FLEETWOOD LIMITED

ABN 69 009 205 261

APPENDIX 4D

HALF YEAR ENDED 31 DECEMBER 2023

Reporting period	Half year ended 31 December 2023
Previous corresponding period	Half year ended 31 December 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	% change up / (down)	**31 Dec 2023 $'000**	**31 Dec 2022 $'000**
Revenue from ordinary activities	3%	228,919	222,453
Profit before interest, tax, depreciation and amortisation (EBITDA)[1]	66%	14,500	8,741
Profit before interest, tax and amortisation (EBIT)	N/A	6,258	246
Net profit (loss) after tax attributable to members	N/A	3,864	(814)
Net profit (loss) attributable to members	N/A	3,864	(814)

DIVIDEND INFORMATION

	31 Dec 2023	**31 Dec 2022**
Interim Dividend		
Date dividend is payable	8 April 2024	-
Record date	5 March 2024	-
Interim dividend payable per security (cents)	2.5	-
Franked amount of dividend per security (cents)	2.5	-
Total dividend payable for the period per security (cents)	**2.5**	**-**

	30 Jun 2023
Previous Dividends	
Final Dividend 2023 (cents)	2.1
Interim Dividend 2023 (cents)	-
Total dividend paid during the previous period per security (cents)	2.1

NET TANGIBLE ASSET BACKING

	31 Dec 2023	**30 Jun 2023**
Net tangible assets per security ($)[2]	1.07	1.01

DETAILS OF SUBSIDIARIES AND ASSOCIATES

No items to report.

COMMENTARY ON RESULTS IN THE PERIOD

Additional Appendix 4D disclosure requirements and further information including commentary on significant features of the operating performance, results of segments and other factors affecting the results for the current period are contained in the Directors' Report, Half Year Financial Report for the period ended 31 December 2023, and Press Release lodged with the ASX.

The condensed consolidated financial statements contained within the Half Year Financial Report for the period ended 31 December 2023, of which this report is based upon have been reviewed by Fleetwood Limited's auditors, Ernst and Young (EY).

[1] EBITDA is considered a non-IFRS measure and is calculated as earnings before interest, tax, depreciation and amortisation.
[2] Net tangible assets per security is calculated as net assets less goodwill, intangibles and right-of-use assets.

FLEETWOOD LIMITED
CONTENTS
HALF YEAR ENDED 31 DECEMBER 2023

GENERAL INFORMATION

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

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

Auditor
Ernst and Young

Banker
Westpac Banking Corporation

Share Registry
Computershare
Level 17
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Perth, WA 6000
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The Directors present their report on Fleetwood Limited (the Company) and the entities it controlled (collectively, the Group) at the end of, or during the half year ended 31 December 2023 together with consolidated financial statements.

Directors

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

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

Executive Officers

Andrew Wackett	Chief Financial Officer, Company Secretary
Elizabeth Maynard	General Counsel, Company Secretary
Andrew McCormack	General Manager, WHSE & HR
Tara Goldsworthy	Executive General Manager, Manufacturing
Giles Everest	Executive General Manager, WA
David Bolton	Executive General Manager, Building Solutions
Andrew Arapakis	Executive General Manager, RV Solutions

REVIEW OF OPERATIONS

- **1H FY24 EBIT of $6.3m supported by Building Solutions returning to profitability, statutory NPAT of $3.9m**
- **Building Solutions order book of $100m, up from $87m in December 2022**
- **Net cash of $34.1m, down from $39.9m in December 2022**

H1 FY24 EBIT result of $6.3m was a significant improvement on the 1H FY23 $0.2m EBIT result, as the earnings momentum from 2H FY23 continued into 1H FY24.

Building Solutions returned to profitability during the half as progress was made against the Build, Transform & Grow strategy.

The business has continued to target projects aligned with its current capability and this focus saw gross margins continue to improve and achieve target levels. The order book grew from $87m in December 2022 to $100m in December 2023.

Community Solutions' results improved reflecting planned shutdowns and increased activity in the Karratha market. Effort during the half focussed on preparing Searipple Village for increased levels of demand expected and contracted over the medium term. Contracted demand includes the June 2023 announcement of additional rooms booked by Rio Tinto under its accommodation agreement which is expected to generate a further $100m to $120m in revenue until the end of the contract term in April 2027.

RV Solutions saw reduced consumer discretionary demand during the half-year changing the trend of the past two years with inconsistent demand experienced month to month.

The Company recorded earnings before interest and tax (EBIT) of $6.3m (31 December 2022: $0.2m) and statutory net profit after tax (NPAT) of $3.9m (31 December 2022: $0.8m loss) for H1 FY23. Revenue for the period was up 3% at $229.9m (31 December 2022: $223.1m).

Fleetwood finished the half year with net cash of $34.1m (December 2022: $39.9m) as advance contract payments were utilised during the period.

Given the balance sheet position and earnings momentum, the Company has declared a fully franked interim dividend of 2.5 cents per share.

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

The business has made excellent progress in ESG with continued improvement in safety and progress delivering on diversity measurable objectives and the reflect reconciliation action plan.

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

Overall, the business is positioned to generate improved results in FY24.

RESULT SUMMARY

$ MILLION	**H1 FY24**	**H1 FY23**
Revenue	229.9	223.1
EBITDA[1]	14.5	8.7
Depreciation	(8.2)	(8.5)
EBIT	6.3	0.2
Finance costs	(0.8)	(0.7)
Pre-tax profit (loss)	5.5	(0.5)
Tax expense	(1.6)	(0.3)
Underlying NPAT	3.9	(0.8)
Significant items	-	-
Statutory NPAT (Loss)	**3.9**	**(0.8)**

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[1] EBITDA is considered a non-IFRS measure and is calculated as earnings before interest, tax, depreciation and amortisation.

DIVISIONAL EBIT RESULT SUMMARY

$ MILLION	H1 FY24	H1 FY23
Revenue		
RV Solutions	40.0	41.6
Building Solutions	172.1	168.2
Community Solutions	17.2	13.1
Unallocated	0.6	0.2
Total revenue	**229.9**	**223.1**

EBIT		
RV Solutions	1.8	3.9
Building Solutions	3.2	(2.3)
Community Solutions	4.7	2.6
Unallocated	(3.4)	(3.9)
Total EBIT	**6.3**	**0.2**

CASHFLOW AND DEBT

The Company maintained a solid net cash position of $34.1m. A high level of school year end classroom moves, combined with the amortisation of construction advance payments (traditionally received in the June quarter each year) resulted in Building Solutions using working capital in the half year. This is in line with traditional seasonal patterns.

Capital expenditure was largely due to preparation works at the Searipple Village in Karratha in anticipation of an upswing in demand over the medium term.

Project bonding fell from $22.5m in December 2022 to $18.4m in December 2023 reflecting reduced exposure to major projects. The group retains total debt and bonding facilities of $81m (H1 FY23: $85m).

$ MILLION	H1 FY24	H1 FY23
EBITDA	14.5	8.7
Interest paid (net)	-	(0.8)
Tax paid	-	(1.1)
Working capital (and other)	(17.4)	(15.3)
Operating cashflow	(2.9)	(8.5)
Net capex	(3.5)	(3.7)
Free cashflow	(6.4)	(12.2)
Lease repayments and other	(4.1)	(3.2)
Dividends paid	(2.0)	-
Financing cashflows	(6.1)	(3.2)
Opening net cash	46.6	55.3
Closing net cash	34.1	39.9

BUILDING SOLUTIONS

	H1 FY24	H1 FY23
Revenue	172.1	168.2
EBIT	3.2	(2.3)

Building Solutions returned to profitability during the half as progress was made with the Build, Transform & Grow strategy. There were no major project close out costs in the half (Major project close out costs net of provisions were $0.9m in H1 FY23).

Revenue for the half year was broadly flat as major project revenues were replaced with more traditional modular works projects.

The Queensland business continued its excellent performance where population growth is creating education and social housing demand. Activity levels in Victoria and NSW also improved in the half as renewed management teams drove performance. Western Australia also made significant gains and continues to operate in a buoyant market.

Gross margins improved as the benefit of the focus on repeatable modular projects across the business delivered a step change improvement in the half year.

Overheads increased during the half year with labour shortages continuing to impact as competition for staff in the broader construction industry remained intense. An ongoing shortage of white-collar staff in construction resulted in salaries increasing at a higher level despite a flat headcount. Materials shortages continued to ease during the period.

Overall, the business achieved its short-term EBIT margin targets. With the new leadership team now in place, we are confident we have the right team to deliver our Build, Transform & Grow strategy moving forward.

OUTLOOK AND FORWARD STRATEGY

Building Solutions anticipates continued solid earnings in H2 FY24. This is expected to come from a combination of order book, better quality margins, procurement savings, no impact from major project cost overruns and careful overhead management.

The business has continued to target projects aligned with its current capability. The order book grew from $87m in December 2022 to $100m in June 2023 due mostly to demand from the education sector.

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

Opportunities with government including housing, education, and defence are expected to increase as adoption of modular building gathers momentum. The WA Department of Housing is now using modular solutions after engagement with Fleetwood and proprietary housing designs were launched to the broader market in H2 FY23. Several States have announced the move to make kindergarten compulsory, extending our education sector offering and has already led to an uptick in our opportunity pipeline.

While our opportunity pipeline for social housing and kindergartens has grown, decisions are being delayed as state governments work through their internal processes. Fleetwood's defence strategy has been defined and is underway.

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

While material shortages eased, costs also reduced with the procurement savings program starting to take effect. Despite the decline in general construction activity, labour continues to be constrained.

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

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

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

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

Over the medium term this is expected to see a stable and growing business able to effectively leverage the advantages of our national manufacturing footprint and the growing adoption of modular as a solution to the nation's construction challenges.

COMMUNITY SOLUTIONS

	H1 FY24	**H1 FY23**
Revenue	17.2	13.1
EBIT	4.7	2.6

The Community Solutions result reflects the benefit of the planned FY23 client maintenance shutdowns that extended into the early part of FY24 as well as increased activity in the Karratha market.

Effort during the half focused on preparing Searipple Village for increased levels of demand expected and contracted over the medium term.

The five-year agreement with Rio Tinto, executed early in July 2022 and expanded in June 2023, continued to underpin base utilisation and profitability during the half. Demand under this agreement is expected to step up in the June 2024 quarter. It has also created a strong negotiating position for ongoing discussions with additional clients to support planned shutdowns and major projects over coming periods.

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

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

OUTLOOK AND FORWARD STRATEGY

The outlook for Community Solutions is buoyant with the strong prospect that Western Australia's North-West will see significant future development of new projects in the oil and gas, fertiliser, and green energy sectors.

Securing existing demand from current customers places Fleetwood in a strong position for the medium term.

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

In the near-term Fleetwood is also seeing the need for investment in major repairs and upgrades in the region to existing aging infrastructure assets. The requirement to house and facilitate staff for these projects is a significant medium-term opportunity for Community Solutions.

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

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

RV SOLUTIONS

	H1 FY24	H1 FY23
Revenue	40.0	41.6
EBIT	1.8	3.9

RV Solutions observed a reduction in consumer discretionary spend with inconsistent demand resulting in lower revenue and EBIT.

The original equipment manufacturer (OEM) segment experienced a significant slowdown in the second quarter as historic orders were filled, dealer inventory increased, and demand slowed. The aftermarket segment softened continuing the trend which began in the fourth quarter of FY23.

Demand weakness, a change in revenue mix between OEM and the aftermarket and higher input costs led to gross margins softening as increased raw material, foreign exchange and other input costs were unable to be fully passed on to customers.

Wage inflation and significant increases in property costs saw operating costs increase by 9% compared to H1 FY23 which translated to lower EBIT margins.

OUTLOOK AND FORWARD STRATEGY

The medium-term outlook for RV Solutions remains mixed. Forward order books for manufacturers have reduced and there remains little evidence of sustained re-stocking by aftermarket customers.

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

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

New product development is beginning to gain traction. The new Invictus premium door has been launched in the market while aluminium wall frames and new sandwich panel wall, roof and floor products have received orders from multiple customers. Several exciting new imported products and range upgrades are also coming to market this year.

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

Cost and margin pressure is expected to continue into the second half of FY24. While we have reset the overhead in this business, plans are in place to recoup these impacts through further price adjustments and accelerating our new products over the balance of FY24.

DIVIDENDS

The Company's dividend policy is to pay out 100% of net profit after tax.

Reflective of the strong balance sheet position and improvement in earnings, the Company has declared a fully franked interim dividend of 2.5 cents per share (1H FY23 0.0 cents per share).

The Company presently has 20 cents per share in franking credits available to support up to 47 cents per share in fully franked dividends.

FLEETWOOD LIMITED
DIRECTORS' DECLARATION
HALF YEAR ENDED 31 DECEMBER 2023

In accordance with a resolution of the directors of Fleetwood Limited, I state that in the opinion of the directors:

(a) the half year financial report and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:
    (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
    (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

John Klepec
Chairman

Perth, 27 February 2024

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Perth WA 6000 Australia
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Auditor's independence declaration to the directors of Fleetwood Limited

As lead auditor for the review of the half-year financial report of Fleetwood Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Russell Curtin
Partner
27 February 2024

FLEETWOOD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
HALF YEAR ENDED 31 DECEMBER 2023

		Consolidated	
		31 Dec 2023	**31 Dec 2022**
	Note	**$ '000**	**$ '000**
Sales revenue	5	228,919	222,453
Other income		1,011	652
Materials used		(74,941)	(81,972)
Sub-contract costs		(79,104)	(83,118)
Employee benefits		(42,795)	(37,671)
Rent expense	10	(525)	(548)
Warranty and defects expense	14	-	3,896
Other expenses		(18,065)	(14,951)
Profit before interest, tax, depreciation and amortisation (EBITDA)		**14,500**	**8,741**
Depreciation and amortisation	8,9,10	(8,242)	(8,495)
Profit before interest and tax (EBIT)		**6,258**	**246**
Finance costs		(799)	(769)
Profit (loss) before income tax expense		**5,459**	**(523)**
Income tax expense		(1,595)	(291)
Profit (loss) after tax	4	**3,864**	**(814)**
Profit (loss) attributable to members of the parent entity		**3,864**	**(814)**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Net exchange difference - foreign controlled entities (net of tax)		45	471
Total comprehensive profit (loss) for the year		**3,909**	**(343)**
Earnings (loss) per share		**cents**	**cents**
Basic earnings (loss) per share		4.1	(0.9)
Total		**4.1**	**(0.9)**
Diluted earnings (loss) per share		4.1	(0.9)
Total		**4.1**	**(0.9)**

To be read in conjunction with the accompanying notes.

FLEETWOOD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Consolidated 31 Dec 2023 $ '000	30 Jun 2023 $ '000
Current assets			
Cash and cash equivalents		34,066	46,578
Trade and other receivables	6	54,063	43,442
Contract assets	6	40,386	31,724
Inventories	7	27,933	32,554
Other financial assets		-	21
Tax assets		7,133	7,522
Total current assets		**163,581**	**161,841**
Non-current assets			
Trade and other receivables	6	943	1,198
Property, plant and equipment	8	31,959	32,560
Intangible assets	9	3,234	3,871
Right-of-use assets	10	20,144	24,235
Goodwill	11	43,522	43,522
Deferred tax assets		8,506	8,960
Total non-current assets		**108,308**	**114,346**
Total assets		**271,889**	**276,187**
Current liabilities			
Trade and other payables	12	48,616	37,216
Contract liabilities	12	23,554	38,308
Lease liabilities	10	5,872	5,970
Tax liabilities		702	199
Provisions	14	8,525	9,348
Other financial liabilities		32	-
Total current liabilities		**87,301**	**91,041**
Non-current liabilities			
Lease liabilities	10	15,468	19,375
Provisions	14	1,434	137
Total non-current liabilities		**16,902**	**19,512**
Total liabilities		**104,203**	**110,553**
Net assets		**167,686**	**165,634**
Equity			
Issued capital		253,361	253,361
Reserves		(1,334)	(1,499)
Retained earnings		(84,341)	(86,228)
Total equity		**167,686**	**165,634**

To be read in conjunction with the accompanying notes.

FLEETWOOD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF YEAR ENDED 31 DECEMBER 2023

Consolidated	Issued capital $ '000	Share based payment reserve $ '000	Share plan reserve $ '000	Foreign currency translation reserve $ '000	Retained earnings $ '000	Total $ '000
Balance at 1 July 2022	253,170	837	(2,126)	97	(88,458)	163,520
Loss for the period	-	-	-	-	(814)	(814)
Exchange differences arising on translation of foreign operations	-	-	-	471	-	471
Total comprehensive profit (loss) for the period	-	-	-	471	(814)	(343)
Dividends paid to shareholders	-	-	-	-	-	-
Share-based payments	191	(191)	-	-	-	-
Other	-	-	-	-	(6)	(6)
Balance at 31 December 2022	**253,361**	**646**	**(2,126)**	**568**	**(89,278)**	**163,171**
Balance at 1 July 2023	253,361	488	(2,084)	97	(86,228)	165,634
Profit for the period	-	-	-	-	3,864	3,864
Exchange differences arising on translation of foreign operations	-	-	-	45	-	45
Total comprehensive profit or the period	-	-	-	45	3,864	3,909
Dividends paid to shareholders	-	-	-	-	(1,980)	(1,980)
Share-based payments	-	120	-	-	-	120
Other	-	-	-	-	3	3
Balance at 31 December 2023	**253,361**	**608**	**(2,084)**	**142**	**(84,341)**	**167,686**

To be read in conjunction with the accompanying notes.

FLEETWOOD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
HALF YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated 31 Dec 2023 $ '000	31 Dec 2022 $ '000
Cash flows from operating activities			
Receipts from customers		242,562	240,897
Payments to suppliers		(245,475)	(247,707)
Interest received		783	213
Income taxes paid		(46)	(1,100)
Finance costs paid		(799)	(769)
Net cash provided by operating activities		**(2,975)**	**(8,466)**
Cash flows from investing activities			
Proceeds from sale of non-current assets		190	554
Acquisition of property, plant and equipment		(3,608)	(3,571)
Acquisition of intangible assets		(43)	(713)
Net cash used in investing activities		**(3,461)**	**(3,730)**
Cash flows from financing activities			
Repayment of principal of lease liabilities		(4,142)	(3,505)
Dividends paid to shareholders	3	(1,980)	-
Net cash used in financing activities		**(6,122)**	**(3,505)**
Net decrease in cash and cash equivalents		(12,558)	(15,701)
Cash and cash equivalents at the beginning of the financial year		46,578	55,266
Effect of exchange rate changes on cash held in foreign currencies		46	288
Cash and cash equivalents at the end of the period		**34,066**	**39,853**

To be read in conjunction with the accompanying notes.

1. ABOUT THIS REPORT

1.1 Statement of compliance

The half year consolidated financial report of Fleetwood Limited and its subsidiaries (collectively, the Group) for the six months ended 31 December 2023 were authorised for issue by the Directors on 27 February 2024.

The half year consolidated financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. The half year financial report does not include all the information and disclosures required in the annual consolidated financial report, and should be read in conjunction with the most recent annual consolidated financial report as at 30 June 2023.

1.2 New and revised standards and Interpretations adopted during the reporting period

The accounting policies adopted in the preparation of the half year financial report are consistent with those followed in the preparation of the Group's annual consolidated financial report for the year ended 30 June 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

1.3 Significant accounting policies

The financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 30 June 2023.

1.4 Comparative information

The half year consolidated financial report provide comparative information in respect of the previous period, which is reclassified where necessary to provide consistency with the current financial period.

2. ISSUES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

Issued and paid-up capital

94,284,579 (30 June 2023: 94,284,579) ordinary shares, fully paid.

3. DIVIDENDS

During the period no dividends were declared by the Directors and paid to shareholders of the Company.

	31 Dec 2023 $ '000	31 Dec 2022 $ '000
Recognised amounts		
Final 2023 – paid 2.1 cents per share fully franked	1,980	-
	1,980	**-**
Declared and not recognised as liabilities		
Interim 2024 – declared 2.5 cents per share fully franked	2,357	-
	2,357	**-**

Subsequent to 31 December 2023 the Directors declared a fully franked interim dividend of 2.5 cents per share to the holders of fully paid ordinary shares. The dividend will be paid on 8 April 2024. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $2,357,114.

4. SEGMENT INFORMATION

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

Operating segments	Products / Services
RV Solutions	Manufacture, installation and distribution of recreational vehicle parts and accessories.
Building Solutions	Design, manufacture and sale of accommodation.
Community Solutions	Operation of communities (Formerly Accommodation Solutions).

Revenue and results by reportable operating segment:

	Revenue		Depreciation		Segment Result (EBIT)	
	31 Dec 2023 $ '000	31 Dec 2022 $ '000	31 Dec 2023 $ '000	31 Dec 2022 $ '000	31 Dec 2023 $ '000	31 Dec 2022 $ '000
RV Solutions	40,015	41,621	1,932	1,945	1,793	3,856
Building Solutions	172,085	168,156	4,502	4,619	3,183	(2,314)
Community Solutions	17,173	13,132	1,422	1,533	4,722	2,584
Operating segment total	**229,273**	**222,909**	**7,856**	**8,097**	**9,698**	**4,126**
Unallocated	657	196	386	398	(3,440)	(3,880)
Total	**229,930**	**223,105**	**8,242**	**8,495**	**6,258**	**246**
Amortisation of contract intangible (Building Solutions)					-	-
Profit before interest and tax (EBIT)					**6,258**	**246**
Finance costs					(799)	(769)
Profit (loss) before income tax benefit					**5,459**	**(523)**
Income tax expense					(1,595)	(291)
Profit (loss) after tax					**3,864**	**(814)**
Profit (loss) attributable to members of the parent entity					**3,864**	**(814)**

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

The following is an analysis of assets and liabilities by reportable operating segment:

	Segment assets		Segment liabilities	
	31 Dec 2023 $ '000	30 Jun 2023 $ '000	31 Dec 2023 $ '000	30 Jun 2023 $ '000
RV Solutions	50,662	53,411	14,766	14,155
Building Solutions	156,468	139,770	78,230	85,802
Community Solutions	19,493	21,419	4,597	4,791
Operating segment total	**226,623**	**214,600**	**97,593**	**104,748**
Unallocated	45,266	61,587	6,610	5,805
Total	**271,889**	**276,187**	**104,203**	**110,553**

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

5. SALES REVENUE

	Consolidated	
	31 Dec 2023 $ '000	**31 Dec 2022 $ '000**
Recognised at a point in time:		
RV Solutions	35,769	37,626
Total revenue recognised at a point in time	**35,769**	**37,626**
Recognised over time:		
RV Solutions	4,196	3,842
Building Solutions	171,781	167,853
Community Solutions	17,173	13,132
Total revenue recognised over time	**193,150**	**184,827**
Total sales revenue	**228,919**	**222,453**

6. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	31 Dec 2023 $ '000	**30 Jun 2023 $ '000**
Trade and other receivables		
Current		
Trade receivables	44,160	36,680
Less: allowance for expected credit losses	(644)	(608)
Finance lease receivable	506	499
Other receivables	9,811	6,704
Other current assets	230	167
Total	**54,063**	**43,442**
Non-current		
Finance lease receivable	943	1,198
Total	**943**	**1,198**
Contract assets		
Current	40,386	31,724
Non-current	-	-
Total	**40,386**	**31,724**

7. INVENTORIES

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Current		
Raw materials & stores	8,800	9,119
Work in progress	5,491	5,181
Finished goods	16,509	22,558
Stock obsolescence provision	(2,867)	(4,304)
Total	**27,933**	**32,554**

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

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Current		
RV Solutions	(337)	(350)
Building Solutions	(2,530)	(3,954)
Total	**(2,867)**	**(4,304)**

8. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Freehold land		
Cost	1,408	1,408
Buildings		
Cost	1,343	1,343
Accumulated depreciation	(590)	(574)
Balance	753	769
Leasehold property and improvements		
Cost	53,212	53,162
Accumulated amortisation	(44,751)	(44,287)
Balance	8,461	8,875
Plant and equipment		
Cost	100,535	98,186
Accumulated depreciation	(79,198)	(76,821)
Balance	21,337	21,365
Assets under construction		
Cost	-	143
Total	**31,959**	**32,560**

The following tables show the movements in property, plant and equipment:

	Freehold land $ '000	Buildings $ '000	Leasehold property and improvements $ '000	Plant and equipment $ '000	Assets under construction $ '000	Total $ '000
Balance at 1 July 2023	1,408	769	8,875	21,365	143	32,560
Additions	-	-	52	3,194	-	3,246
Disposals	-	-	-	(87)	-	(87)
Depreciation	-	(16)	(466)	(3,135)	-	(3,617)
Transferred to project	-	-	-	-	(143)	(143)
Balance at 31 December 2023	**1,408**	**753**	**8,461**	**21,337**	**-**	**31,959**
Balance at 1 July 2022	1,408	803	8,437	24,002	696	35,346
Additions	-	-	1,472	4,679	-	6,151
Reclassified to inventory	-	-	-	-	(553)	(553)
Disposals	-	-	-	(1,069)	-	(1,069)
Depreciation	-	(34)	(1,034)	(7,001)	-	(8,069)
Other – reversal of impairment on disposal	-	-	-	754	-	754
Balance at 30 June 2023	**1,408**	**769**	**8,875**	**21,365**	**143**	**32,560**

9. INTANGIBLE ASSETS

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Product development		
At cost	2,770	3,408
Accumulated amortisation	(2,176)	(2,047)
Balance	594	1,361
Contract intangible		
Acquired	14,924	14,924
Accumulated amortisation and impairment	(14,924)	(14,924)
Balance	-	-
ERP software		
At cost	4,918	4,291
Accumulated amortisation	(3,360)	(2,825)
Balance	1,558	1,466
ERP software WIP		
At cost	1,082	1,044
Total	**3,234**	**3,871**

The following tables show the movements in intangible assets:

	Product development $ '000	Product development WIP $ '000	Contract intangible $ '000	ERP software $ '000	ERP software WIP $ '000	Total $ '000
Balance at 1 July 2023	1,361	-	-	1,466	1,044	3,871
Additions	-	-	-	326	268	594
Transfers	-	-	-	230	(230)	-
Disposals	(637)	-	-	-	-	(637)
Depreciation and amortisation	(130)	-	-	(464)	-	(594)
Balance at 31 December 2023	**594**	**-**	**-**	**1,558**	**1,082**	**3,234**
Balance at 1 July 2022	699	-	-	1,884	740	3,323
Additions	963	-	-	37	674	1,674
Transfers	-	-	-	364	(364)	-
Disposals	-	-	-	(112)	(6)	(118)
Depreciation and amortisation	(301)	-	-	(707)	-	(1,008)
Balance at 30 June 2023	**1,361**	**-**	**-**	**1,466**	**1,044**	**3,871**

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Cost		
Opening balance	47,235	45,259
Right-of-use additions	150	5,646
Disposals	(1,874)	(4,265)
Total	45,511	46,640
Accumulated depreciation		
Opening balance	22,999	18,930
Depreciation charged this period	4,030	7,757
Disposals	(1,662)	(4,282)
Total	25,367	22,405
Balance	**20,144**	**24,235**

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

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Lease liabilities (current)	5,872	5,970
Lease liabilities (non-current)	15,468	19,375
Total lease liabilities	**21,340**	**25,345**

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

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

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

	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with options to purchase	No. of leases with variable payments linked to an index or rate	No. of leases with termination options
31 December 2023						
Office buildings/spaces	4	1-4 years	3 years	-	4	-
Production facilities and warehouses	18	1-7 years	3 years	-	18	-
30 June 2023						
Office buildings/spaces	4	1-4 years	4 years	-	4	-
Production facilities and warehouses	18	1-7 years	4 years	-	18	-

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2023 were as follows:

	Minimum lease payments due						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
31 December 2023							
Lease payments	7,727	5,723	3,669	3,380	1,589	524	22,612
Finance charges	(567)	(344)	(213)	(110)	(32)	(6)	(1,272)
Net present value	**7,160**	**5,379**	**3,456**	**3,270**	**1,557**	**518**	**21,340**
30 June 2023							
Lease payments	8,489	7,019	4,099	3,617	2,882	1,313	27,419
Finance charges	(798)	(566)	(348)	(215)	(110)	(37)	(2,074)
Net present value	**7,691**	**6,453**	**3,751**	**3,402**	**2,772**	**1,276**	**25,345**

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

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

	31 Dec 2023 $ '000	31 Dec 2022 $ '000
Short term and low value leases	**525**	**548**

11. GOODWILL

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Goodwill	**43,522**	**43,522**
Reconciliation of the carrying amount of Goodwill:		
Gross carrying amount		
Opening balance	104,046	104,046
Total	104,046	104,046
Accumulated impairment		
Opening balance	(60,524)	(60,524)
Total	(60,524)	(60,524)
RV Solutions	9,110	9,110
Community Solutions	2,196	2,196
Building Solutions	32,216	32,216
Balance	**43,522**	**43,522**

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

The recoverable amount of the cash generating units can be determined based on the higher of value in use or fair value less cost to dispose. The recoverable amount of the cash generating units has been determined based on value in use. The value in use has been calculated using cashflow projections based on financial budgets approved by the board with key assumptions based on past experience and where applicable external sources of information. Projections are extrapolated over a 5-year period with the inclusion of a terminal value.

11. GOODWILL (continued)

In respect of the RV Solutions, Community Solutions and Building Solutions cash-generating units there are no impairment indicators given current EBITDA results relative to the cash-generating unit's carrying value and there are no reasonable changes in key assumptions which would result in the carrying amounts exceeding the recoverable amounts.

12. TRADE AND OTHER PAYABLES AND CONTRACTS

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Trade and other payables		
Current		
Trade creditors	38,184	24,083
Payments in advance	525	971
Other creditors and accruals	9,907	12,162
Total	**48,616**	**37,216**
Contract Liabilities		
Current	23,554	38,308
Non-Current	-	-
Total	**23,554**	**38,308**

13. FINANCING ARRANGEMENTS

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Facilities available		
Multi-option	46,000	46,000
Surety bonds	35,000	35,000
Total facilities available	**81,000**	**85,000**
Facilities utilised		
Multi-option	11,414	10,354
Surety bonds	6,947	8,364
Total facilities utilised	**18,361**	**18,718**
Facilities not utilised		
Multi-option	34,586	35,646
Surety bonds	28,053	26,636
Total facilities not utilised	**62,639**	**62,282**
Multi-option facility utilisation		
Bank loans	-	-
Bank guarantees	11,414	10,354
Multi-option facility utilised	**11,414**	**10,354**

Multi-option

Multi-option facility, of up to a limit of $46 million (30 June 2023: $46 million), allows the Company to utilise the facility balance available at its discretion for bank loans, up to a sub-limit of $25 million and bank guarantees up to a sub-limit of $25 million. Bank loans are secured by a mortgage debenture over the assets of the consolidated entity and bear interest at a BBSY rate plus 2.6% (30 June 2023: 2.6%) plus a line fee of 1.1% (30 June 2023: 1.1%). Bank guarantees are utilised for construction contracts. No liability has been recognised in the statement of financial position in respect of bank guarantees.

Surety bonds

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

14. PROVISIONS

	31 Dec 2023 $ '000	30 Jun 2023 $ '000
Current		
Employee benefits	7,745	8,003
Warranty & defects	608	623
Other provisions	172	722
Total	**8,525**	**9,348**
Non-current		
Employee benefits	1,434	137
Total	**1,434**	**137**
Aggregate employee benefits	**9,179**	**8,140**

The warranty and defects provisions are allocated within the Company's segments as shown below:

	Warranty & Defects	
	31 Dec 2023 $ '000	30 June 2023 $ '000
Building Solutions	550	623
Unallocated	58	-
Total	**608**	**623**

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

	Note	30 June 2023 $ '000	Arising during the period $ '000	Utilised during the period $ '000	Unused amounts reversed $ '000	31 Dec 2023 $ '000
Expected credit losses	6	608	43	(7)	-	644
Stock obsolescence	7	4,304	40	(1,477)	-	2,867
Warranty & defects		623	-	(15)	-	608
Other		722	125	(675)	-	172
Total		**6,257**	**208**	**(2,174)**	**-**	**4,291**

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

15. EVENTS AFTER THE REPORTING PERIOD

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

Building a better working world

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

Conclusion

We have reviewed the accompanying half-year financial report of Fleetwood Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at31 December 2023, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

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

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

Ernst & Young

Russell Curtin
Partner
Perth
27 February 2024