	28,920	28,345	21,229
Cash Reserves (net debt)	(26,830)	(25,204)	(8,736)	(28,513)	(36,576)	(30,719)	(35,755)
Total Assets	342,977	336,644	284,874	283,642	257,059	252,025	237,932
Total Liabilities	117,541	125,436	88,725	99,079	78,667	79,739	78,685
Net Assets	225,436	211,208	196,149	184,563	178,392	172,286	159,247
Return on Net Assets ¹	22.6%	22.6%	20.5%	15.7%	16.3%	15.8%	13.9%
Net Tangible Assets per Share (cents)	81.2	75.9	65.3	65.3	65.1	65.1	65.1

¹ Calculated as Earnings (NPAT) divided by Net Assets.



Skellerup's financial position remains strong due to prudent management of working capital and robust evaluation of capital investment key disciplines.



Skellerup's People

We were delighted that FY23 enabled a reconnection of our people across the world.



With the end of travel restrictions, we have seized the opportunity to re-establish critical in-person relationships with our key people and customers. Our teams are based in New Zealand, Australia, the USA, China, the UK and Italy. We, like other businesses, overcame the difficulties of digital-only communication during the COVID-19 pandemic, and digital communication remains a critical and valuable medium, which complements rather than replaces face-to-face interaction.

Recent years have required flexibility and resilience to overcome the impacts of the pandemic and continue to deliver the many essential products our customers and market require. In FY23 the tail of COVID-19 and seasonal influenza affected our teams, and variable and lower market demand and customer destocking programmes created additional challenges to overcome. In some instances, a reduction in temporary staff was not sufficient to manage the impacts, resulting in a small reduction in the number of permanent roles. We make these changes carefully and with respect for the contribution departing team members have made. At the close of FY23 our global team was 807 people strong, a reduction of seven per cent during the past 12 months. We have had no large-scale redundancies in the Group over the past ten years.

Changing how and where we operate our businesses has been an important element of Skellerup's long history and success. The nature of work will continue to change to meet the needs of our customers and our people and to optimise returns for shareholders. During FY23 Skellerup moved operating hours at several manufacturing sites to four-day, ten-hour shifts, which more effectively and efficiently meet the needs of our business and provides an additional clear non-working day for our people. We plan to consider similar arrangements for other facilities in the future. To ensure we remain valuable and competitive we constantly look to improve our capability and processes. This will include investment in new equipment and more mechanisation. In parallel we are focused on developing multi-skilled teams and team members to ensure their contribution, value and reward grow and provide continuity for our business and customers.

During FY23 we successfully relocated our Stevens milk filter business from Featherston to Christchurch. Stevens celebrated its 60th anniversary in 2022, and the move secures the future of the Stevens products by overcoming supply chain constraints and labour availability risk. We also successfully relocated our DEKS roofing and plumbing business to a new distribution centre in Melbourne. DEKS celebrated its 75th anniversary in 2022 and the move was needed



to accommodate business growth, deliver a faster response to customers and improve the environment for our people. You can read more about the DEKS move in the CEO letter earlier in this report.

The protection and safety of our people and others from accidental harm in our workplaces is our highest priority. All our practices and programmes are established with the objective of keeping our people safe and free from workplace injury. We have been working steadily to ensure health and safety requirements are integrated into the operating instructions within our facilities. Every Skellerup site has an active Health and Safety Committee that meets monthly, an annual plan of activities and improvements to keep their workplaces safe and reports monthly to the CEO on progress. We use and receive excellent value from internal experts who complete peer reviews on sites across the Group to ensure the benefit of specific expertise is shared and that past recommendations have been implemented effectively. Where these experts identify a risk requiring immediate rectification, the risk is immediately isolated (including halting work if needed) until an appropriate solution is put in place. On a site-by-site basis, we also enlist external experts to assess the processes, risks and behaviours they observe and to report on improvements required. Three of our sites, including our two largest (Christchurch and Jiangsu), are ISO 45001 certified.

Oversight of our health and safety programmes is provided by the Board Health and Safety Committee. A Health and Safety Report is reviewed at each Board meeting also. During FY23 our Directors visited our Agri facility in Wigram and our Ultralon Foam facility in Auckland; this provided the opportunity for Board members to observe activities, meet and discuss with our managers and teams, and assure themselves of our plans and behaviours.

Ultimately the success of our programmes is measured by the number of injuries and incidents that occur. Our total injury rate¹ (TIR) reduced from 2.43 in FY22 to 1.87 in FY23. We measure and review injuries and medical treatment and, just as importantly, we actively review near hits or incidents that could have caused injury to ensure we learn and eliminate the cause. We remain committed to leading, educating and investing time and resources to protect our people and others from accidental harm in our workplaces. For the fifth successive year, we did not record any fatalities or serious harm injuries.

¹The TIR (Total Injury Rate) is the total number of Serious Harm Injuries, Lost Time Injuries and Medically Treated Injuries multiplied by 2,000 (the estimated annual hours worked by an individual), divided by the actual year to date hours worked, annualised, and expressed as a percentage. The TIR represents the percentage likelihood of being injured on each site. Zero TIR is the benchmark that all sites are striving to achieve.



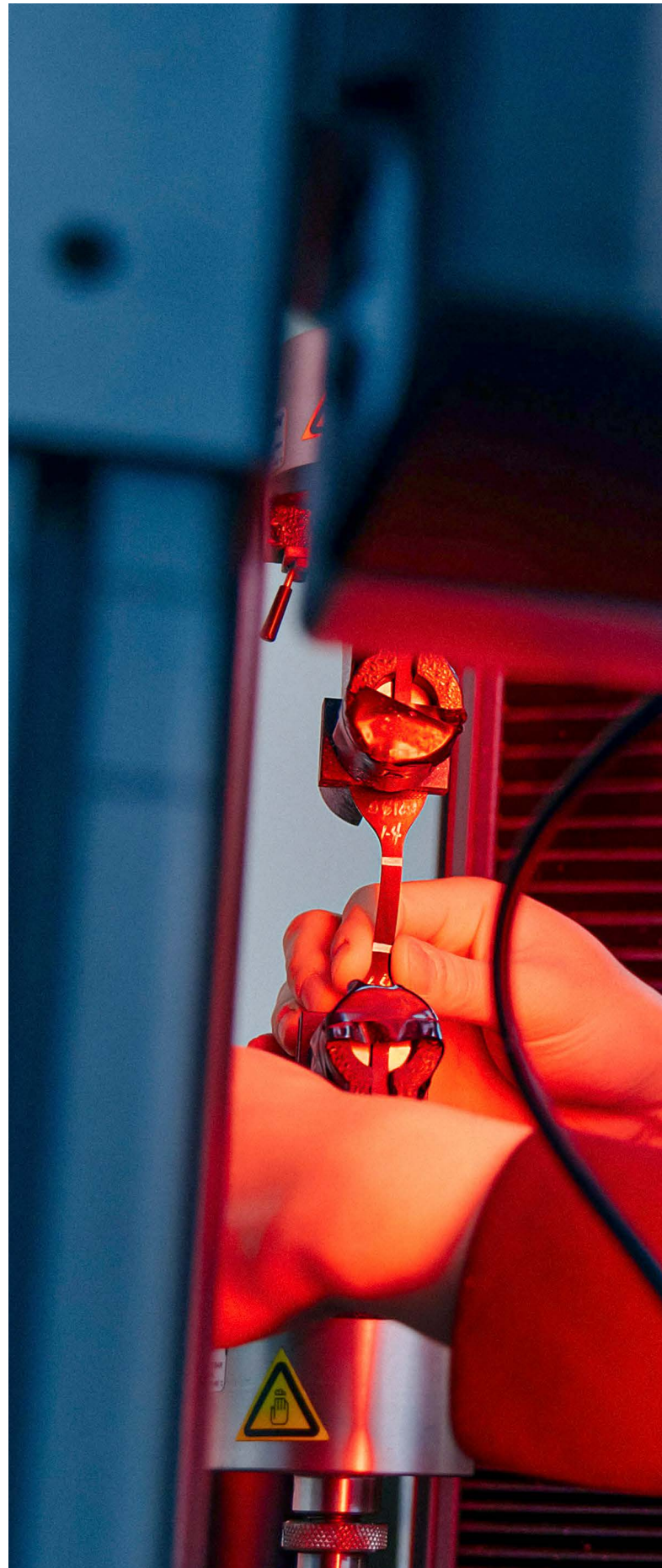
Our team have delivered another excellent year for Skellerup's shareholders. We are proud of the skill, commitment and adaptability they bring

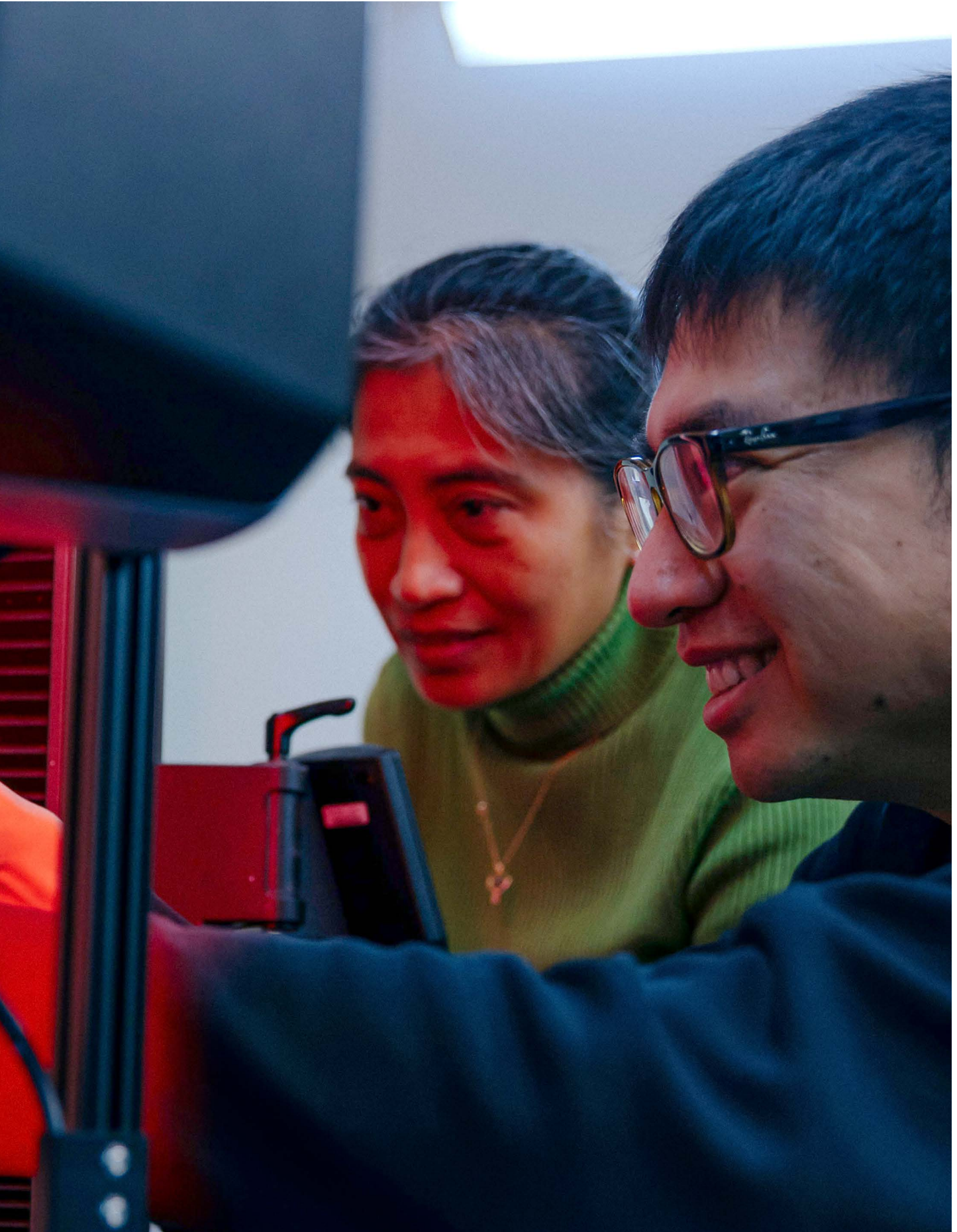


Skellerup's footprint is global and includes working with manufacturing partners, international suppliers, and customers across geographies. These partners and suppliers are key to our successfully delivering critical products to our customers. We guard the quality of our products and reputation with great care. Establishment of a new manufacturing partner relationship requires the approval of the Group CEO. In FY22, we implemented a Modern Slavery Policy to guide our people on processes and reporting alleged or suspected incidents. Modern slavery is an umbrella term for serious exploitative work practices including forced labour, bonded labour, child labour and people trafficking that represent violations of human rights. Skellerup does not tolerate any form of modern slavery in our operations or supply chain. Establishing our Modern Slavery Policy was an initial step; ensuring it is effective is more important. During FY23 we have worked on developing a Code of Conduct which we will implement with our key suppliers to provide assurance that their practices meet our requirements.

Each year, we work with our leaders to ensure they and their teams spend time reviewing and discussing the behaviours that are needed as outlined in our Code of Ethics (and key policies including modern slavery, diversity and information security) and, equally importantly, how they respond in the event they do witness or suspect behaviour inconsistent with this Code. We do not discriminate on gender or gender identity, race, ethnicity, cultural background, physical ability or attributes, age, sexual orientation, religious or political beliefs. A breakdown of our gender composition is shown on page 4 of this report. We also continue to provide regular online cyber security training, supplemented by periodic internal audits to make sure our control environment is working effectively and where improvements are required.

Our team have delivered another excellent year for Skellerup's shareholders. We are proud of the skill, commitment and adaptability they bring and are excited about the opportunities available to us in the future.





Sustainable Growth

Sustainability at Skellerup continues to have broad meaning. It means working closely with customers to truly understand their needs to build long-lasting, valuable relationships.

It means developing and investing in our people so that we have the expertise to grow and sustainably meet our customers' requirements. It also means investing in and improving how we design and manufacture products to minimise waste, efficiently consume energy and reduce emissions intensity. With over 100 years of history, we appreciate that sustainably growing financial returns for our shareholders is inextricably linked to ensuring Skellerup's activities contribute positively to the communities and environments in which we operate.

Skellerup applies deep expertise to design and manufacture products critical to everyday life. More than half of our revenue is generated from products used in the production and/or transportation of fresh milk, potable water and wastewater. We also design and supply products critical to ensuring homes and buildings are dry and weathertight. Designing and manufacturing products for these applications require adherence to demanding and changing regulatory standards to assure performance and conformance.

Climate Change

We recognise that the impacts of climate change will influence where and how we invest for future growth and how we ensure the security and safety of our people and operations to continue to deliver to our customers. During FY23 we invested time to build a better understanding of the impacts of climate change on Skellerup. In the commentary below we explain the process we have taken in identifying the risks and opportunities arising from the impacts of climate change, assessing our vulnerability to these risks, and estimating the consequences of these various climate events on our organisation. During FY24 we will review the identified risks and opportunities to determine necessary adaptation to, or acceleration of our strategies to mitigate such risks and capitalise on the opportunities arising from climate change.

As an NZX-listed entity, Skellerup is considered a climate reporting entity under the New Zealand mandatory climate-related disclosures (CRD) regime. We will report under this regime for the first time in FY24. The CRD regime will require reporting under the four pillars described below:

CRD Regime Pillars

Governance

The role of the Board of Directors in overseeing Skellerup's climate-related risks and opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.



Strategy

Disclosure on how climate change is currently impacting Skellerup and how it might do so in the future. This includes scenario analysis undertaken by Skellerup, identified climate-related risks and opportunities, the anticipated impacts of these and how Skellerup will position itself as the global economy transitions towards a low-emissions, climate-resilient future.

Risk Management

Disclosure on how Skellerup identifies, assesses and manages climate-related risks and how these processes are integrated into existing risk management processes within the Group.

Metrics and Targets

Disclosures of information on how climate-related risks and opportunities are measured and managed.

Skellerup's progress towards reporting under the CRD regime:

Governance

Role of the Board of Directors and Management

Skellerup's Board of Directors has ultimate responsibility for the Group's approach to climate change. The Board has delegated oversight of climate-related matters to the Sustainability Committee. Refer to page 40 for information on the composition and responsibilities of the Sustainability Committee. The Sustainability Committee reports directly to and advises the Board of Directors on climate-related matters.

The Sustainability Committee was formed in 2022 as a subcommittee of the Board of Directors. The Sustainability Committee has a formal charter with minutes kept of all Sustainability Committee meetings.

The Board maintains a risk register which is reviewed at least twice annually. Climate-related risks are considered and, where material, included in this register.

The CEO is responsible for leading Skellerup's management of operational climate-related matters. Where key operational climate-related risks and opportunities are identified, their review and assessment are escalated to the CEO, who considers whether appropriate risk management actions are being taken. A comprehensive review of all business risks (including climate-related risks) is undertaken and reported to the Board of Directors twice a year.

Strategy

Actual and Potential Impacts on Business, Strategy and Financial Planning

We have carried out an initial scenario analysis exercise to support our assessment of actual and potential physical and transitional impacts of climate change on business, strategy and planning. This scenario analysis is based on publicly available scenarios including those developed by the Intergovernmental Panel on Climate Change (SSP/RCP Scenarios), Network for Greening the Financial System and the International Energy Agency.

The Intergovernmental Panel on Climate Change (IPCC) is a body of the United Nations. Its remit is to advance scientific knowledge about climate change caused by human activities. The IPCC has created reference scenarios that are widely used to understand the potential future impacts of climate change. The Network for Greening the Financial System (NGFS) is a network of 114 central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for central banks' role for climate change. The International Energy Agency (IEA) is an autonomous intergovernmental organisation that works with countries around the world to shape energy policies for a secure and sustainable future. The IEA has created reference scenarios that focus on future energy usage.

Climate-related scenarios are plausible, challenging descriptions of how the future might unfold. These descriptions are based on coherent and internally consistent sets of assumptions about the drivers of future physical and transition risk and opportunity (and the relationships between them).

The CRD regime requires a minimum of three climate-related scenarios to be considered. In developing these scenarios, we have utilised the IPCC reference scenarios. Shared Socioeconomic Pathways (SSPs) provide narrative descriptions, as well as being linked to emissions reduction trajectories, as part of the Representative Concentration Pathways (RCPs). An overview of each scenario is set out on the following page.



Sustainably growing financial returns for our shareholders is inextricably linked to ensuring Skellerup's activities contribute positively to the communities and environments in which we operate



Climate-related scenarios

Scenario Name	Temperature Increase*	Description of the Scenario	Characteristics of the Scenario
Taking the Green Road (SSP1-RCP2.6)	1.5°C	In this scenario, the world pursues aggressive emissions reductions, and this succeeds in limiting global temperature increases to 1.5°C, with global net zero emissions being achieved by 2050. This scenario envisions a relatively optimistic trend for human development, with substantial investments in education and health, rapid economic growth, and well-functioning institutions, driven by an increasing shift towards sustainability.	Global cooperation, strong environmental policy, rapid development of renewables and energy-efficient alternatives. Low population growth.
Middle of the Road (SSP2-RCP4.5)	2.5°C	In this scenario, New Zealand and most of the developed world continue to pursue net zero targets by 2050. However, the rest of the developing world does not follow suit, leading to a rise in global temperatures between 2 and 3°C by the end of the century.	Past social, economic and technology trends continue, environmental degradation, inconsistent development of renewables and energy-efficient alternatives and material-intensive consumption. Moderate population growth.
Regional Rivalry (SSP3-RCP7)	4.0°C	Global emissions continue to grow unabated largely due to a failure of key emissions reduction policies in key developed, high-emitting countries. This leads to warming levels that reach 2°C by 2050, and continue to increase steeply thereafter, reaching 4°C by the end of the century. Climate 'chaos' enters mainstream discourse, across all sectors and communities.	Competition between regions, low levels of technological development to achieve climate change goals, environmental goals are a low priority, focus on domestic resource. High population growth.

*Above pre-industrial temperatures

We have evaluated the impact of these scenarios on the Group's five most significant product applications (key applications). The identification of these key applications was determined by considering customer-related, technological, economic (contribution to Group earnings) and environmental impacts and policy contexts. These key applications are:

- Dairy;
- Potable water;
- Wastewater;
- Roofing and construction; and
- Footwear.

We have completed an initial exercise at this key application level to identify climate-related risks and opportunities and assess their potential impact on the Group.

We have also undertaken physical climate risk assessments on the Group's six key operating sites linked to these key applications. These risk assessments include environmental, chronic and acute climatic variables.

In general, physical risks associated with climate change are expected to increase over the time horizons considered for all scenarios. However, based on our initial assessment, we have not identified any physical risks as key risks for the Group's key facilities over the long-term time horizon.

Risk Management

Identification, Assessment and Management of Climate-related Risks

Our current approach to climate-related risk management is outlined below.

Physical Risk Exposure and Analysis

Skellerup has manufacturing and distribution sites in locations across the globe. While this provides a high degree of resilience, it does expose the Group to different hazards in different locations.

Detailed geospatial exposure assessments were carried out on our six key manufacturing sites, related to our core applications. The assessments covered a baseline (2005), short-term (2030), medium-term (2050) and long-term (2100) timeframe.

The sites identified are all managed by the Group except for the site in Ho Chi Minh City, which is owned and operated by our partner.

- Christchurch, New Zealand;
- Jiangsu, China;
- Ho Chi Minh City, Vietnam;
- Auckland, New Zealand; and
- Lincoln, Nebraska, United States of America.

Key climate-related hazards have been identified and evaluated, to the extent available for each site. These are evaluated on baseline, short-, medium-, and long-term time horizons and for the three climate-related scenarios outlined on the previous page. During FY24 we will review the risk scores arising from these assessments to determine the requirement and timing of mitigation plans and actions.

Transition Risk Exposure and Analysis

Transition risks are those risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.

To identify transition risks, a qualitative assessment was performed against the three scenarios outlined on the previous page in order to identify possible climate hazards. Given the nature of the transition risk assessments driven by the scenarios and for simplicity, it is assumed that exposure to an identified transition risk will be a certainty, and therefore there is no rating of exposure to transition risks as is performed for physical risks.

Risk and Opportunity Identification

Drawing on the results of the physical and transition exposure assessments, we have defined climate-related risks and opportunities for each of our key applications.

This identification of risks was based on input from subject-matter experts across our key product applications in sourcing, distribution, manufacturing and sales and marketing. Both physical and transition risks and opportunities were identified and evaluated as part of this process.

Risks are then assessed using the Group's existing risk management framework and based on consequence and vulnerability:

- In the context of climate change, vulnerability is the predisposition to be adversely affected by a climate hazard. To determine the vulnerability, we consider the sensitivity and the adaptive capacity of each element when exposed to a hazard. Sensitivity can be influenced by age, condition, material and design. Adaptive capacity is how efficiently an at-risk element that can adapt or be adapted when exposed to a climate hazard. Adaptive capacity can be influenced by multiple factors such as ease or cost of repair or the level of redundancy.
- Consequence is the outcome of a climate event affecting the Groups objectives. This is assessed on the basis of the severity of potential financial, health and safety, staff, legislative and reputational impacts.

The residual risk rating is based on consequence and vulnerability in accordance with the matrix below:

Climate Risk Matrix	Vulnerability				
	Very Low VL	Low L	Moderate M	High H	Extreme E
Severe 5	VL5	L5	M5	H5	E5
Significant 4	VL4	L4	M4	H4	E4
Moderate 3	VL3	L3	M3	H3	E3
Minor 2	VL2	L2	M2	H2	E2
Low 1	VL1	L1	M1	H1	E1

Our initial risk and opportunity assessment has identified only a limited number of risks with a high rating. Risk management is a continual process within the Group. During FY24 we will review the residual climate risk scores arising from these assessments to determine the requirement and timing of mitigation plans and actions. Our assessment has also reaffirmed several opportunities that arise for Skellerup due to the impacts of climate change. In FY24 we will undertake a review of this to ensure we have the resources and plans to capitalise on these opportunities.

Metrics and Targets

Skellerup has reported on Scope 1 (Direct) and Scope 2 (Indirect Energy) Greenhouse Gas (GHG) emissions since FY21. We have commenced a project to measure and disclose our Scope 3 (Other Indirect) GHG emissions. The Group has not set any specific emissions reduction targets. Measurement of our Scope 3 emissions will inform and enable us to set our reduction goal and determine the opportunities and actions to reduce emissions. Targets will be set based on good environmental and economic outcomes.

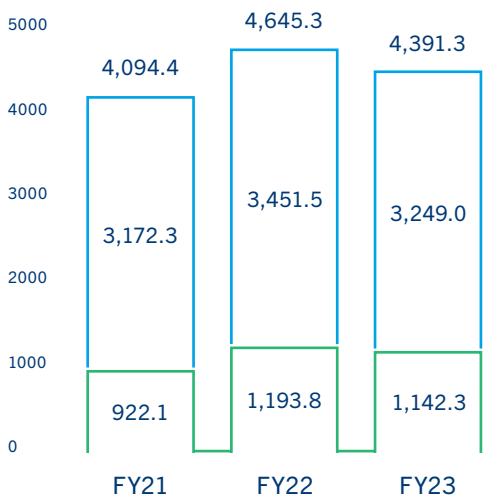
Our latest direct (Scope 1 and 2) GHG emissions by calendar year and recent history are shown in the graphs below:

To ensure we service our customers very well and continue to grow our business in the international market, Skellerup operates from 18 development, manufacturing and distribution facilities around the world. Just as improvements in our financial results depend on a broad contribution across our Group so, too, do reductions in and more efficient use of energy.

Skellerup achieved a five per cent reduction in Scope 1 and 2 GHG emissions in FY23 compared to the pcp. Our four largest manufacturing sites generate 77 per cent of our Scope 1 and 2 GHG emissions. All four reduced emissions on the pcp. Overall, 12 of our 18 sites achieved a reduction in emissions in FY23.

The improvement was the outcome of large and small initiatives. Improved energy management, investment in more efficient plant and equipment, realisation of benefits from the move to efficient facilities (Melbourne and Auckland), transition to hybrid motor vehicles, and the full-year benefit of solar energy at one of our facilities in Auckland were some of the main contributors to the FY23 reduction.

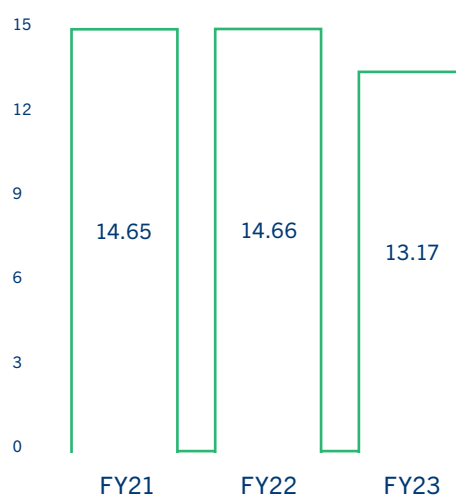
Scope 1 and 2 GHG emissions
(tonnes CO₂-e)



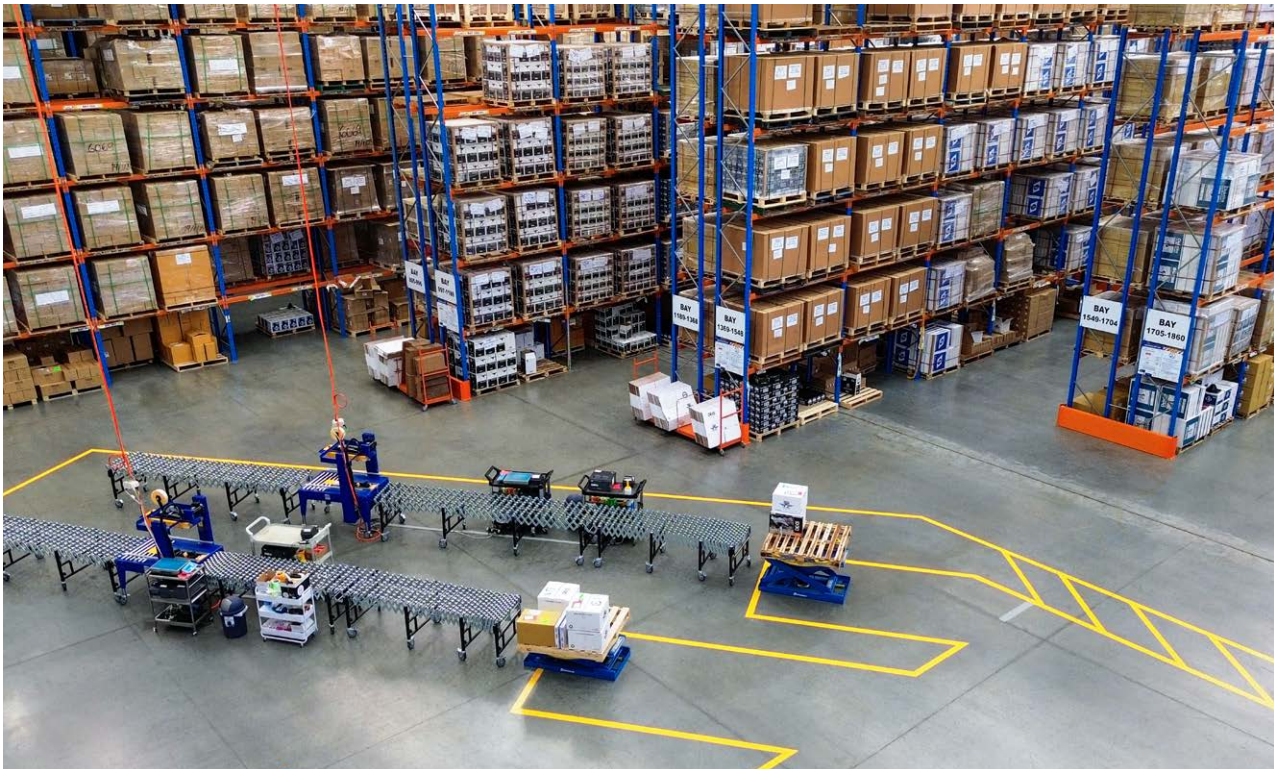
Scope 1 emissions:
Direct greenhouse gas emissions in controlled or owned sources (fuel combustion of natural gas, fuel in owned/leased vehicles)

Scope 2 emissions:
Indirect greenhouse gas emissions from purchase of electricity

GHG emissions per \$1 million revenue
(tonnes CO₂-e)



Note: The FY22 and FY21 inventories have been restated based on more recently published GHG emission factors for certain business units. The above emissions have not been audited.



Above: DEKS' new distribution centre in Melbourne, Australia.

Skellerup is a growing business, therefore measuring the intensity of our Scope 1 and 2 GHG emissions relative to revenue (tonnes of CO₂-e per \$1 million of revenue) is an important metric of the efficiency of our organisation. In FY23, we achieved a 10 per cent reduction in emissions intensity. The impact of the reduction in gross emissions described on the previous page was further boosted by revenue growth from sales into wastewater, roofing and construction, sporting and footwear applications.

Measuring and improving our emissions intensity (including Scope 3 GHG emissions) will remain an important metric in the years ahead. We expect to continue to identify and invest human and financial capital in improvements that generate good financial and environmental returns.

Waste Reduction

As with GHG emission reductions, we continue to identify waste reduction initiatives that generate strong environmental and financial returns – this makes it an easy decision to deploy human and financial capital to realise the opportunities.

All manufacturing sites in the Skellerup Group have plans and activities in place to reduce production waste, which comprises engineered waste (an output

of process and product design) and reject products (that do not meet the product specification). To achieve these gains sometimes requires more human capital than financial capital. We invested in a significant project in FY23 which used both. At Skellerup Wigram we invested in new equipment, engineered improved tooling and implemented process enhancements as part of a long-term project. The outcome is a more productive and robust manufacturing process, improved product quality and a significant reduction in manufactured waste. This has established the platform for further investment and improvement in the future.

The paperless office was a promised outcome of greater deployment of technology but has been somewhat elusive for many businesses. During FY23, DEKS Australia seized the opportunity to substantially reduce paper after moving to a new distribution centre in Melbourne. As part of the transition to this facility, DEKS introduced electronic tablets to facilitate the picking and fulfilment of customer orders. In addition to the process efficiencies for staff, DEKS have eliminated the printing of an estimated 55,000 sheets of paper per annum.

Board of Directors

The experience and diverse range of skills across Skellerup’s Board ensures our plans are robust and pursued with vigour and sound business discipline.



John Strowger
(LLB Hons)



John was appointed Chair in October 2022, and was previously appointed to the Board in March 2015. John retired as a partner at Chapman Tripp on 30 November 2022. John specialised in corporate, contract and securities law, mergers & acquisitions as well as heading the firm’s China desk. He was named NZ Deal Maker of the Year at the 2019, 2017 and 2015 Australasian Law Awards. John sits on the board of, and advisory committees to, a number of private sector businesses. John is Chair of the Health and Safety, Remuneration and Nomination Committees and is a member of the Audit Committee.



Paul Shearer
(BCom)



Paul was appointed to the Skellerup Holdings Board in August 2020. He is Senior Vice President - Sales and Marketing for Fisher & Paykel Healthcare. Paul has global business experience spanning 30 years with proven success growing international markets and leading multi-disciplinary teams across 50 countries. He is a member of the Health and Safety, Sustainability and Remuneration Committees.

Director Core Competences

<p>● ESG (6/6)</p> <p>Prior relevant Board and leadership experience, ESG best practice</p>	<p>● Capital Markets (6/6)</p> <p>Experience with equity and debt markets and capital structuring, including mergers, acquisitions and divestments, and investment analysis</p>
<p>● Financial (3/6)</p> <p>Experience in international finance, accounting, reporting, controls and taxation</p>	<p>● Regulatory (5/6)</p> <p>Experience across regulatory environments</p>
<p>● Risk Management (6/6)</p> <p>Financial and non-financial risk frameworks, and risk evaluation</p>	<p>● Human Resources (5/6)</p> <p>Leading team development, performance and remuneration structures for international business</p>



David Cushing

(BCom, ACA)



David was appointed to the Skellerup Holdings Board in August 2017. He is currently Executive Chairman of Rural Equities Limited and Managing Director of private investment company H&G Limited. David is a former investment banker with over 25 years' experience as a director of listed companies. He has expertise across a broad range of industries having previously been a director of Fruited Supplies Limited, Williams & Kettle Limited, Tourism Holdings Limited, Acurity Health Group Limited, PGG Wrightson Limited, Red Steel Limited, Webster Limited and NPT Limited. David is a member of the Audit, Health and Safety, Remuneration and Nomination Committees.



Alan Isaac

(CNZM, BCA, FCA)



Alan was appointed to the Skellerup Holdings Board in August 2016. He has considerable experience governing and leading businesses and sporting organisations. Alan is currently Chairman of the New Zealand Community Trust. He is also a director of Oceania Healthcare Limited and Scales Corporation Limited. He was Chairman of KPMG NZ for 10 years until 2006, is a past Chairman of Cricket NZ, past President of the International Cricket Council and the New Zealand Institute of Directors. Alan's contribution to sport and business was acknowledged with his appointment as a Companion of the New Zealand Order of Merit (CNZM) in 2013. He is Chair of the Audit Committee and also a member of the Sustainability and Remuneration Committees.



Rachel Farrant

(BCom, PGDipCom, FCA, CFIoD)



Rachel was appointed to the Skellerup Holdings Board in May 2022. She is a partner at BDO Wellington Limited and has over 20 years' experience in chartered accountancy and business advisory services and more than 10 years' experience as a director across a diverse range of sectors including construction, technology, financial and property. Rachel is currently a director of New Plymouth Airport, The Property Group Limited and Fairway Resolution Limited and was previously a director of Fulton Hogan Limited. She is Chair of the Sustainability Committee and is a member of the Audit Committee.



David Mair

(BE, MBA)



David was appointed to the Skellerup Holdings Board in November 2006, and as CEO in August 2011. He has been leading the Group for 12 years during which time it has achieved significant revenue and earnings growth by focusing on designing and delivering critical engineered products for OEM customers. In March 2022, David was recognised as CEO of the Year in the Deloitte Top 200 Awards. In particular, he has overseen the transformation of the Agri Division into a design-led, customer-focused growth business following on from the relocation from Woolston to Wigram after the Christchurch earthquakes. David is currently a Director of Sanford Limited and Forté Funds Management Limited. He is a member of the Health and Safety and Sustainability Committees.

Health & Safety

(6/6)

Health and safety management for a global business

International

(5/6)

Experience, across businesses with a substantial global presence, and understanding of OEM customers

Growth

(6/6)

A track record of successful and sustainable business growth strategy

Agriculture

(3/6)

International and domestic agriculture experience

Infrastructure, Leisure & Health

(4/6)

Infrastructure for potable water, construction, sport and leisure, health and hygiene experience

Manufacturing & Supply Chain

(4/6)

Manufacturing expertise, international contract oversight, international logistics and supply chain expertise. Understanding of contractual arrangements with large OEM customers.

Technology

(5/6)

Strong technological experience and development and protection of IP

Corporate Governance

This section of the annual report outlines our corporate governance structures and processes, and how they have been applied during the year. This Corporate Governance statement was approved by the Board of Skellerup Holdings Limited on 16 August 2023. The information contained in this Corporate Governance statement is current as at that date.

Skellerup's Board and management are committed to achieving high standards of corporate governance. We believe this is central to the effective management of the business and to maintaining the confidence of our shareholders. The Board and management are focused on ensuring the long-term success of the Company and are committed to building long-term shareholder value.

The Board regularly reviews and assesses Skellerup's governance policies, procedures and practices to ensure they are appropriate and effective. Skellerup has chosen to report against the recommendations of the updated NZX Corporate Governance Code dated 1 April 2023 (NZX Code) in respect of the financial year ended 30 June 2023 (FY23) despite not yet being required to do so. Skellerup is in full compliance with all recommendations of the NZX Code for FY23.

Skellerup's Constitution and each of the Charters and Policies referred to in this Corporate Governance statement are available on the Governance section of the Company's website at www.skellerupholdings.com.

Our compliance with the NZX Code for FY23 is detailed below under headings for each of the eight Principles of the NZX Code.

Left to right: John Strowger, Alan Isaac, Graham Leaming, Richard Cosmann



Principle 1 – Ethical Standards

Skellerup complies with the recommendations of Principle 1.

Skellerup's Directors set high standards of ethical behaviour and require members of the management team to conduct themselves similarly. The Directors hold management accountable for delivering these standards throughout the organisation.

Skellerup's Code of Ethics provides a framework of minimum standards of ethical behaviour according to which Directors, management and all employees of the Company are expected to conduct themselves. The Code of Ethics outlines the Company's expectations for all Company personnel and includes consideration of conflicts of interest, conduct, legislative compliance, confidentiality and the use of the Company's assets and information. Skellerup's Code of Ethics is reviewed annually by the Board of Directors, the last review being conducted in June 2023.

Skellerup communicates its Code of Ethics to Directors and employees, explaining the Code's purpose and the mechanism for reporting any unethical behaviour. The CEO reviews the Code of Ethics, together with other key Group policies, with all Group and Business Managers annually. The Business Managers in turn are required to review with staff and confirm that they have done so to the CEO. All employees were last trained on the Code of Ethics during May and June 2023. The Code of Ethics is published on Skellerup's website and is available to all employees.

Under Skellerup's Code of Ethics, contributions to political parties are expressly prohibited.

Skellerup's procedure for reporting and dealing with any concerns in respect of the conduct of its Directors or employees is set out in its Whistleblower Policy. This is consistent with the requirements of the Protected Disclosures Act 2000. Skellerup has not received any reports of serious instances of unethical behaviour during FY23.

Skellerup is committed to ensuring its Directors and employees understand its policy on and rules for dealing in Skellerup ordinary shares or any other quoted financial products issued by Skellerup or derivatives thereof. Skellerup's Financial Products Trading Policy notes that insider trading is always prohibited and provides examples of material information to assist Directors and employees with compliance. It imposes further restrictions on Directors and senior management by permitting trading only in prescribed trading windows (unless an exemption is granted by the Board) and requires such persons to seek consent for any trading. The policy is available on the Company's website. Details of Directors' shareholdings as at 30 June 2023 are set out in the Shareholder Information section on page 86.

Principle 2 – Board Composition and Performance

Skellerup complies with the recommendations of Principle 2.

The Board has adopted a written Board Charter, which distinguishes and discloses the respective roles and responsibilities of the Board and management. Written agreements have been entered into for all Director appointments since 2017.

The members of Skellerup's Board collectively provide the broad range of strategic, business, commercial and financial skills and knowledge, and the independence and experience required to lead and govern the Company effectively.

The Board regularly reviews its performance and composition to ensure it has the range of capabilities required.

The Board recognises a skills matrix can assist with identifying and assessing existing Directors' skills and competencies as well as new skills and competencies which may be needed to meet Skellerup's future governance requirements. The skills and experience the Board has determined are important to Skellerup's strategic direction and those held by the current Directors are shown on page 34.

The maximum and minimum number of elected Directors and the procedures for their appointment, retirement and re-election at annual meetings are set out in Skellerup's Board Charter, Nomination Committee Charter, Constitution and the NZX Listing Rules. All Directors must retire by rotation and, if eligible, may stand for re-election at the third annual meeting, or three years after their last election, whichever is longer. Any Director appointed since the previous annual meeting must also retire and is eligible for re-election.

Currently, the Board comprises five non-executive, independent Directors and one executive Director (who is also the CEO). The independence of Directors is reconsidered at least annually. Skellerup's Board most recently reviewed each Director's independence at its Board meeting on 22 June 2023. Having regard to the NZX Listing Rules and the NZX Code, all five non-executive Directors have been determined to be independent.

John Strowger is a former partner of Chapman Tripp, who provide legal services to the Group. The board is satisfied that John's relationship with Chapman Tripp does not interfere with his capacity to bring an independent judgment to bear on issues before the board and to act in the best interests of Skellerup and to represent the interests of its shareholders generally.

As at the date of this annual report, the Directors, including the dates of their appointment and independence, are:

Board Appointment and Independence – 1 July 2022 to 30 June 2023

Director	Qualifications	Gender	Date of Appointment	Tenure (completed years)	Independence
John Strowger	LLB (Hons)	Male	04 March 2015	8	Yes
David Cushing	BCom, ACA	Male	21 August 2017	5	Yes
Rachel Farrant	BCom, PGDipCom, FCA, CFIOd	Female	02 May 2022	1	Yes
Alan Isaac	CNZM, BCA, FCA	Male	01 August 2016	7	Yes
Paul Shearer	BCom	Male	21 August 2020	2	Yes
David Mair	BE, MBA	Male	29 November 2006	16	No*

*David Mair is not independent because he is the CEO of Skellerup.

In particular, the board noted that John ceased to be a partner of Chapman Tripp on 30 November 2022, has not personally provided legal services to the Group since his appointment to the board in 2015 and does not direct or influence the Group's choice of legal service providers. Save for this, none of the factors in Table 2.4 of the NZX Code apply to any of the independent Directors. See pages 34 to 35 or the Company's website for more information on the tenure, skills and experience of Skellerup's current Board.

The Board Charter requires that the Chair be an independent, non-executive Director and that the roles of the Chair and CEO are separate. The Chair is currently an independent, non-executive Director and is also considered to be independent of the CEO. The table on page 40 shows each Director's Board Committee memberships, the number of meetings of the Board and its Committees held during the year and the number of meetings attended by each Director. Minutes are taken of all Board and Committee meetings.

The Board is responsible for managing conflicts of interest identified by Directors. Each Director is responsible for minimising the possibility of any conflict of interest as regards to their involvement with the Company by restricting involvement in other businesses that would likely lead to a conflict of interest. A Directors' interests register is maintained by the Company. Particulars of the entries made in the interests register during FY23 are disclosed in the Shareholder Information section on page 86.

Directors are not required to own shares in the Company although five of the six Directors currently are shareholders of Skellerup.

Board procedures ensure that all Directors have the information needed to contribute to informed discussion and decisions on a consistent basis and to carry out their duties effectively. Senior management makes direct presentations to the Board as required to

give the Directors an understanding of management strategies, priorities, style and capabilities. Directors also visit Skellerup's facilities throughout the world as part of their ongoing engagement to ensure they are familiar with all aspects of the business of the Group. Training is made available to Directors and in FY23, Directors participated in training on a wide range of issues, including Environmental, Social Sustainability and Governance (ESG) matters and future requirements around reporting on climate change.

Skellerup has a written Diversity Policy in place. Diversity at Skellerup includes (but is not limited to) gender, race, ethnicity and cultural background, disability and physical capability, age, sexual orientation, and religious or political belief. A gender composition table of the Skellerup Directors, officers and management is included on page 88 and a graph for its entire workforce on page 4. Skellerup maintains a merit-based environment which provides equal opportunity for development and recognition based on performance and a flexible and inclusive work environment that values differences that create value. Skellerup remunerates equivalent roles in an equitable manner.

Skellerup's Diversity Policy requires measurable objectives to be set by the Board and reviewed annually. For FY23, Skellerup set measurable objectives and reports progress as follows:

1. No Discrimination

Skellerup aims to operate an inclusive workplace where employees are not discriminated against on the grounds of gender, gender identity, sexual orientation, colour, race/ethnicity/cultural background, disability, age, religious beliefs. In FY23 Skellerup adopted a target of zero complaints/findings of harassment, discrimination or victimisation. No such incidents were reported in FY23.

2. Flexible Workplace Environment

Skellerup aims to provide a workplace that accommodates flexible working arrangements to encourage diversity of its workforce. The Group's goal is to ensure that workplace arrangements are not an impediment to retention of existing employees or attracting new employees. Supported by a Working from Home Policy, flexible workplace arrangements are implemented throughout the Group where suitable, to meet the needs of the business and the circumstances of employees. These arrangements include reviewing shift-working hours for operating activities and part-time employment and working-from-home arrangements for certain roles. During FY23, Skellerup moved operating hours at several manufacturing sites to four-day, 10-hour shifts, which more effectively and efficiently meet the needs of the business and provides an additional clear non-working day for its people. Skellerup plans to consider similar arrangements for other facilities in the future. As at 30 June 2023, the Group employed 33 employees on permanent part-time arrangements and employed 61 employees on hybrid working-from-home arrangements.

3. Pay Equity

Skellerup is committed to ensuring all employees are paid equitably. It deploys a skills-based model in its manufacturing facilities, which strengthens the effectiveness of its teams and ensures its employees are rewarded in accordance with the skill level they achieve and maintain. At each annual salary review Skellerup's target is for there to be nil equity remuneration issues arising. At the last annual salary review in June and July 2023, business unit leaders reviewed and confirmed all roles were clearly defined, and that remuneration was based on relevant skills, experience, responsibility, effort and performance, independent of the person in the role. No equity issues arose from this review. Leaders are also empowered to monitor performance, development and changes in scope of roles so that remuneration changes can be recommended and considered outside of the annual salary review. Recruitment for new or replacement roles are based on documented job descriptions with the assistance of external agencies to establish a short list of candidates that meet the requirements of each role and to provide an insight into the market level of remuneration for each role.

Principle 3 – Board Committees

Skellerup complies with the recommendations of Principle 3.

The Board has appointed five Board Committees to assist in carrying out its responsibilities effectively, each of which operates under a written charter. The Board regularly reviews the performance of each standing Committee against its specific written charter.

The delegated responsibilities, powers and authorities of these Committees are described below:

1. Audit Committee

The Audit Committee currently comprises four non-executive, independent Directors, one of whom is appointed as Chair. Other Directors are permitted to attend meetings of the Audit Committee. The CEO and the Chief Financial Officer (CFO) attend as ex-officio members at the invitation of the Audit Committee; the external auditors attend by invitation of the Chair.

The Audit Committee meets a minimum of four times each year. Its responsibilities include:

- Advising the Board on accounting policies, practices and disclosure;
- Reviewing the scope and outcome of the external audit and the performance of the auditors; and
- Reviewing the half-yearly and annual statements prior to approval by the Board.

The Audit Committee reports the proceedings of each of its meetings to the full Board.

The current composition of the Audit Committee is Alan Isaac (Chair), John Strowger, David Cushing and Rachel Farrant. The members of the Audit Committee have a broad range of commercial, financial and risk management experience, as well as relevant qualifications, as outlined on pages 34 to 35.

2. Health and Safety Committee

The Health and Safety (H&S) Committee comprises three non-executive, independent Directors, one of whom is appointed as Chair, plus the CEO (who is also an executive Director). Other Directors are permitted to attend meetings of the H&S Committee. The CFO attends meetings also as an ex-officio member.

The H&S Committee meets a minimum of three times each year. Its responsibilities include:

- Providing leadership and policy for H&S management within the Group;
- Advising the Board on H&S strategy and policy and specifying targets to track performance;
- Reviewing management systems to ensure that they are appropriate to manage hazards and risks of the business; and
- Monitoring and reviewing performance by specifying and receiving timely reports on incidents, investigations and resultant actions and with the assistance of internal and external audits.

The H&S Committee reports proceedings of each of its meetings to the full Board.

The current composition of the H&S Committee is John Strowger (Chair), David Cushing, Paul Shearer and David Mair.

3. Sustainability Committee

The Sustainability Committee comprises three non-executive, independent Directors, one of whom is appointed as Chair, plus the CEO (who is also an executive Director).

Other Directors are permitted to attend meetings of the Sustainability Committee. The CFO attends meetings also as an ex-officio member.

The Sustainability Committee meets a minimum of twice each year. Its responsibilities include:

- Assisting the Board in setting a sustainability strategy that captures the material issues relevant to Skellerup and creates long term value;
- Providing guidance to the development and implementation of sustainability policies, initiatives, programmes and activities;
- Considering current and emerging sustainability-related matters that may affect Skellerup and its business, operations or performance and making recommendations;
- Ensuring alignment between community engagement and investment initiatives with sustainability and business objectives;
- Making sure appropriate reporting mechanisms are in place as well as processes to assess the effectiveness of any sustainability policies and initiatives; and

- Monitoring compliance with any relevant sustainability policies and reviewing the alignment of Skellerup's activities with its commitment to sustainability matters.

The Sustainability Committee reports proceedings of each of its meetings to the full Board.

The current composition of the Sustainability Committee is Rachel Farrant (Chair), Alan Isaac, Paul Shearer and David Mair.

4. Remuneration Committee

The Remuneration Committee comprises four non-executive, independent Directors, one of whom is appointed as Chair. Other Directors are permitted to attend meetings of the Committee.

The Remuneration Committee meets as required to:

- Review the remuneration packages of the CEO and senior managers; and
- Make recommendations to shareholders in relation to non-executive Directors' remuneration packages.

Remuneration packages are reviewed annually. Independent external surveys are used as a basis for establishing competitive packages. The CEO and CFO only attend Remuneration Committee meetings at the invitation of the Committee.

The current composition of the Remuneration Committee is John Strowger (Chair), Alan Isaac, Paul Shearer and David Cushing.

Board and Committee Attendance – 1 July 2022 to 30 June 2023

Director	Board	Audit	Health & Safety	Sustainability	Remuneration	Nomination
John Strowger	8 of 8	5 of 5	4 of 4	N/A	3 of 3	1 of 1
Liz Coutts +	3 of 3	1 of 1	1 of 1	N/A	2 of 2	N/A
David Cushing	7 of 8	4 of 5	3 of 4	N/A	2 of 3	1 of 1
Rachel Farrant	8 of 8	5 of 5	N/A	4 of 4	N/A	N/A
Alan Isaac	8 of 8	5 of 5	N/A	3 of 4	3 of 3	N/A
Paul Shearer	8 of 8	N/A	4 of 4	4 of 4	3 of 3	N/A
David Mair *	8 of 8	5 of 5*	4 of 4	4 of 4	N/A	N/A

+ Liz Coutts retired from the Board on 26 October 2022.

* David Mair attends Audit Committee meetings ex-officio at the invitation of the Committee.

Skellerup has a Takeover Response Policy in place. The purpose of this policy is to ensure that Skellerup is well prepared for an approach and, therefore, it will be better able to control the takeover response process and respond in a professional, timely and coordinated manner and in the best interests of Skellerup and its shareholders. The Takeover Response Policy includes the option of establishing an independent takeover committee, and the likely composition of such a committee, should it be required.

Left to right: David Mair and Paul Shearer



5. Board Nomination Committee

The Board Nomination Committee comprises two non-executive, independent Directors, one of whom is appointed as Chair. Other Directors are permitted to attend meetings of the Board Nomination Committee. It meets as required to recommend new appointments to the Board.

Board composition is regularly reviewed by the full Board and the Board Nomination Committee to ensure the collective skill set is appropriate for the Group and to ensure appropriate succession planning.

The current composition of the Board Nomination Committee is John Strowger (Chair) and David Cushing.

Principle 4 – Reporting and Disclosure

Skellerup complies with the recommendations of Principle 4.

1. Financial Reporting

The Board demands integrity in financial reporting and in the timeliness and balance of information disclosed.

The financial progress of Skellerup's two divisions is reported separately to the Board each month to enable divisional financial performance to be reviewed in the context of the Company's strategies and objectives.

Monthly reporting also provides information on H&S, key opportunities, personnel, customers and suppliers, and risks facing the business, and the steps being taken to optimise outcomes.

The Audit Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness and timeliness of financial statements. The Company seeks to provide clear, concise financial statements and recognises the value of providing shareholders with financial and non-financial information including environmental, economic and social sustainability risk management as reported in this annual report.

Management accountability for the integrity of the Company's financial reporting is reinforced in writing by certification of the CEO and CFO that the financial statements fairly present the financial results and position of the Group.

2. Non-financial Reporting

The Company combines its non-financial reporting within its annual report, recognising the interdependence of financial and non-financial matters to the long-term sustainability of the business. Non-financial reporting disclosures are not subject to external review.

These disclosures are compiled by employees with the appropriate knowledge and experience and reviewed and approved by the CFO and CEO.

The principal focus for FY23 has been to ensure the Company is prepared for mandatory climate reporting in the 2024 financial year under the Climate-related Disclosures (CRD) regime in New Zealand, as established by the External Reporting Board (XRB).

The Company continues to develop its wider ESG framework and to pursue ESG initiatives on a prudent and commercial basis. For further information on Skellerup's progress throughout FY23, see page 28.

The Company has a written Continuous Disclosure Policy and clear processes in place to ensure compliance with the continuous disclosure requirements that come with being a listed company.

This policy is reviewed annually and circulated to Directors and employees, along with further guidance on the application of the policy and additional reminders about its purpose and importance. Continuous disclosure is a standing agenda item for each Board meeting. At each meeting, the Board considers whether there is any relevant material information that should be disclosed to the market and minutes the outcome of that consideration, whether or not any disclosure obligation is identified.

Principle 5 – Remuneration

Skellerup complies with the recommendations of Principle 5.

The Board's Remuneration Committee operates under a written Charter, which outlines its membership, procedures, responsibilities and authority.

The Remuneration Committee is responsible for reviewing remuneration packages of the CEO and senior managers and making recommendations to shareholders in relation to non-executive Directors' remuneration.

Skellerup has a written Remuneration Policy in place, which is available on the Company's website. The Remuneration Policy outlines the remuneration principles that apply to Directors, officers and senior managers of Skellerup to ensure that remuneration practices are fair and appropriate for the organisation, and there is a clear link between remuneration and performance. The guiding principles of this policy are that the remuneration of Directors, officers and managers will be transparent, fair and reasonable to meet the needs of the business and shareholders. Skellerup does not make discretionary sign-on, retention or departure payments to incoming or existing employees. Skellerup does not extend loans to Directors, officers and managers.

Directors' Remuneration

The Directors' remuneration, except for the CEO's, is paid in the form of Directors' fees. Additional fees are paid to the Chairs of the Board, Audit and Sustainability Committees to reflect the additional responsibilities of these positions. Non-executive Directors are paid a fixed cash fee and are not part of any incentive or share scheme. Skellerup does not pay retirement benefits to non-executive Directors.

The current annual fee pool for payment of non-executive Directors is \$650,000. This was approved by shareholders at the Company's 2021 Annual Meeting. During FY23 the number of Directors was increased above the number appointed when the pool was approved. The increase in Directors was made temporarily to manage Board succession ahead of the retirement of Liz Coutts. As a result, in accordance with NZX Listing Rules, the aggregate remuneration paid to all non-executive Directors was increased by the amount necessary to remunerate the additional Director.

The total fees paid to non-executive Directors in FY23 amounted to \$666,666. Details of Directors' remuneration are shown on page 87.

CEO's Remuneration

The CEO's remuneration consists of fixed remuneration, a short-term incentive (STI) and a long-term incentive (LTI). This is reviewed annually by the Remuneration Committee and the Board. Total remuneration paid to the CEO in FY23 and in prior financial years, together with a description of the share-based LTI scheme in place for the CEO, is detailed on page 87. No loans have been made to the CEO nor to any other executive of the Skellerup Group.

Fixed Annual Remuneration

Fixed annual remuneration includes base salary and employer superannuation contributions, where provided. Base salary is determined by the scale and complexity of the role. The Group undertakes remuneration reviews as needed, informed by an assessment of relative external market data and organisational context.

Short-term Incentives (STI)

Senior executives' remuneration comprises a combination of fixed and at-risk components. Payment of the at-risk component is linked to exceeding previous best annual financial performance in the areas of the business for which each executive is responsible or, in some circumstances, the achievement of specific targets. The goals and targets set in each category are specific, objective and measurable, such that there is an accurate judgement each year as to whether the goal has been achieved or not.

The CEO approves (with notification to the Remuneration Committee) the annual STI payments for all entitled staff other than the CEO and CFO. STI payments are fully accrued in the year to which they relate. The Board approves the annual STI payments for the CEO and CFO and their targets for the year ahead.

Long-term Incentives (LTI)

The Company operates an LTI scheme for the benefit of senior executives. The LTI scheme is intended to reward and retain key employees, drive longer-term performance and decision-making, and align incentives with the interests of shareholders.

The LTI scheme permits the Board to grant options to acquire fully-paid shares in the Company.

The most recent grant was made in October 2022.

Details are provided in Note 18 to the financial statements.

Performance, Development and Remuneration Review

Performance and development reviews are completed to inform decisions around remuneration adjustments. The remuneration review process also includes consideration of market information and, in the case of employees under Collective Employment Agreements, negotiations with unions.

Pay Gap

The pay gap represents the number of times greater the CEO's remuneration is to an employee paid at the median of all Group employees. As at 30 June 2023, the CEO's base salary at \$725,000 was 11.9 times that of the median employee at \$61,100 per annum.

Principle 6 – Risk Management

Skellerup complies with the recommendations of Principle 6.

The Board is responsible for the Group's risk management and internal control system. Each Director has a sound understanding of the key risks faced by Skellerup. The Board reviews the Group's Risk Management Report prepared by the CEO and management on a semi-annual basis and specific items, including the Group's approach to managing information systems risks, are monitored monthly. The Risk Management Report identifies key risks and strategies to manage these risks. The Board ensures that adequate external insurance cover is in place appropriate to the Company's size and risk profile.

The Board is regularly briefed on the Group's plans and management of information security risks. There were no material information security breaches in FY23 and the preceding year.

The Audit Committee monitors the Company's system of internal financial control with the aid of reviews and reports prepared by external providers and periodic certification by the CEO and CFO. This system includes clearly defined policies controlling treasury operations and capital expenditure authorisation. The CFO is responsible for ensuring that all operations within the Group adhere to the Board-approved financial control policies.

The H&S Committee leads and monitors H&S management within the Group. The Company operates a comprehensive H&S framework across all its businesses to identify and address workplace hazards and to monitor and review compliance with H&S policies and procedures. Board review of H&S is a priority and is facilitated by both the activities of the H&S Committee and the receipt and review of H&S reports at each Board meeting. This review is further facilitated by regular visits to key sites, providing the opportunity to engage and query staff at all levels of the organisation.

Details of Skellerup's H&S performance for FY23 is shown on page 4.

Principle 7 – Auditors

Skellerup complies with the recommendations of Principle 7.

The Board ensures the quality and independence of the external audit process, which culminates in the audit report issued in relation to the annual financial statements.

The Board has an established framework for Skellerup's relationship with its external auditor and to ensure independence of the Company's external auditor is maintained, a written Audit Independence Policy has been implemented. The Audit Independence Policy sets out guidelines to ensure that related assurance and other services provided by Skellerup's auditor are not perceived as conflicting with the independent role of the external auditor. The Audit Committee approves any non-audit services that are provided by the external auditor. Management and the external auditor are invited to attend meetings of the Audit Committee. The Audit Committee meets with the external auditor without any representatives of management present at least twice per year.

Skellerup's external auditor is Ernst & Young (EY) and was reappointed by shareholders at the 2022 Annual Meeting in accordance with the Companies Act 1993. The EY audit partner responsible for the Skellerup audit was appointed during FY23 and will act for a maximum of five years.

The EY audit partner attends the annual meetings and is available to answer questions relating to the audit. The EY audit partner attended the 2022 Annual Shareholders' Meeting and is expected to attend the 2023 Annual Shareholders' Meeting.

EY is asked to provide the Audit Committee with written confirmation that, in their view, they were able to operate independently during the FY23 audit. During FY23, EY has not provided any non-audit services to the Group.

Skellerup maintains an internal audit function with the assistance of external advisors. Skellerup reviews the residual risks from its semi-annual Risk Management Report to determine priorities for consideration for internal audit review. The Audit Committee reviews and approves all internal audit activity and meets with the internal auditors as required.

The significant issues and judgements considered by the Audit Committee are disclosed in Note f of the financial statements on page 58.

Principle 8 – Shareholder Rights and Relations

Skellerup complies with the recommendations of Principle 8.

The Board aims to ensure that shareholders are kept informed of developments affecting the Company and encourages shareholders to engage with the Company. Information is communicated to shareholders and other key stakeholders through the annual and interim reports, disclosures to the NZX, and at annual meetings.

The Board encourages shareholders to attend and participate fully at annual meetings to ensure they exercise the opportunity to ask questions about the Company and its performance. Voting of shareholders is by poll, on the basis of one share, one vote. In 2022, the Company's annual meeting was a hybrid meeting allowing those not present at the meeting venue in Auckland, New Zealand, to actively participate and shareholders were provided with a virtual meeting guide ahead of the annual meeting. Shareholders and their proxies were able to vote and ask questions and to view the live presentations whether they attended the meeting in person or online.

All shareholders have the option to elect to receive electronic communications from the Company through the Company's share registrar (Computershare) and by electing to receive email notifications of investor news from the Company.

In addition to shareholders, Skellerup has a wide range of stakeholders and maintains open channels of communication for all audiences, including the investing community, regulators, employees, customers and suppliers.

The Company maintains information for shareholders on its website at www.skellerupholdings.com. This includes a description of Skellerup's business and structure, copies of key corporate governance documents and policies, and all information released to the NZX. Shareholders are able to receive all communication from Skellerup electronically.

The Board respects the interests of all shareholders in the Company. Skellerup strives to manage its business in a manner that delivers long-term shareholder value by delivering consistent, quality solutions for customers, a work environment that is safe and delivers development opportunities for its employees, and meets or exceeds the compliance requirements in the environments in which the Company operates.

No major decisions which may change the nature of Skellerup were made during FY23 and therefore no such matters were required to be put to shareholders. Similarly, Skellerup did not seek additional equity capital in FY23 and therefore there was no such offer to be made to shareholders on a pro rata basis. Notice of the 2022 Annual Meeting (being the only meeting of shareholders called in FY23) was given more than 20 working days prior to the meeting.





Consolidated Financial Statements

For the year ended 30 June 2023



Independent auditor's report to the Shareholders of Skellerup Holdings Limited

Opinion

We have audited the financial statements of Skellerup Holdings Limited ("the company") and its subsidiaries (together "the group") on pages 52 to 85, which comprise the consolidated balance sheet of the group as at 30 June 2023, and consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended of the group, and the consolidated notes to the financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 52 to 85 present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2023 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the company's shareholders, as a body. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the company or any of its subsidiaries. Partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the group.

Key audit matters

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

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



performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Scoping of the audit

Why significant	How our audit addressed the key audit matter
<p>Skellerup is a global business with over half of the group's revenue generated in countries other than New Zealand.</p> <p>A significant area of focus when conducting the audit was assessing the sufficiency of audit evidence obtained in differing geographic locations and businesses ("components") to enable us to reach our opinion on the consolidated financial statements as a whole. This was both with respect to the determination and allocation of materiality as well as the determination of the nature and extent of procedures to be performed at each location.</p>	<p>As the coordinating primary team ("group audit team"), EY New Zealand assigned a scope to each component team in all significant locations. Consideration was given to the nature, size and risks associated with each of the group's significant businesses.</p> <p>As a result of this assessment, each business was allocated a scope reflecting the extent of audit procedures required and a materiality reflecting the size and risk profile of the component relative to the group.</p> <p>The group audit team communicated to the component audit teams significant risk areas to be considered and the information to be reported back to the group audit team. The component and group teams then determined the extent and nature of audit procedures to be performed.</p> <p>In order to obtain sufficient coverage of group balances, the group audit team performed analytical procedures in relation to a number of smaller business units.</p> <p>All component teams were required to provide written confirmation to the group audit team explaining (where relevant) the work performed, the results of that work as well as key documents supporting any significant findings or observations.</p> <p>The group audit team held discussions with Skellerup management and/or component teams in all major locations. During these discussions, the work performed by each team was discussed including any key judgements as well as findings relevant to the group audit. In selected instances the group audit team reviewed elements of the component team's workpapers.</p> <p>We reported to the Audit Committee:</p> <ul style="list-style-type: none"> i) The results of audit procedures and testing performed by both the group and components teams; and ii) Any misstatements identified that warrant reporting based on quantitative or qualitative grounds.

Information other than the financial statements and auditor's report

The directors of the company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report.



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Susan Jones.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Chartered Accountants
Auckland
17 August 2023

Directors' Responsibility Statement

For the year ended 30 June 2023

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements, which give a true and fair view of the financial position of the Skellerup Holdings Limited Group as at 30 June 2023, and the results of their operations and cash flows for the year ended 30 June 2023.

The Directors consider that the financial statements of the Group have been prepared using accounting policies appropriate to the Group's circumstances, consistently applied and supported by reasonable judgements and estimates, and that all applicable New Zealand Equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibility for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and enable them to ensure that the financial statements comply with the Financial Reporting Act 1993.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the Group financial statements of Skellerup Holdings Limited for the year ended 30 June 2023.

The Group financial statements are dated 17 August 2023 and are signed in accordance with a resolution of the Directors made pursuant to section 211 of the Companies Act 1993.

For and on behalf of the Directors



John Strowger
Chairman



Alan Isaac
Independent Director



Income Statement

for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Revenue	2	333,537	316,829
Cost of sales		(194,409)	(190,401)
Gross profit		139,128	126,428
Other income/(expenses)	4	(343)	2,688
Selling, general and administration expenses		(67,126)	(62,356)
Profit for the year before tax, finance costs and share of profit of associates		71,659	66,760
Finance costs	16	(4,594)	(2,249)
Share of net profit of associates accounted for using the equity method		(78)	(224)
Profit for the year before tax		66,987	64,287
Income tax expense	5	(16,046)	(16,474)
Net after-tax profit for the year, attributable to owners of the Parent		50,941	47,813
Earnings per share			
Basic earnings per share (cents)	19	26.02	24.48
Diluted earnings per share (cents)	19	25.82	24.26

The above Income Statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Net profit after tax for the year		50,941	47,813
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gains/(losses) on cash flow hedges	17	2,325	(3,704)
Income tax related to gains/(losses) on cash flow hedges	5	(651)	1,037
Foreign exchange movements on translation of overseas subsidiaries	17	1,966	4,797
Income tax related to gains/(losses) on foreign exchange movements with overseas subsidiaries	5	96	(177)
Other comprehensive income net of tax		3,736	1,953
Total comprehensive income for the year attributable to equity holders of the Parent		54,677	49,766

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 June 2023

	Note	2023 \$000	2022 \$000
Current assets			
Cash and cash equivalents	6	17,094	14,796
Trade and other receivables and prepayments	7	57,515	63,870
Inventories	8	74,886	69,595
Income tax receivable		805	202
Derivative financial assets	22	109	367
Total current assets		150,409	148,830
Non-current assets			
Property, plant and equipment	9	90,320	89,757
Right-of-use assets	9	31,839	27,966
Deferred tax assets	5	3,167	4,021
Goodwill	10	63,596	61,453
Intangible assets	10	2,815	3,032
Investment in associate		-	1,513
Derivative financial assets	22	831	72
Total non-current assets		192,568	187,814
Total assets		342,977	336,644
Current liabilities			
Bank overdraft	6	1,624	-
Trade and other payables	11	27,082	36,192
Provisions	12	5,085	5,949
Income tax payable		1,605	6,021
Lease liabilities – short term	14	6,118	5,482
Derivative financial liabilities	22	1,858	2,252
Total current liabilities		43,372	55,896
Non-current liabilities			
Provisions	12	1,813	2,155
Interest-bearing loans and borrowings	13	42,300	40,000
Deferred tax liabilities	5	2,087	1,820
Lease liabilities – long term	14	27,594	23,708
Derivative financial liabilities	22	375	1,857
Total non-current liabilities		74,169	69,540
Total liabilities		117,541	125,436
Net assets		225,436	211,208
Equity			
Equity attributable to equity holders of the Parent			
Share capital	15	72,406	72,406
Reserves	17	(3,057)	(6,603)
Retained earnings	20	156,087	145,405
Total equity		225,436	211,208

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2023

	Note	Fully Paid Ordinary Shares \$000	Cash Flow Hedge Reserve \$000	Foreign Currency Translation Reserve \$000	Employee Share Plan Reserve \$000	Retained Earnings \$000	Total \$000
Balance 1 July 2021		72,406	166	(9,461)	296	132,742	196,149
Net profit after tax for the year ended 30 June 2022		-	-	-	-	47,813	47,813
Other comprehensive income		-	(2,667)	4,620	-	-	1,953
Total comprehensive income for the year		-	(2,667)	4,620	-	47,813	49,766
Share incentive scheme		-	-	-	443	-	443
Dividends		-	-	-	-	(35,150)	(35,150)
Balance 30 June 2022		72,406	(2,501)	(4,841)	739	145,405	211,208
Net profit after tax for the year ended 30 June 2023		-	-	-	-	50,941	50,941
Other comprehensive income	17	-	1,674	2,062	-	-	3,736
Total comprehensive income for the year		-	1,674	2,062	-	50,941	54,677
Share incentive scheme	18	-	-	-	(190)	813	623
Dividends	20	-	-	-	-	(41,072)	(41,072)
Balance 30 June 2023		72,406	(827)	(2,779)	549	156,087	225,436

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

Cash Flow Statement

for the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Cash flows from operating activities			
Receipts from customers		339,860	309,427
Interest received		57	6
Dividends received		2	2
Payments to suppliers and employees		(260,633)	(249,323)
Income tax refund/(paid)		(20,578)	(14,541)
Interest and bank fees paid		(3,183)	(1,262)
Interest on right-of-use asset leases		(1,411)	(987)
Net cash flows from/(used in) operating activities		54,114	43,322
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		546	655
Payments for property, plant and equipment		(7,751)	(9,482)
Payments for intangible assets		(496)	(704)
Acquisition of a business, net of cash acquired		(862)	(10,216)
Net cash flows from/(used in) investing activities		(8,563)	(19,747)
Cash flows from financing activities			
Proceeds from/(repayments for) loans and advances	13	2,284	15,601
Repayments of lease liabilities		(6,030)	(5,487)
Dividends paid to equity holders of Parent		(41,072)	(35,150)
Net cash flows from/(used in) financing activities		(44,818)	(25,036)
Net increase/(decrease) in cash and cash equivalents		733	(1,461)
Cash and cash equivalents at the beginning of the year		14,796	15,673
Effect of exchange rate fluctuations		(59)	584
Cash and cash equivalents at the end of the year	6	15,470	14,796

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Reconciliation of net profit after tax to net cash flow from operations

	2023 \$000	2022 \$000
Net profit after tax	50,941	47,813
Adjustments for:		
Depreciation and impairment – property, plant and equipment	7,838	7,302
Depreciation and impairment – right-of-use assets	6,663	5,868
Amortisation	732	593
(Gain)/loss on sale of assets	(143)	(250)
Foreign currency movements	27	(674)
Bad debts written off	209	-
Increase/(decrease) in allowance for expected credit losses	(152)	(3)
Share of profit in associates	(78)	(224)
Net movement in working capital	(11,923)	(17,103)
Net cash inflow from operating activities	54,114	43,322

Notes to the Financial Statements

for the year ended 30 June 2023

Reporting Entity

Skellerup Holdings Limited ('the Company' or 'the Parent') is a limited liability company incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993 with its registered office at Level 3, 205 Great South Road, Greenlane, Auckland. The Company is a Reporting Entity in terms of the Financial Markets Conduct Act 2013 and is listed on the New Zealand Exchange (NZX Main Board) with the ticker SKL. These financial statements were authorised for issue in accordance with a resolution of the directors on 17 August 2023.

(a) Nature of operations

The Skellerup Group of companies design, manufacture, and distribute engineered products for a variety of specialist industrial and agricultural applications. Skellerup's operations are split into two units: the Agri Division, a world leading provider of food grade dairy rubberware, filters, and animal health products to the global dairy industry; and the Industrial Division, a global specialist for technically demanding products used in water, roofing, plumbing, sport and leisure, electrical, health and hygiene, automotive and mining applications.

(b) Basis of preparation

These financial statements of the Group, a profit-oriented business, are for the year ended 30 June 2023.

(c) Statement of compliance

The consolidated financial statements for the year ended 30 June 2023 have been prepared in accordance with New Zealand Generally Accepted Accounting Practices (NZ GAAP) and the requirements of the Financial Markets Conduct Act 2013. For the purpose of complying with NZ GAAP, the Group is a for-profit entity. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements also comply with International Financial Reporting Standards (IFRS). The financial statements are presented in New Zealand dollars (NZD) and all values are rounded to the nearest thousand dollars (\$000) unless indicated otherwise.

The Group's accounting policies have been applied consistently to all periods presented in those financial statements, and have been applied consistently by all Group entities.

To ensure consistency with the current period, comparative figures have been amended to conform with current period presentation where appropriate.

The accounting principles recognised as appropriate for the measuring and reporting of profit and loss and financial position on a historical-cost basis have been applied, except for derivative financial instruments, which have been measured at fair value.

The preparation of financial statements in accordance with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Critical accounting judgements, estimates and assumptions are detailed in Note (f).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together 'the Group') as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Fair value is calculated as the sum of: the acquisition-date fair values of the assets transferred by the Group; the liabilities incurred by the Group to former owners; the equity issued by the Group; and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Notes to the Financial Statements

for the year ended 30 June 2023

1. Segment Information

An operating segment is a distinguishable component of the entity which is reported as an organisational unit, engages in business activities, earns revenue and incurs expenses, and whose operating results are reviewed regularly by the chief operating decision-maker to allocate resources and assess performance.

The Group's operating segments are Agri and Industrial, being the divisions reported to the executive management and Board of Directors to assess performance of the Group and allocate resources. The principal measure of performance for each segment is EBIT (earnings before interest and tax). As a result, finance costs and taxation have not been allocated to each segment.

Agri Division

The Agri Division manufactures and distributes dairy rubberware which includes milking liners, tubing, filters and feeding teats, together with other related agricultural products and dairy vacuum pumps to global agricultural markets.

Industrial Division

The Industrial Division manufactures engineered products across a range of industrial applications, including potable and waste water, roofing, plumbing, sport and leisure, electrical, health and hygiene.

Corporate Division

The Corporate Division is not an operating segment, and includes the Parent company and other central administration expenses that have not been allocated to the Agri and Industrial Divisions.

(a) Business segment analysis

For the year ended 30 June 2023	Agri \$000	Industrial \$000	Corporate \$000	Eliminations \$000	Total \$000
Revenue	117,025	216,840	-	(328)	333,537
Segment EBIT	34,031	42,903	(5,258)	(17)	71,659
Profit before tax, finance costs and share of profit of associate					71,659
Finance costs					(4,594)
Share of net profit of associate					(78)
Profit for the year before tax					66,987
Income tax expense					(16,046)
Net after-tax profit					50,941
Assets and liabilities					
Segment assets	130,604	190,172	22,201	-	342,977
Segment liabilities	15,357	50,024	52,160	-	117,541
Net assets (liabilities)	115,247	140,148	(29,959)	-	225,436
Other segment information					
Additions to fixed assets and intangibles	2,376	8,073	3	-	10,452
Cash flow					
Segment EBIT	34,031	42,903	(5,258)	(17)	71,659
Adjustments for:					
- Depreciation and amortisation	5,146	9,960	127	-	15,233
- Non-cash items	-	-	(137)	-	(137)
Movement in working capital	(2,225)	(7,319)	(2,392)	13	(11,923)
Segment cash flow	36,952	45,544	(7,660)	(4)	74,832
Finance and tax cash expense					(23,761)
Movement in finance and tax accrual					3,043
Net cash flow from operating activities					54,114

1. Segment Information (continued)

For the year ended 30 June 2022	Agri \$000	Industrial \$000	Corporate \$000	Eliminations \$000	Total \$000
Revenue	110,540	206,353	-	(64)	316,829
Segment EBIT	33,597	39,093	(5,930)	-	66,760
Profit before tax, finance costs and share of profit of associate					66,760
Finance costs					(2,249)
Share of net profit of associate					(224)
Profit for the year before tax					64,287
Income tax expense					(16,474)
Net after-tax profit					47,813
Assets and liabilities					
Segment assets	132,330	182,433	21,881	-	336,644
Segment liabilities	16,901	52,531	56,004	-	125,436
Net assets (liabilities)	115,429	129,902	(34,123)	-	211,208
Other segment information					
Additions to fixed assets and intangibles	2,325	16,239	59	-	18,623
Cash flow					
Segment EBIT	33,597	39,093	(5,930)	-	66,760
Adjustments for:					
- Depreciation and amortisation	4,936	8,707	120	-	13,763
- Non-cash items	-	-	(1,151)	-	(1,151)
Movement in working capital	(6,480)	(11,480)	857	-	(17,103)
Segment cash flow	32,053	36,320	(6,104)	-	62,269
Finance and tax cash expense					(15,803)
Movement in finance and tax accrual					(3,144)
Net cash flow from operating activities					43,322

Major customers

The Agri and Industrial Divisions generate revenue from a large number of customers. For the Agri Division, the three largest customers account for 36.8% (2022: 38.4%) of the Agri Division revenue. For the Industrial Division, the three largest customers account for 9.3% (2022: 11.1%) of the Industrial Division revenue.

1. Segment Information (continued)

(b) Geographical revenue

Revenue from external customers by geographical location is detailed below. Revenue is attributed to each geographical location based on the location of customers. Differences in foreign currency translation rates can impact comparisons between years.

	2023 \$000	2022 \$000
North America	118,639	104,095
New Zealand	75,602	75,342
Australia	49,113	48,090
Europe	41,551	39,668
Asia	25,288	28,563
United Kingdom and Ireland	20,831	17,513
Other	2,513	3,558
Total revenue	333,537	316,829

(c) Assets by geographical location

The non-current segment assets are scheduled by the geographical location in which the asset is held. The non-current assets, which include property, plant and equipment, right of use assets, goodwill and intangible assets for each geographical location, are as follows:

	2023 \$000	2022 \$000
New Zealand	123,725	127,449
United Kingdom and Ireland	18,503	18,300
Europe	14,088	12,674
Australia	13,319	10,863
North America	11,437	5,671
Asia	7,498	7,251
Non-current assets	188,570	182,208

2. Operating Revenue

The Group is in the business of designing, manufacturing and distributing engineered products. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has concluded that it is the principal in its revenue arrangements, because it controls the goods and services before transferring them to the customer.

The Agri and Industrial segments have similar performance obligations. The performance obligation is satisfied upon delivery of product and payment is generally due within 30 to 120 days of delivery. Some contracts provide customers with volume rebates which give rise to variable consideration and are accounted for accordingly. There are no maintenance or service contracts with customers.

3. Expenditure included in Net Profit for the Year

Net profit for the year has been arrived at after charging the items noted below. Where the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, the GST/VAT is recognised as part of the expense item as applicable.

	Note	2023 \$000	2022 \$000
Employee benefits expense			
Wages and salaries (including annual leave, long-service leave, sick leave and executive share scheme)		60,327	62,072
Termination benefits		86	265
Defined contribution expense		3,293	2,958
Total employee benefit expense		63,706	65,295
Depreciation, amortisation and impairment expense			
Depreciation and impairment of property, plant and equipment	9	7,838	7,302
Depreciation and impairment of right-of-use assets	9	6,663	5,868
Amortisation of intangible assets	10	732	593
Total depreciation, amortisation and impairment expense		15,233	13,763
Total (gain)/loss on disposal of property, plant and equipment		(143)	(250)
Total product development costs		3,884	3,662
Short term and low value lease costs		435	332
Remuneration of auditors			
Audit of the financial statements by Parent company auditors		792	705
Other auditors' fees for the audit of the financial statements in foreign jurisdictions		115	102
Total remuneration of auditors		907	807

4. Other Income/(Expenses)

	2023 \$000	2022 \$000
Interest income	57	6
Government grants received	112	496
Realised and unrealised foreign currency gains/(losses)	(2,113)	882
Other sundry income	1,601	1,304
Total other income/(expenses)	(343)	2,688

5. Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- For a deferred income tax liability arising from the initial recognition of goodwill; or
- Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

(a) Income statement

	2023 \$000	2022 \$000
Current income tax		
Current income tax charge/(credit)	15,680	16,655
Prior-year adjustments	(72)	(514)
Deferred income tax		
Temporary difference reversal/(origination)	709	247
Prior-year adjustments	(326)	90
Effect of movements in tax rates	55	(4)
Income tax expense as per income statement	16,046	16,474

(b) Amounts charged/(credited) to other comprehensive income

	Note	2023 \$000	2022 \$000
Current income tax			
Fair value of derivative financial instruments	17	651	(1,037)
Translation of foreign operations	17	(96)	177
Total income tax expense/(credit) relating to other comprehensive income		555	(860)

(c) Reconciliation

	2023 \$000	2022 \$000
Total profit before tax as reported	66,987	64,287
Tax percentage at Parent company rate	28%	28%
Tax at Parent company rate	18,757	18,000
Non-deductible expenses/(non-assessable income)	(1,105)	(3)
Tax effects of non-New Zealand profits	(1,263)	(1,095)
Adjustments for prior years	(398)	(424)
Effect of movements in tax rates	55	(4)
Income tax as per income statement	16,046	16,474

5. Taxation (continued)

(d) Deferred tax assets and liabilities

	2023 \$000	2022 \$000
Deferred tax assets	3,167	4,021
Deferred tax liabilities	(2,087)	(1,820)
Net tax asset	1,080	2,201

The movement in the net deferred tax assets and liabilities is provided below:

2023	Opening Balance \$000	Charged to Income \$000	Charged to Other Comprehensive Income \$000	Acquired on Purchase of a Business \$000	Foreign Currency Movements \$000	Closing Balance \$000
Property, plant and equipment	(5,929)	(5,289)	-	-	(76)	(11,294)
Provisions and accruals	7,158	4,851	-	-	44	12,053
Financial derivatives	972	-	(651)	-	-	321
Net tax asset	2,201	(438)	(651)	-	(32)	1,080

2022	Opening Balance \$000	Charged to Income \$000	Charged to Other Comprehensive Income \$000	Acquired on Purchase of a Business \$000	Foreign Currency Movements \$000	Closing Balance \$000
Property, plant and equipment	(6,557)	669	-	-	(41)	(5,929)
Provisions and accruals	8,058	(1,002)	-	52	50	7,158
Financial derivatives	(65)	-	1,037	-	-	972
Net tax asset	1,436	(333)	1,037	52	9	2,201

(e) Imputation credit account

	Note	2023 \$000	2022 \$000
Balance at the beginning of the year		4,302	2,056
Attached to dividends paid	20	(7,630)	(6,567)
Income tax paid/payable in New Zealand		8,956	8,813
Total imputation credits		5,628	4,302

6. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

In New Zealand, some Group companies operate bank accounts in overdraft. Under the Group facilities arrangement, bank facility overdrafts have a legal right of set-off against bank accounts in funds. Therefore, only the net in funds position has been disclosed.

All cash is available and under the control of the Group and there are no restrictions relating to the use of the cash balances disclosed.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash flows are included in the cash flow statement on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

	2023 \$000	2022 \$000
Cash at banks and on hand	17,094	14,796
Bank overdraft	(1,624)	-
Cash and cash equivalents per cash flow statement	15,470	14,798

7. Trade and Other Receivables and Prepayments

Trade receivables represent the Group's right to an amount of consideration that is unconditional. Trade receivables are recognised and measured at the transaction price determined under NZ IFRS 15 Revenue from contracts with customers. The Group recognises an allowance for expected credit losses where there is an increase in credit risk subsequent to initial recognition.

	2023 \$000	2022 \$000
Trade receivables	49,374	56,125
Less allowance for expected credit losses	(86)	(242)
	49,288	55,883
GST/VAT receivable	599	808
Other receivables and prepayments	7,628	7,179
Total trade and other receivables and prepayments	57,515	63,870

The average credit period for the sale of goods is 48 days (2022: 50 days). The Group offers credit terms ranging from 30 to 120 days to those customers for whom the Group has been able to validate acceptable credit quality. The credit terms and limits are reviewed monthly. No interest is charged on the trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The matrix uses a probability weighted outcome that takes into account the age of receivables, past events and current and future conditions. Trade receivables are written off if considered uncollectable.

Of the trade receivables balance at the end of the year, \$9.03 million (2022: \$11.99 million) representing 18.3% (2022: 21.5%) of the trade receivables are due from the Group's three largest customers. The balances due from these customers are current and are considered to be a low credit risk to the Group.

Ageing of past due but not impaired trade receivables	2023 \$000	2022 \$000
One to 30 days	3,237	5,390
31 to 60 days	385	690
61 days plus	81	40
Total past due trade receivables	3,703	6,120
Movement in the allowance for expected credit losses:		
Balance at the beginning of the year	242	227
Impaired losses recognised	75	42
Amounts written off as uncollectable	(193)	(5)
Impairment losses reversed	(34)	(34)
Net foreign currency exchange differences	(4)	12
Balance at the end of the year	86	242

8. Inventories

The Group applies an inventory valuation policy of valuing at the lower of original cost or net realisable value. Where inventory is written down below cost, estimates are made of the realisable value less cost to sell to determine the net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials as the purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress as the cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Upon sale, the carrying value of inventories is recognised in cost of sales in the income statement.

	2023 \$000	2022 \$000
Raw materials	21,687	17,062
Work-in-progress	1,895	2,648
Finished goods	51,304	49,885
Total inventories	74,886	69,595

The value of inventories is net of \$2,453,432 (2022: \$2,371,820) in respect of write-downs across all categories of inventory to net realisable value. All inventory write-down movements are included in the cost of sales.

9. Property, Plant and Equipment

All classes of property, plant and equipment are recorded initially at cost, including costs directly attributable to bringing the asset to working condition and ready for its intended use. Subsequently, property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment. Depreciation of property, plant and equipment, other than freehold land, which is carried at cost, is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings:	40 years
Plant and equipment:	Two to 30 years
Furniture, fittings and other:	Two to 10 years
Right-of-use assets:	Term of the lease

The estimation of the useful lives of assets has been based on historical experience, manufacturers' warranties and management's judgement on the performance of the asset. Adjustments to useful lives are made when considered necessary. At each reporting date, the Group assesses whether or not there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

9. Property, Plant and Equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

	Note	Freehold Land	Freehold Buildings	Plant and Equipment	Furniture, Fittings and Other	Right of Use Assets	Total
		\$000	\$000	\$000	\$000	\$000	\$000
Cost		7,084	34,483	116,733	8,205	27,828	194,333
Balance 1 July 2021							
Additions		-	-	9,819	1,628	15,647	27,094
Disposals		-	-	(1,577)	(505)	(1,142)	(3,224)
Net foreign currency exchange differences		-	-	1,964	233	267	2,464
Balance 30 June 2022		7,084	34,483	126,939	9,561	42,600	220,667
Additions		-	-	7,151	1,347	10,149	18,647
Disposals		-	-	(2,066)	(1,365)	-	(3,431)
Net foreign currency exchange differences		-	-	633	105	(201)	537
Balance 30 June 2023		7,084	34,483	132,657	9,648	52,548	236,420
Accumulated depreciation and impairment		-	4,250	70,633	6,165	9,978	91,026
Balance 1 July 2021							
Depreciation expense	3	-	911	5,484	815	5,868	13,078
Disposals		-	-	(1,266)	(410)	(1,142)	(2,818)
Impairment		-	-	76	16	-	92
Net foreign currency exchange differences		-	-	1,453	183	(70)	1,566
Balance 30 June 2022		-	5,161	76,380	6,769	14,634	102,944
Depreciation expense	3	-	911	6,000	927	6,663	14,501
Disposals		-	-	(1,724)	(1,304)	-	(3,028)
Net foreign currency exchange differences		-	-	563	(131)	(588)	(156)
Balance 30 June 2023		-	6,072	81,219	6,261	20,709	114,261
Carrying value							
As at 30 June 2022		7,084	29,322	50,559	2,792	27,966	117,723
As at 30 June 2023		7,084	28,411	51,438	3,387	31,839	122,159

Right-of-use assets comprise property with a carrying value of \$30.9 million (2022: \$27.1 million) and motor vehicles and plant and equipment with a carrying value of \$0.9 million (2022: \$0.9 million) and represent the Group's right to use those underlying assets as a lessee under lease agreements.

Plant and equipment and freehold buildings include work in progress of \$566,000 (2022: \$1,075,000). Capital expenditure commitments are \$1,494,000 (2022: \$672,000).

10. Intangible Assets

The Group's intangible assets consist mainly of goodwill, software costs and customer relationships.

	Note	Goodwill \$000	Software \$000	Other \$000	Total \$000
Cost		54,906	11,286	632	66,824
Balance 1 July 2021					
Additions		6,455	541	180	7,176
Disposals		-	(449)	-	(449)
Net foreign currency exchange differences		92	26	-	118
Balance 30 June 2022		61,453	11,404	812	73,669
Additions	23	1,350	503	-	1,853
Disposals		-	(6,142)	-	(6,142)
Net foreign currency exchange differences		793	49	-	842
Balance 30 June 2023		63,596	5,814	812	70,222
Accumulated amortisation		-	8,824	180	9,004
Balance 1 July 2021					
Disposals		-	(449)	-	(449)
Amortisation expense	3	-	481	112	593
Net foreign currency exchange differences		-	36	-	36
Balance 30 June 2022		-	8,892	292	9,184
Disposals		-	(6,141)	-	(6,141)
Amortisation expense	3	-	606	126	732
Net foreign currency exchange differences		-	36	-	36
Balance 30 June 2023		-	3,393	418	3,811
Carrying value of goodwill and intangible assets					
As at 30 June 2022		61,453	2,512	520	64,485
As at 30 June 2023		63,596	2,421	394	66,411

Goodwill

Goodwill acquired in a business combination is measured initially at cost, being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in the income statement. Separately recognised goodwill is tested annually for impairment and carried at cost less any accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is tested annually for impairment. An impairment loss is recognised when the carrying amount of the cash generating unit (CGU) exceeds its recoverable amount, which is the greater of its value in use and fair value less costs to sell. This requires certain assumptions being made in determining the recoverable amount of the CGU, using a value-in-use discounted cash flow methodology, to which the goodwill has been allocated. The assumptions used in determining the recoverable amount and the carrying amount of goodwill are detailed below.

10. Intangible Assets (continued)

Software and other intangible assets

Identifiable intangible assets, which are acquired separately or in a business combination, are capitalised at cost at the date of acquisition and stated at cost less any accumulated amortisation and impairment losses. Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software costs are recorded as intangible assets and amortised over periods of five to 10 years.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can be regarded reasonably as assured. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and impairment losses.

Any expenditure carried forward is amortised over the period of expected future sales from the related project. The amortisation period and amortisation method for development costs are reviewed at each financial year-end. If the useful life or method of consumption is different from that of the previous assessment, changes are made accordingly.

Impairment tests for goodwill

(i) Description of cash-generating units

Goodwill acquired through business combinations has been allocated to the business units acquired, with the exception of the purchase of Silclear Limited, Nexus Performance Foams Limited and Talbot Advanced Technologies Limited, which have their own CGUs. In some circumstances business units are combined into a larger CGU for the purposes of testing to determine fairly the recoverable amount against the value in use.

The goodwill allocated to each CGU is shown in the table below. The changes in goodwill recorded are attributable to exchange rate movements on the translation of the goodwill balances denominated in foreign currencies and the acquisition of the remaining 65% interest in Sim Lim Technic LLC. The net present value of future estimated cash flows exceeds the recoverable amount of goodwill allocated to each CGU based on a value-in-use calculation. A pre-tax discount rate of 12.72% (2022: 11.81%) has been applied to discount future estimated cash flows to their present value.

Cash-generating unit	2023 \$000	2022 \$000
Gulf	35,605	33,783
Ambic	8,255	7,767
Talbot	6,455	6,455
Silclear	4,818	4,913
Nexus	4,163	4,163
Deks	3,869	3,941
Stevens Filterite	431	431
Total goodwill	63,596	61,453

(ii) Assumptions used to determine the recoverable amount

The estimated future cash flows generated have been determined from the business plans and detailed budgets prepared by management as part of the annual business planning that is reviewed and approved by the Board of Directors. Such forecasts analyse and quantify a range of growth objectives which form the basis for determining the business growth and direction over the next three years.

The estimated cash flow in perpetuity is based upon the forecast year five cash flows and then an estimate of sustainable growth beyond this time period of 1.5% per annum.

10. Intangible Assets (continued)

Key assumptions used in the value-in-use calculations are as follows:

Revenue assumptions

Revenue has been forecast to increase in a range of 0% to 22% per annum (2022: 1% to 20%) on a weighted average basis over the following five-year period in line with the Group's strategic business plans to develop and introduce new products, in addition to continuing to support and grow the Group's existing global customer relationships.

Discount rate assumptions

The discount rate is intended to reflect the time value of money and the risks specific to each CGU achieving its forecast cash flows. In determining the appropriate discount rate, regard has been given to the weighted average cost of capital (WACC) of the Group, which has been updated as at 30 June 2023, to reflect the current market interest rates and the additional cost of capital applicable in the current risk environment. Any reasonable change to WACC is not expected to result in any impairment of goodwill.

Commodity cost pricing assumptions

With the base raw material component being synthetic and natural rubbers sourced from Asia, the pricing of these raw materials can fluctuate: many of the synthetics are by-products of the petrochemical industry, and natural rubbers are influenced by global supply and demand factors. Pricing assumptions have been made in the Group forecasts that any cost increases driven by commodity price changes will be passed through to customers.

Market share assumptions

In preparing forecasts, the Group's business plans show no loss of market share. The Group's strategy is to continue to expand in global markets, especially in North America and Europe. This is the case particularly for the Gulf CGU, which has dedicated manufacturing and distribution capabilities established in these markets.

Growth rate assumptions

The growth rates have been based on business plan assumptions applied in the preparation of the annual business plans for the new financial year and the following two years, with assumed lower growth rates of 2% (2022: 2%) in years four and five and 1.5% (2022: 1.5%) in perpetuity. This process is based on key strategies that have been quantified at a product and customer level, reviewed by senior management and approved by the Board of Directors.

(iii) Sensitivity to assumption changes

Estimates made of future cash flows are based on current market conditions. With trading across a number of different products covering a wide industry base, and through a number of international markets, the risk of significant change to cash flow projections is mitigated. Any change in future cash flow projections, which is influenced by price changes, foreign currency movements and competitor activities, is expected to have only minimal impact and is unlikely to cause an impairment risk to the goodwill allocated to the various CGUs, particularly with the estimated net present value of each CGU tested well above the carrying value of assets, including goodwill.

No reasonably possible change in assumptions would lead to an impairment of goodwill.

11. Trade and Other Payables

Trade and other payables are carried at amortised cost and, due to their short-term nature, are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and paid usually within 30 to 60 days of recognition.

	2023 \$000	2022 \$000
Trade payables	11,650	18,801
Employee entitlements	3,911	5,739
Sundry payables and accruals	9,669	10,075
GST payable	1,852	1,577
Total trade and other payables	27,082	36,192

The average credit period on purchases of all goods and services represents an average of 23 days credit (2022: 38 days credit). The Group has financial risk management policies in place to ensure that all payables are met within acceptable terms and conditions of purchase.

12. Provisions

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

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the balance date.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

	2023 \$000	2022 \$000
Provisions		
Employee entitlements for annual and long-service leave	5,867	6,628
Warranties	1,031	1,476
Total provisions	6,898	8,104
Current	5,085	5,949
Non-current	1,813	2,155
Total provisions	6,898	8,104
	2023 \$000	2022 \$000
Warranties		
Balance at the beginning of the year	1,476	1,911
Additional provisions recognised	47	204
Reductions arising from payments/sacrifices of economic benefits	(425)	(441)
Reductions arising from remeasurement or settlement without cost	(69)	(206)
Net foreign currency exchange differences	2	8
Balance at the end of the year	1,031	1,476

Employee entitlements

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long-service leave

The liability for long-service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using a probability calculation of the employee reaching the future service milestones. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields on high quality corporate bonds at the reporting date with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

12. Provisions (continued)

(iii) Defined contribution scheme

The Group contributes to post-employment schemes for its employees. Under these schemes, the benefits received by the employee are determined by the amount of the contribution paid by the Group, together with any investment returns and, hence, the actuarial and investment risk is borne entirely by the employee. Therefore, because the Group's obligations are determined by the amount paid during each period, no actuarial assumptions are required to measure the obligation or the expense.

Warranties

In determining the level of provision required for warranties, the Group has made judgements in respect of the expected performance of products and the costs of rectifying any products that do not meet the customers' quality standards. The provision for warranty claims represents the present value of the Directors' best judgement or estimate of the future outflow of economic benefits that will be required under the Group's various product warranty programmes.

The estimate has been made on the basis of the expected performance of products, historical warranty trends, the costs of rectifying any products that do not meet the customers' quality standards and insurance arrangements the Group has in place. The actual cost may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

13. Interest-bearing Loans and Borrowings

All loans and borrowings are recognised initially at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. 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 date.

	2023 \$000	2022 \$000
Secured, measured at amortised cost		
Balance at the beginning of the year	40,000	24,409
Drawdowns	49,515	48,500
Repayments	(47,231)	(32,899)
Net foreign currency exchange differences	16	(10)
Balance at the end of the year	42,300	40,000
Effective interest rate	7.42%	4.15%

The carrying amounts disclosed above approximate fair value. Bank loans are provided under a \$70 million multi-currency syndicated facility agreement with ANZ Bank New Zealand Limited and Bank of New Zealand which has an expiry date of 31 August 2026 (2022: expiry date of 31 August 2024).

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates.

The carrying amount of tangible assets of the Charging Group (which excludes Skellerup Jiangsu Limited and other smaller entities in the Group) totalling \$222 million is pledged as security to secure the above term loans. Tangible assets are defined in the facility agreement as cash at bank, receivables, inventory and property, plant and equipment.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset which necessarily takes a substantial period of time to prepare for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur.

14. Lease Liabilities

The Group has entered into commercial leases on properties, motor vehicles and plant. The Group recognises right-of-use leased assets and lease liabilities at the present value of future lease payments for existing lease terms and all lease renewal options that are reasonably certain to be exercised. Certain low value and short term leases are excluded. Lease payments are recorded as a repayment of the lease obligation and interest expense instead of as an operating expense in the income statement. Right-of-use assets are depreciated on a straight-line basis over the current lease term. Lease payments are discounted at the rate implicit in the lease, or if not readily determinable, the Groups incremental borrowing rate.

The costs of low value and short term leases are recognised as an expense in the income statement. The lease liabilities disclosed do not include future cash flows for leases where the Group does not intend to exercise its rights to extend existing leases nor the future cash flows following the dates at which the Group intends to exercise termination options.

	2023 \$000	2022 \$000
Balance at the beginning of the year	29,190	18,794
Additions/terminations	10,144	15,514
Accretion of interest	1,411	987
Payments	(7,441)	(6,474)
Net foreign currency exchange differences	408	369
Balance at the end of the year	33,712	29,190
Current	6,118	5,482
Non-current	27,594	23,708
Balance at the end of the year	33,712	29,190

15. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Number of Shares	Value \$000
Balance 1 July 2021	195,276,382	72,406
Balance 30 June 2022	195,276,382	72,406
Balance 30 June 2023	196,071,582	72,406

All shares are fully paid and have no par value. Each ordinary share confers on the holder one vote at any shareholder meeting of the Company and carries the right to dividends.

The Directors' objective is to ensure the entity continues as a going concern, as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Directors aim to provide a capital structure which:

- Provides an efficient and cost-effective source of funds;
- Is balanced with external debt to provide a secure structure to support the short and long-term funding of the Group; and
- Ensures that the ratio of funds sourced from shareholders and external debt is maintained proportionately at a level which does not create a credit and liquidity risk to the Group.

The Company is listed on the New Zealand Exchange and is, therefore, subject to continuous disclosure obligations to inform shareholders and the market of any matters which affect the capital of the Company. This includes changes to the capital structure, new share issues, dividend payments and any other significant matter which affects the creditworthiness or liquidity of the Group.

The Group is not subject to any externally imposed capital requirements.

16. Finance Costs

	2023 \$000	2022 \$000
Interest on bank overdrafts and borrowings	2,708	798
Bank facility fees	475	464
Interest on capitalised leases	1,411	987
Total finance costs in income statement	4,594	2,249

17. Reserves

	2023 \$000	2022 \$000
Reserve balances		
Cash flow hedge reserve	(827)	(2,501)
Foreign currency translation reserve	(2,779)	(4,841)
Employee share plan reserve	549	739
Total reserves	(3,057)	(6,603)

The cash flow hedge reserve is intended to recognise the fair value movements of the effective derivatives held to hedge interest rate and foreign currency risk. A summary of movements is shown in the table below.

	Note	2023 \$000	2022 \$000
Cash flow hedge reserve			
Balance at the beginning of the year		(2,501)	166
Gain/(loss) recognised on cash flow hedges:			
- Foreign exchange contracts and options		2,325	(3,747)
- Interest rate swaps		-	43
- Income tax related to gains/(losses) recognised in other comprehensive income	5	(651)	1,037
Movement for the year		1,674	(2,667)
Balance at the end of the year		(827)	(2,501)

Exchange differences relating to the translation of values from the functional currencies of the Group's foreign subsidiaries into New Zealand dollars are brought to account by entries made directly to the foreign currency translation reserve. A summary of movements is shown in the table below.

	Note	2023 \$000	2022 \$000
Foreign currency translation reserve			
Balance at the beginning of the year		(4,841)	(9,461)
Gain/(loss) recognition:			
- Foreign exchange movements on translation of foreign operations		1,966	4,797
- Income tax related to gains/(losses) recognised in other comprehensive income	5	96	(177)
Movement for the year		2,062	4,620
Balance at the end of the year		(2,779)	(4,841)

17. Reserves (continued)

The employee share plan reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration. A summary of movements is shown in the table below.

	Note	2023 \$000	2022 \$000
Employee share plan reserve			
Balance at the beginning of the year		739	296
Shares redeemed during the year		(813)	-
Expense recognised for the year	18	623	443
Balance at the end of the year		549	739

18. Share-based Incentive Scheme

Skellerup Group operates a long-term incentive scheme for the benefit of senior executives. The scheme permits the Board to grant options to acquire fully paid shares in the Company. The options are able to be exercised by the recipients subject to their continued employment in a future period as determined by the Board of Skellerup.

On 01 November 2022 the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) converted 1,800,000 options to 795,200 ordinary shares, representing the number of shares equal to the difference between the market value of Skellerup's ordinary shares at the exercise date and the exercise price of NZ\$2.91 per share. The shares were issued under a Share-based Incentive Scheme which expired on 01 November 2022. The fair value of this scheme was NZ\$813,000 and was determined using the Black-Scholes formula.

Upon conversion of the shares the NZ\$813,000 recorded as an expense in profit and loss was transferred from the Employee Share Plan Reserve to Retained Earnings.

On 01 November 2022 the Board awarded 1,800,000 options to the CEO and CFO (the option holders), issued at an exercise price of NZ\$5.17, being the weighted average price of Skellerup's shares in the prior twenty-day trading period. Option holders will be able to exercise the options in the period beginning on 01 September 2024 and ending on 01 November 2024. Upon exercise, they will be issued one ordinary share in Skellerup per option exercised or alternatively they may elect to be issued the number of shares as is equal to the difference between the market value of Skellerup's ordinary shares on the exercise date and the exercise price. The options have been fair valued using the Black-Scholes formula. The fair value has been determined as NZ\$1,511,000. The expense recognised in the current period for the incentive scheme is NZ\$623,000.

19. Earnings per Share

Earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

	2023 Cents per Share	2022 Cents per Share
Basic earnings per share	26.02	24.48
Diluted earnings per share	25.82	24.26

The earnings and weighted average number of ordinary shares used in the calculation of earnings per share are as follows:

	2023 \$000	2022 \$000
Earnings used in the calculation of earnings per share	50,941	47,813
Weighted average number of ordinary shares for		
- Basic earnings per share	195,803,610	195,276,382
- Diluted earnings per share	197,265,007	197,076,382

20. Retained Earnings

	2023 \$000	2022 \$000
Balance at the beginning of the year	145,405	132,742
Net profit for the year	50,941	47,813
Share incentive scheme	813	-
Payment of dividends	(41,072)	(35,150)
Balance at the end of the year	156,087	145,405

During the reporting period a dividend of 13.0 cents per share (imputed 50%) was paid on 14 October 2022 and 8.0 cents per share (imputed 50%) on 16 March 2023. The imputation tax credits totalled \$7,630,148 (2022: \$6,567,272).

21. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, lease liabilities, cash and derivatives. Because of these financial instruments, the principal financial risks to the Group are movements in foreign currency and interest rates. Credit risk and liquidity risk are considered also to be risk areas and are, therefore, closely managed.

The Board reviews and agrees upon policies for managing financial risk. The Group enters into derivative transactions, principally forward foreign currency contracts and options and interest rate swaps. The purpose is to manage the currency and interest rate risks arising from the Group's operations and its sources of finance.

Credit risk is managed through regular review of aged analysis of receivable ledgers. The credit risk exposures are the receivables recorded in Note 7. Liquidity risk is monitored through the review of future rolling cash flow forecasts. These cash flow forecasts are updated on a weekly basis with particular emphasis placed on the prospective four-week period. These forecasts are monitored constantly against limitations of the entire debt facility.

Risk exposures and responses

(i) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations. Interest rates on bank loans are linked to short-term market interest rates plus agreed margins.

The Group's policy is to monitor its interest rate exposure and to hedge the volatility arising from interest rate changes by entering into interest rate swap contracts that cover a minimum of 25% and a maximum of 75% of the core debt where forecast core debt is greater than \$20 million. Where forecast core debt is less than \$20 million, there is no minimum level of fixed interest rates.

The level of debt is disclosed in Note 13. A reasonably expected movement in the interest rate would not have a material impact on profit or equity. At balance date, the Group had the following mix of financial assets and liabilities exposed to interest rate risk.

	2023 \$000	2022 \$000
Financial assets		
Cash and cash equivalents	17,094	14,796
Financial liabilities		
Bank overdraft	(1,624)	-
Bank loans	(42,300)	(40,000)
Net exposure	(26,830)	(25,204)

21. Financial Risk Management Objectives and Policies (continued)

(ii) Foreign currency risk

The Group imports raw materials and finished goods from, and exports finished goods to, a number of foreign suppliers and customers. The main foreign currencies traded are US dollars (USD), Australian dollars (AUD), British pounds (GBP) and Euro (EUR).

The Group seeks to cover up to 100% of the net foreign currency cash flow forecast, for the next 12-month period, with foreign currency contracts and options. Where the foreign currency cash flows can be forecasted reliably beyond the future 12-month period, such cash flows may also be covered by foreign currency contracts of up to 50% of the forecast cash flows.

The Group also has translational currency exposures. Such exposures arise from subsidiary operating entities that transact in currencies other than the Group's functional currency. Currently, the Group does not hedge these exposures.

Foreign currency net monetary assets

The Group has the following net monetary assets in foreign currency values which are in different currencies from the subsidiary's base currency and will revalue either through the income statement or the statement of comprehensive income:

	Cash and Cash Equivalents \$000	Receivables \$000	Payables \$000	Net Monetary Assets \$000
30 June 2023				
USD	1,703	3,411	1,211	3,903
AUD	185	1,522	409	1,298
GBP	61	138	2	197
EUR	443	1,421	854	1,010
30 June 2022				
USD	1,638	5,999	2,382	5,255
AUD	727	1,684	709	1,702
GBP	198	100	-	298
EUR	718	2,709	1,158	2,269

The foreign currency denominated values as shown in the table above are converted to New Zealand dollars as follows:

	2023 \$000	2022 \$000
Financial assets		
Cash and cash equivalents	3,914	5,034
Trade and other receivables	10,078	16,258
	13,992	21,292
Financial liabilities		
Trade and other payables	(3,963)	(6,563)
Net exposure	10,029	14,729

21. Financial Risk Management Objectives and Policies (continued)

Foreign currency sensitivity

Higher/(Lower)	Net Profit after Tax		Net Equity	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Foreign currency rates				
Increase +10%	(693)	(996)	(11,878)	(10,920)
Decrease -5%	401	577	6,877	6,322

Significant assumptions used in the foreign currency exposure sensitivity analysis are as follows:

- The range of possible foreign exchange rate movements was determined by a review of the last two years' historical movements and economists' views of future movements.
- The Group's trend of trading in foreign currency values is not expected to change materially over future periods.
- The Group's net exposure to foreign currency at balance date is representative of past periods and is expected to remain relatively consistent for the future 12-month period.
- The price sensitivity of derivatives has been based on a reasonably possible movement of the spot rate applied at balance date.
- The effect on other comprehensive income results from foreign currency revaluations through the cash flow hedge reserve and the foreign currency translation reserve.
- The sensitivity analysis does not include financial instruments that are non-monetary items as these are not considered to give rise to a currency risk.

(iii) Credit risk

All customers who trade with any Group subsidiary on credit terms are subject to credit verification procedures including an assessment of their independent credit rating and financial position. Risk limits are set for individual customers according to the risk profile of each and, where it is considered appropriate, registrations are made to record a secured interest in the products supplied. Receivable balances are monitored on an ongoing basis with appropriate allowances for expected credit losses.

(iv) Liquidity risk

The Group monitors its future cash inflows and outflows through rolling cash flow forecasts. At balance date, the liquidity risk is considered to be low with the bank facility not fully drawn, compliance with bank covenants, and forecast cash flows reporting positive operating cash generation for the Group over the next financial year. The following maturity analysis shows the profile of future payment commitments of the Group. With the available bank facility and the ability for the business to generate future positive operating cash inflows, the obligation to meet the forward commitments is considered to be a low risk.

21. Financial Risk Management Objectives and Policies (continued)

Maturity analysis of financial assets and liabilities

The following table represents both the expected and contractual maturity and cash flows of receipts and payments.

	Zero to Six Months \$000	Seven to 12 Months \$000	One to Five Years \$000	More than Five Years \$000	Total \$000
Balance 30 June 2023					
Financial assets					
Cash and cash equivalents	17,094	-	-	-	17,094
Trade and other receivables and prepayments	56,987	276	252	-	57,515
Derivatives	57	52	831	-	940
	74,138	328	1,083	-	75,549
Financial liabilities					
Bank overdraft	1,624	-	-	-	1,624
Trade and other payables	26,923	76	83	-	27,082
Lease liabilities	3,029	3,089	22,933	4,661	33,712
Interest-bearing loans	-	-	42,300	-	42,300
Derivatives	1,064	794	375	-	2,233
	32,640	3,959	65,691	4,661	106,951
Net total	41,498	(3,631)	(64,608)	(4,661)	(31,402)
Balance 30 June 2022					
Financial assets					
Cash and cash equivalents	14,796	-	-	-	14,796
Trade and other receivables and prepayments	63,390	285	195	-	63,870
Derivatives	218	149	72	-	439
	78,404	434	267	-	79,105
Financial liabilities					
Trade and other payables	35,640	469	83	-	36,192
Lease liabilities	2,798	2,684	19,345	4,363	29,190
Interest-bearing loans	-	-	40,000	-	40,000
Derivatives	1,371	881	1,857	-	4,109
	39,809	4,034	61,285	4,363	109,491
Net total	38,595	(3,600)	(61,018)	(4,363)	(30,386)

Fair value

The financial instruments that have been fair valued by the Group are detailed in Note 22 and have a fair value of \$1,293,000 (2022: \$3,670,000).

Under NZ IFRS, there are three methods available for estimating the fair value of financial instruments. These are:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

In determining the fair value of all derivatives, the Group has applied the Level 2 method of calculating fair value by using estimated inputs, other than quoted prices, that are observable for assets and liabilities, either directly (as prices) or indirectly (derived from prices).

22. Financial Instruments

Financial assets and liabilities in the scope of NZ IFRS 9 Financial Instruments are classified as either financial assets and liabilities at fair value through profit or loss, debt instruments at amortised cost, derivatives designated as hedging instruments, or interest bearing loans. When financial assets and liabilities are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets and liabilities on initial recognition. Reclassifications of financial assets are only made upon a change to the Group's business model. Financial liabilities are not reclassified.

Recognition and derecognition

All regular purchases and sales of financial assets are recognised on the trade date: i.e. the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party. Gains and losses on financial assets are exclusive of interest and dividends, which are recognised separately.

(i) Financial assets and liabilities

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit and loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are classified also as held for trading unless they are designated as effective hedging instruments.

Detail of the Group's financial assets and liabilities are shown below. Significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis in which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the preceding notes.

	Cash and Bank Balances \$000	Trade and Other Receivables \$000	Derivatives \$000	Total Financial Assets \$000
Financial Assets				
Balance 30 June 2023				
Cash and cash equivalents at amortised cost	17,094	-	-	17,094
Debt instruments at amortised cost	-	57,515	-	57,515
Derivatives designated as hedging instruments	-	-	940	940
Total financial assets	17,094	57,515	940	75,549
Balance 30 June 2022				
Cash and cash equivalents at amortised cost	14,796	-	-	14,796
Debt instruments at amortised cost	-	63,870	-	63,870
Derivatives designated as hedging instruments	-	-	439	439
Total financial assets	14,796	63,870	439	79,105

22. Financial Instruments (continued)

Financial Liabilities	Trade and Other Payables \$000	Derivatives \$000	Borrowings \$000	Total Financial Liabilities \$000
Balance 30 June 2023				
Derivatives designated as hedging instruments	-	2,233	-	2,233
Other financial liabilities at amortised cost	27,082	-	-	27,082
Interest bearing loans at amortised cost	-	-	43,924	43,924
Total financial liabilities	27,082	2,233	43,924	73,239
Balance 30 June 2022				
Derivatives designated as hedging instruments	-	4,109	-	4,109
Other financial liabilities at amortised cost	36,192	-	-	36,192
Interest bearing loans at amortised cost	-	-	40,000	40,000
Total financial liabilities	36,192	4,109	40,000	80,301

Where the financial assets and financial liabilities are shown at amortised cost, their cost approximates fair value.

The Group uses derivative financial instruments such as forward currency contracts and options and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into and are remeasured subsequently to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year. The fair values of forward currency contracts and options are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swap contracts are determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or
- Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, and the risk management objectives and strategies for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair values or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

22. Financial Instruments (continued)

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows, which is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in the statement of comprehensive income, while the ineffective portion is recognised in the income statement.

Amounts taken to the statement of comprehensive income are transferred out of the statement of comprehensive income and included in the measurement of the hedged transaction (sales or inventory purchases) when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, amounts previously recognised in the statement of comprehensive income are transferred to the income statement.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or, if its designation as a hedge is revoked, amounts previously recognised in the statement of comprehensive income remain in the statement of comprehensive income until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is recognised in the income statement.

Derivative financial instruments

Details of the derivatives held and their fair values at balance date were as follows:

	2023 \$000	2022 \$000
Current assets		
Forward currency contracts and options - cash flow hedge	109	367
Current assets	109	367
Non-current assets		
Forward currency contracts and options - cash flow hedge	831	72
Non-current assets	831	72
Total assets	940	439
Current liabilities		
Forward currency contracts and options - cash flow hedge	1,858	2,252
Current liabilities	1,858	2,252
Non-current liabilities		
Forward currency contracts and options - cash flow hedge	375	1,857
Non-current liabilities	375	1,857
Total liabilities	2,233	4,109
Net assets/(liabilities)	(1,293)	(3,670)

22. Financial Instruments (continued)

Forward currency contracts and options

The Group imports a large proportion of its raw materials and finished goods, and has export sales to a number of customers. As a result, the Group has both inward and outward foreign currency cash flows. Both the inward cash flows and the outward cash flows are tested and hedged against highly probable forecasted sales and purchases. The main currency exposures are in US dollars, Euro, Australian dollars and British pounds. At balance date, details of outstanding foreign currency contracts and options are as follows:

	Notional Amount		Average Exchange Rates	
	2023 \$000	2022 \$000	2023	2022
Buy NZD/Sell EUR				
Maturing 2023: two to 23 months (2022: one to 24 months)	4,216	10,270	0.5693	0.5745
Buy NZD/Sell GBP				
Maturing 2023: two to 23 months (2022: one to 24 months)	7,310	4,843	0.4924	0.4956
Buy NZD/Sell USD				
Maturing 2023: one to 36 months (2022: one to 44 months)	54,615	55,973	0.6235	0.6610
Buy NZD/Sell AUD				
Maturing 2023: one to 24 months (2022: one to 24 months)	20,526	25,670	0.9062	0.9155
Buy CNY/Sell AUD				
Maturing 2023: one to eight months (2022: one to 14 months)	3,271	5,338	0.2073	0.2068

The forward currency contracts and options are considered to be highly effective hedges as they are matched against forecast inventory purchases and export sales, and any gain or loss on the contracts attributable to the hedge risk is taken directly to other comprehensive income.

Amounts are transferred out of other comprehensive income and included in the measurement of the hedged transaction (sales or purchases) when the forecast transaction occurs. Movements in the cash flow hedge reserve are recorded in the Statement of Comprehensive Income.

Interest rate swap agreements

The Group seeks to fix a minimum of 25% and a maximum of 75% of its interest rate risk considering current and projected debt levels. At 30 June 2023 the Group had no interest rate swap agreements in place.

Credit risk

Credit risk arises from potential failure of counterparties to meet their obligations at the maturity dates of contracts. Because the counterparties of the above financial derivatives are ANZ Bank New Zealand Limited and Bank of New Zealand, there is minimal credit risk.

23. Related Parties

The consolidated financial statements incorporate the following significant companies:

(a) Subsidiary companies

Name of Entity	Principal Activities	Country of Incorporation	Holding		Balance Date
			2023	2022	
Skellerup Industries Limited	Manufacturing and Sales	New Zealand	100%	100%	30 June
Skellerup Growth Limited	Property	New Zealand	100%	100%	30 June
Ambic Equipment Limited	Manufacturing and Sales	UK	100%	100%	30 June
Conewango Products Corporation	Distribution	USA	100%	100%	30 June
Deks Industries Pty Limited	Manufacturing and Sales	Australia	100%	100%	30 June
Deks North America Incorporated	Distribution	USA	100%	100%	30 June
Gulf Rubber Australia Pty Limited	Manufacturing and Sales	Australia	100%	100%	30 June
Gulf US Incorporated	Distribution	USA	100%	100%	30 June
Masport Incorporated	Manufacturing and Sales	USA	100%	100%	30 June
Nexus Performance Foams Limited	Manufacturing and Sales	New Zealand	100%	100%	30 June
Silclear Limited	Manufacturing and Sales	UK	100%	100%	30 June
Sim Lim Technic LLC	Manufacturing and Sales	USA	100%	35%	31 December
Skellerup Gulf Nantong Trading Limited	Distribution	China	100%	100%	31 December
Skellerup Jiangsu Limited	Manufacturing and Sales	China	100%	100%	31 December
Skellerup Rubber Services Limited	Manufacturing and Sales	New Zealand	100%	100%	30 June
Talbot Advanced Technologies Limited	Manufacturing and Sales	New Zealand	100%	100%	30 June
Tumedei SpA	Manufacturing and Sales	Italy	100%	100%	30 June
Ultralon Foam International Limited	Manufacturing and Sales	New Zealand	100%	100%	30 June

(b) Associate Investment

As these are consolidated financial statements, transactions between related parties within the Group have been eliminated. Consequently, only those transactions between the Skellerup Group and Sim Lim Technic LLC (Sim Lim) have been disclosed below. Skellerup held a 35% interest in Sim Lim up to 31 October 2022, at which time the remaining 65% interest was acquired. Skellerup's interest was accounted for using the equity method in the consolidated financial statements up to the date control passed to the Group.

	Sales to Related Party \$000	Purchases from Related Party \$000	Amounts Owed by Related Party \$000	Amounts Owed to Related Party \$000
Sim Lim 2023 (up to 31 October 2022)	215	97	-	-
Sim Lim 2022	416	173	14	-

(c) Compensation of Directors and key management

The remuneration of Directors and senior management personnel during the year was as follows:

	2023 \$000	2022 \$000
Short-term benefits		
Directors' fees	667	642
Senior management's salaries and incentives	2,194	3,291
Contribution to defined contribution scheme for senior management personnel	36	86
Long-term benefits		
Share-based incentive scheme expensed during the year	623	443

23. Related Parties (continued)

Mr. John Strowger is Chairman of Skellerup and a former partner of Chapman Tripp, the Group's legal advisors, having resigned on 30 November 2022. Chapman Tripp has charged fees during the five months to 30 November 2022 amounting to \$218,640 (2022: \$391,293). The fees were charged on normal terms and conditions and exclude GST. Mr. Strowger did not personally provide any of the services delivered. There was Nil (2022: \$15,296) outstanding (excluding GST) at balance date relating to these transactions.

24. Contingent Liabilities

	2023 \$000	2022 \$000
Bank guarantee provided to NZX Limited	75	75

The Group receives claims from time to time in relation to products supplied. Where the Group expects to incur a cost to replace or repair the product supplied and can reliably measure that cost, that cost is recognised. The Group has general liability and professional indemnity insurance in the event that there are warranty claims.

25. Significant Events after Balance Date

The Directors agreed to pay a final dividend, imputed to 50%, of 14.0 cents per share on 13 October 2023, to shareholders on the register at 5.00pm on 29 September 2023. This dividend is not recorded in the financial statements.

There are no other events subsequent to balance date that require additional disclosure.

26. New Accounting Standards, Amendments, Interpretations and IFRIC Interpretations

There is no new Accounting standard, amendment or interpretation, which has been issued and is effective, that has a significant impact on the Group.

Directors' Disclosures, Remuneration and Shareholding

Directors holding office during the year and their shareholdings

Directors held interests in the following shares in the Company as at 30 June 2023¹.

		Held with Beneficial Interest	Held with Non-beneficial Interest	Held by Associated Persons
John Strowger	(Independent)	-	-	118,320
David Cushing	(Independent)	-	-	8,366,169
Rachel Farrant	(Independent)	-	-	-
Alan Isaac	(Independent)	-	-	50,000
David Mair	(Chief Executive)	-	-	5,064,026
Paul Shearer	(Independent)	100,000	-	-

¹Liz Coutts retired from the Board on 26 October 2022. At the time of her retirement she held an interest in 520,000 shares (held by associated persons).

Directors' Interests

Pursuant to section 140(2) of the Companies Act 1993 and section 299 of the Financial Markets Conduct Act 2013, the Directors named below have made a general disclosure of interest during the period 01 July 2022 to 03 August 2023 by a general notice disclosed to the Board and entered in the Company's Interest Register.

John Strowger

- Retired as a Partner of Chapman Tripp on 30 November 2022.

David Cushing

- Interest in 8,366,169 shares following the sale of 1,500,000 shares on 24 August 2022.

Alan Isaac

- Resigned as President of Institute of Directors Inc. on 23 July 2022.
- Appointed as a Member of the NZ Markets Disciplinary Tribunal on 01 June 2023.

David Mair

- Interest in 5,064,026 shares following exercise of options resulting in issue 441,778 shares and sale of 180,000 shares on 02 November 2022.
- Interest in 1,000,000 options under the Skellerup Share Option Plan on 02 November 2022.
- Appointed as a Director of Sanford Limited on 02 November 2022.
- Appointed as Chair of ADNZ Management Limited on 17 November 2022.

Director, CEO and Employee Remuneration

Director Remuneration

The current annual fee pool for payment of non-executive Director remuneration is \$650,000, as approved by the shareholders at the Company's 2021 Annual Meeting. During FY23 the number of non-executive Directors was increased above the number appointed when the pool was approved. The increase in the number of non-executive Directors was made temporarily to manage Board succession ahead of the retirement of Liz Coutts. As a result, and in accordance with the NZX Listing Rules, the aggregate remuneration payable to all non-executive Directors was increased by the amount necessary to remunerate the additional Director. Director remuneration for FY23 is shown in the following table

Director Remuneration (continued)

	Note	Board Chair	Board Director	Audit Chair	Sustainability Chair	Total
John Strowger		66,667	100,000			166,667
Liz Coutts	1	33,333	33,333			66,666
David Cushing			100,000			100,000
Rachel Farrant			100,000		8,333	108,333
Alan Isaac			100,000	25,000		125,000
Paul Shearer			100,000			100,000
David Mair	2		-			-
Total		100,000	533,333	25,000	8,333	666,666

Note:

- Liz Coutts resigned as a Director of the company on 26 October 2022.
- David Mair is an Executive Director. He is remunerated for his role as CEO and does not receive any director remuneration.

CEO Remuneration

CEO remuneration is made up of three components: Fixed remuneration, short-term performance incentive (STI) and long-term performance incentive (LTI). The STI is at risk because the outcome is determined by performance against financial objectives. The LTI is at risk because the outcome is determined by growth in the Skellerup share price above the exercise price. The table below shows CEO remuneration in FY23 and FY22.

\$000	Fixed Salary	STI ¹	Subtotal	LTI ²	Total
David Mair FY23	725	265	990	2,303	3,293
David Mair FY22	690	497	1,187	-	1,187

¹ The FY23 STI was accrued but not paid at 30 June 2023.

² The FY23 LTI represents the value of options at the 01 November 2022 exercise date.

Short-term Incentive

The STI is an at-risk payment designed to motivate and reward for financial performance that exceeds the previous best achieved by Skellerup under the incumbent CEO management. The financial measure used for determining this performance is earnings before interest and tax (EBIT). The STI is set so that the CEO receives 5% of EBIT in excess of the previous best EBIT achieved by Skellerup under his management.

Long-term Incentive

The LTI is a share option scheme. For financial reporting purposes, the fair value of options issued under the scheme is determined using the Black-Scholes formula.

	Financial Year of Grant	Number of Options	Price per Option NZ\$	Exercise Period	Share Price at Exercise NZ\$	Value at Exercise \$000
David Mair	FY23	1,000,000	5.17	1 Sept to 1 Nov 2024	N/A	N/A
	FY21	1,000,000	2.91	01 Nov 2022	5.21	2,303

David Mair was granted 1,000,000 options on 01 November 2022, at an exercise price of NZ\$5.17 per share. The exercise price was the weighted average share price on the twenty day trading period preceding issuance. The options are exercisable in the period beginning on 01 September 2024 and ending on 01 November 2024.

David Mair was granted 1,000,000 options on 29 October 2020, at an exercise price of \$2.91 per share. The exercise price was the weighted average share price on the twenty day trading period preceding issuance. On 01 November 2022 the options were exercised and converted to 441,778 ordinary shares, representing the number of shares equal to the difference between the market value of Skellerup's ordinary shares at the exercise date and the exercise price of NZ\$2.91 per share.

CEO Remuneration: Five Year Summary

\$000	Salary	Kiwisaver	STI	LTI Value on Vesting	Total
David Mair FY23	725	-	265	2,303 ¹	3,293
David Mair FY22	690	-	497	-	1,187
David Mair FY21	740	-	626	813 ²	2,179
David Mair FY20	690	-	-	-	690
David Mair FY19	650	20	101	-	771

¹ LTI Vesting period of 2020-2022

² LTI Vesting period of 2018-2020

Employee Remuneration

The Group paid remuneration in excess of \$100,000 including benefits to 159 employees (not including non-executive directors) during the FY23 year in the following bands.

Remuneration Range \$000	Number of Employees	Remuneration Range \$000	Number of Employees
100-110	35	280-290	1
110-120	19	290-300	3
120-130	12	310-320	1
130-140	9	320-330	1
140-150	12	330-340	1
150-160	8	340-350	3
160-170	4	350-360	1
170-180	5	380-390	1
180-190	6	400-410	1
190-200	4	440-450	1
200-210	9	470-480	1
210-220	8	520-530	1
220-230	2	700-710	2
230-240	2	1,050-1,060	1
240-250	1	2,910-2,920	1
260-270	2	3,520-3,530	1

Gender and Diversity as at 30 June 2023

	Directors		Officers		Management	
	2023	2022	2023	2022	2023	2022
Male	5	5	2	2	27	30
Female	1	2	0	0	8	8
Total	6	7	2	2	35	38

Distribution of Ordinary Shares and Shareholders as at 03 August 2023

Range	Number of Shareholders	Number of Shares	% of Shares
1 - 999	572	259,103	0.13
1,000 - 9,999	3,571	14,512,015	7.40
10,000 - 49,999	1,721	32,754,785	16.71
50,000 - 99,999	203	13,257,141	6.76
100,000 - 499,999	113	18,047,078	9.20
500,000 - 999,999	8	4,563,313	2.33
1,000,000 Over	25	112,678,147	57.47
Total	6,213	196,071,582	100.00%

Substantial Product Holders

Pursuant to the Financial Markets Conduct Act 2013, the following parties had given notice as at 03 August 2023 that they were substantial product holders in the Company and held a relevant interest in the number of ordinary shares shown below:

Name	Number of Shares	%
Forsyth Barr Investment Management Limited (06 July 2023)	15,872,500	8.10
Jarden Securities Limited and Harbour Asset Management Limited (15 March 2023)	9,854,183	5.03

Twenty Largest Shareholders as at 03 August 2023

Rank	Name	Number of Shares	%
1	Forsyth Barr Custodians Limited	22,045,632	11.24
2	FNZ Custodians Limited	13,757,461	7.02
3	Custodial Services Limited	9,736,636	4.97
4	H & G Limited	8,366,169	4.27
5	BNP Paribas Nominees (NZ) Limited	8,170,306	4.17
6	Accident Compensation Corporation	6,054,585	3.09
7	David William Mair & John Gordon Phipps	5,064,026	2.58
8	New Zealand Depository Nominee Limited	4,714,795	2.40
9	JP Morgan Chase Bank NA NZ Branch	3,669,483	1.87
10	Citibank Nominees (New Zealand) Limited	3,276,463	1.67
11	Tea Custodians Limited	2,869,413	1.46
12	FNZ Custodians Limited Non Resident A/C	2,797,663	1.43
13	HSBC Nominees (New Zealand) Limited	2,767,375	1.41
14	HSBC Nominees A/C (NZ) Superannuation Fund Nominees Limited	2,645,977	1.35
15	Hobson Wealth Custodian Limited	2,025,768	1.03
16	Public Trust (Booster Investments) Nominees Limited	1,974,480	1.01
17	JBWere (NZ) Nominees Limited	1,709,944	0.87
18	Simplicity Nominees Limited	1,687,486	0.86
19	Mint Nominees Limited	1,504,181	0.77
20	Forsyth Barr Custodians Limited	1,459,126	0.74

Corporate Directory

Directors

WJ Strowger, LLB (Hons)
 BD Cushing, BCom, ACA
 RH Farrant, BCom, PGDipCom, FCA, CFloD
 AR Isaac, CNZM, BCA, FCA
 DW Mair, BE, MBA
 PN Shearer, BCom

Officers

DW Mair, BE, MBA
 Chief Executive Officer
 GR Leaming, BCom, CA
 Chief Financial Officer

Registered Office

L3, 205 Great South Road
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 Auckland 1051
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 PO BOX 74526
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 Auckland 1546
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 Email: ea@skellerupgroup.com
 Telephone: +64 9 523 8240
 Website: www.skellerupholdings.com

Legal Advisors

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 L34, PwC Tower
 15 Customs Street West
 Auckland 1010
 New Zealand

Bankers

ANZ Bank New Zealand Limited
 23-29 Albert Street
 Auckland 1010
 New Zealand
 Bank of New Zealand
 Level 4
 80 Queen Street
 Auckland 1010
 New Zealand

Auditors

Ernst & Young
 2 Takutai Square
 Britomart
 Auckland 1010
 New Zealand

Share Registrar

Computershare Investor Services Limited
 Private Bag 92119
 Auckland 1442
 New Zealand
 159 Hurstmere Road
 Takapuna
 Auckland 0622
 New Zealand

Managing your shareholding

Online

To change your address, update your payment instructions and to view your investment portfolio including transactions, please visit:
www.computershare.co.nz/investorcentre

General Enquiries

Email: enquiry@computershare.co.nz

Telephone: +64 9 488 8777

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Please assist our registrar by quoting your Common Shareholder Number (CSN)





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