



Results for the six months  
ended 31 December 2021

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# 1HFY22: Overview

- **Revenue** continued to **grow** through 1HFY22 with increased jobs on site as a result of strong sales numbers and pipeline.
- 1HFY22 **earnings** continued to be impacted by COVID-19, in particular supply and trade availability and rates, compounded by worksite lockdown and further restrictions impacting productivity onsite.
- Our key focus has been on pivoting our **strategy** to capitalise on the current market, **engage** our key stakeholders, both internally and externally and set ourselves up for a **profitable core operating business** with a **strong balance sheet** moving forward.
- **Our staff, suppliers and trades, combined with our improved balance sheet** position through the sale of Builders Academy Australia, **have enabled** the **business to continue to operate** throughout this **unprecedented period**.
- The business has continued to **adapt** to the changes imposed by COVID-19, continuing to **work from home** whilst ensuring we maintain our focus on **high levels of customer service**.
- **Workplace safety** has remained of **paramount importance**.





# FY22 half year results

Revenue<sup>1</sup>  
\$338.1m  
up \$20.0m

EBITDA<sup>1</sup>  
\$5.8m  
down \$6.2m<sup>2</sup>

NPAT  
\$0.5m  
Group result  
down \$0.6m

Site  
Starts  
1,177<sup>3</sup>  
Up 5

Sale of  
BAA  
\$8.9m  
Cash

Net  
Cashflows  
-\$1.3m  
down \$4.1m

Continued focus on **workplace safety**

**Revenue up** due to increased job numbers on site (2H21 starts increased) but dampened due to **COVID-19 restrictions on site productivity**

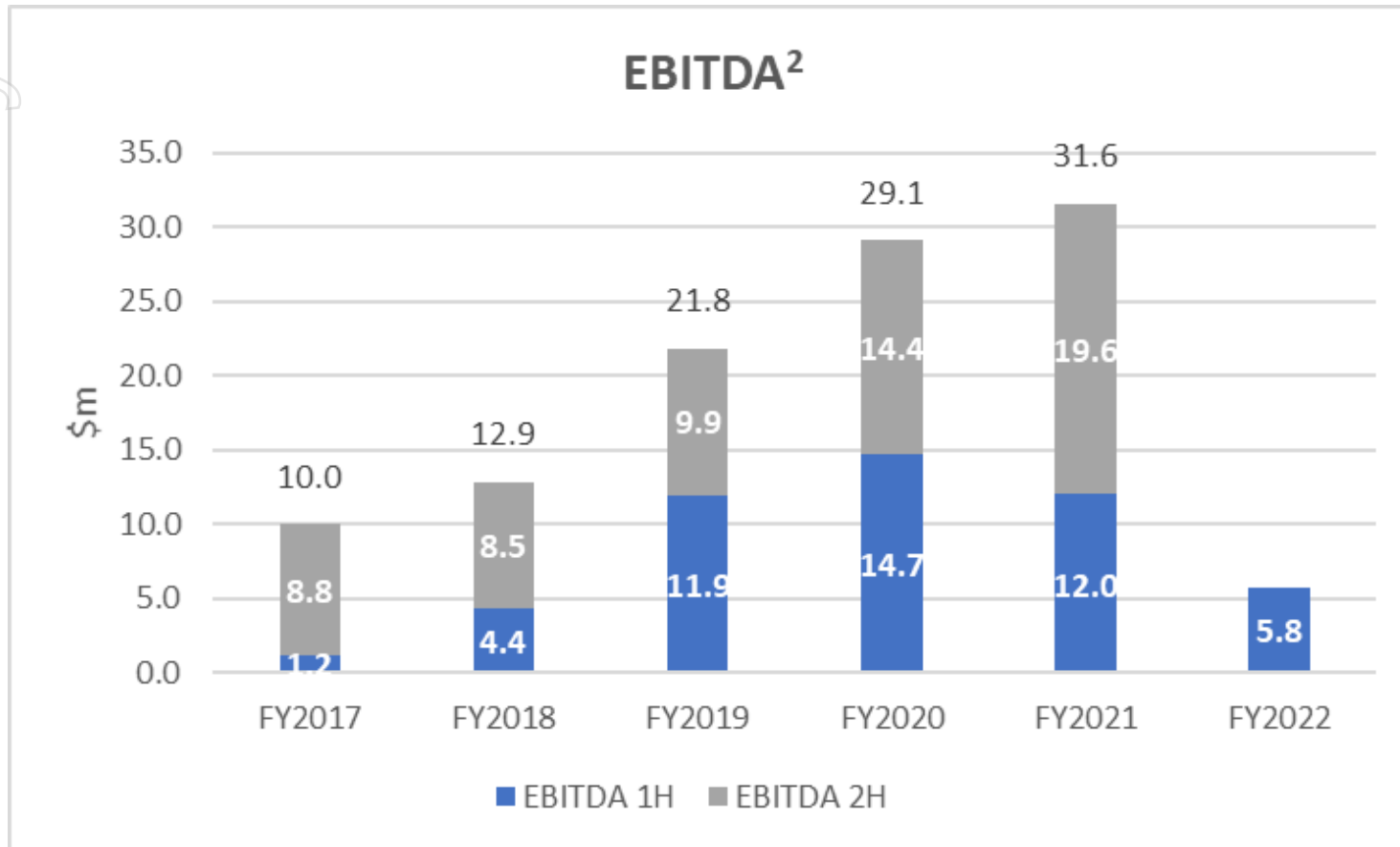
**EBITDA impacted** by supply and trade constraints and rate increases caused by heightened demand in the industry

**Reduction in cashflows generated from operations** due to challenges presented by COVID-19

**BAA was divested** on 30 November 2021 and is presented within Discontinued Operations in the financial report

1. "EBITDA" is net profit before tax from continuing operations before financing items, depreciation and amortisation (D&A).  
2. Comparative results have been re-presented to classify discontinued operations consistently with current year disclosure.  
3. Excludes any display or speculative home starts.

# Group earnings comparison



1. In accordance with the requirements of AASB 16, the costs associated with leases of displays, commercial offices and fleet that were previously presented within EBITDA have been excluded from EBITDA shown in FY20 and 1HFY20 as these costs are now reflected within depreciation and amortisation (D&A) and Interest expense. This change was reflected commencing from 1 July 2019 in accordance with AASB 16.
2. Prior years have been adjusted to remove BAA to be consistent with current year disclosures.

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# Balance sheet comparison

MINI  
COOPER  
SEAT  
CITROEN  
VOLVO  
BMW  
AUDI  
MERCEDES  
Porsche

	31-Dec-21	30-Jun-21	31-Dec-20
	\$m	\$m	\$m
<b>Assets</b>			
Cash / Equivalents	21.5	22.8	31.1
Receivables	22.4	33.4	18.7
Accrued revenue	59.2	50.7	32.8
Inventories	23.7	27.3	28.8
PP&E	5.6	5.8	6.2
Intangible assets	5.1	8.3	8.7
Other	3.6	1.1	2.7
Right-of-use assets	27.3	21.9	23.5
Tax Receivable	-	2.3	-
Deferred tax assets	-	-	2.6
<b>Total Assets</b>	<b>168.4</b>	<b>173.6</b>	<b>155.1</b>
<b>Liabilities</b>			
Trade / other payables	69.3	78.5	58.8
Deferred revenue	1.9	0.4	1.1
Customer deposits	18.4	21.2	18.4
Lease liabilities	28.1	22.1	23.7
Borrowings	-	0.3	-
Provisions	25.9	27.5	25.2
Taxes	1.1	1.4	9.4
<b>Total Liabilities</b>	<b>144.7</b>	<b>151.4</b>	<b>136.6</b>
<b>Net Assets</b>	<b>23.7</b>	<b>22.2</b>	<b>18.5</b>

**Earnings**, and the continued focus on **working capital management** has ensured the Group has maintained a **relatively strong cash position**

**Inventories**, comprising land and display homes under construction / available for sale, **decreased by \$3.5m** during the period

**Intangible assets** comprise the investment in **software & systems**, capitalised **product development** and **goodwill** on acquisition

**Right-of-use assets** comprise commercial and display leases and represent the remaining terms of these leases.

**Net assets increased by \$1.5m** during the period and the Group has **no debt drawn down** at reporting period end.

# Cash flows for the half year

	31-Dec-21	31-Dec-20
	\$m	\$m
<b><i>Cash flows from operating activities</i></b>		
Receipts from customers	377.5	375.8
Payments to suppliers / employees	(380.5)	(361.9)
Interest paid	(1.3)	(0.2)
Income taxes (paid)/refunded	2.9	-
<b>Net cash generated from operating activities</b>	<b>(1.4)</b>	<b>13.7</b>
Net cash used in investing activities	5.8	(3.5)
Net cash (used in)/from financing activities	(5.7)	(7.4)
<b>Net increase / (decrease) in cash</b>	<b>(1.3)</b>	<b>2.8</b>
Cash / Equivalents at beginning of the period	22.8	28.3
Cash / Equivalents at end of the period	21.5	31.1

**Receipts from customers** increased with higher job numbers on site

**Increased payments to suppliers** reflects the increase in trade and supplier rates due to **heightened demand in the industry, the impact of COVID-19 and the increase in jobs on site**

**\$8.9m cash generated** from disposal of discontinued operations

Proceeds from **issue of equity \$0.9m** (options issued) reduced the net cash impact of financing activities

**Strong cash balance at end of the reporting period** despite a drop in operating cashflows, with no borrowings required

# 3 Year strategic focus for delivering shareholder value

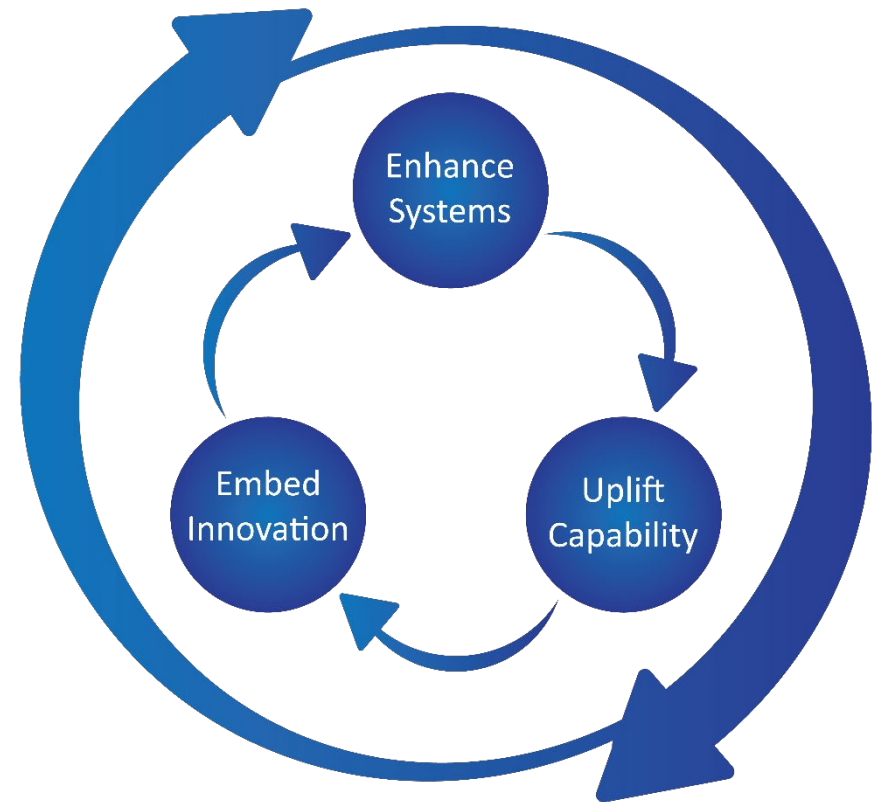
Improve profitability to earn the right to grow and reclaim industry leadership.

In response to the rapid and significant changes currently affecting the construction industry, the company has recognized the need to transform the business to improve resilience and profitability.

To accomplish this, a dedicated transformation team has been established to:

1. Uplift Capability
2. Enhance Systems
3. Embed Innovation

This initiative will initially address the first horizon of the broader business strategy by “fixing the core” before evolving into a framework to underpin growth and foster innovation.





# Current trading conditions and outlook

Focus on core activities and profitable sales channels

Uncertainties with the ongoing COVID-19 pandemic make forward-looking statements problematic. COVID-19 impacts on 2HFY22 may include:

- Ongoing supply chain impacts on the industry in general
- Increased or ongoing infection rates leading to a number of workers and trades isolating and unable to work

Heightened demand has continued post the HomeBuilder stimulus, which has resulted in pressure on trades that have prolonged build periods and impacted trade rates

Industry groups and analysts<sup>1</sup> are forecasting continued positive housing growth in FY22, with a potential slight decline in FY23 and FY24.



<sup>1</sup>Referring to recent public commentary from HIA.

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For more information contact us at:

Telephone:  
+61 3 9682 0700

Mailing address:  
Locked Bag 4002  
South Melbourne VIC 3205

Physical address:  
Level 1, 570 St Kilda Road  
Melbourne VIC 3004

[www.simondsgroup.com.au](http://www.simondsgroup.com.au)

Authorised for lodgement by Simonds Group Limited Board of Directors.

**Thank you**

