

23 February 2023

ABN 54 143 841 801 / ASX Code: SIO

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ASX ANNOUNCEMENT SIMONDS GROUP LTD FIRST HALF YEAR 2023 RESULTS

Simonds Group Limited (Simonds, Group or Company) (ASX: SIO), one of Australia's leading homebuilders, has today released its Appendix 4D Financial Report for the six months ended 31 December 2022 (1HFY23).

Simonds reported a net loss after tax (NPAT) of (\$11.9) million from continuing operations and reported a net loss after tax (NPAT) at a group level of (\$12.7).

Results for the six months ended 31 December 2022:

	1HFY23 \$ million	1HFY22 \$ million
Revenue	\$382.2	\$338.1
Earnings before interest, depreciation and amortisation (EBITDA)	(\$5.5)	\$5.8
Net Loss After Tax from continuing operations	(\$11.9)	(\$2.9)

1HFY23 HIGHLIGHTS

- In November 2022 Simonds announced the intention to raise an additional \$25.5m of share capital to fund working capital requirements and future strategic initiatives. This was successfully completed and all funds were received in December 2022. The net cash position as at 31 December 2022 was \$32.6m.
- The Group's banking facilities were extended until 30 June 2024, ensuring that the available liquidity is strong, supporting the working capital needs of the business.
- 1,099 site starts for the period, 78 starts below the comparative period in 1HFY22.
- Net asset position rose from \$13.5 million as at 30 June 2022 to \$25.0 million as at 31 December 2022.
- Revenue of \$382.2 million, \$44.1 million higher than 1HFY22 predominantly due to higher Site Start Value (SSV) of jobs on site and the impact of COVID shutdowns faced during the comparative period.
- EBITDA of (\$5.5) million, \$11.3 million less than 1HFY22 due to impacts of prolonged weather events in the 1HFY23 and the continued inflationary pressure of supply and trade labour shortages across the industry that could not be recouped in a fixed price contract environment.

1HFY23 OVERVIEW

Commenting on SIO's results for 1HFY23, the Executive Chair & CEO Rhett Simonds said:

"The residential construction industry continues to see the impact of increased input costs and productivity constraints given weather events and trade labour shortages. Given the prolonged impact of these operational challenges, the Simonds Group raised additional capital to strengthen our balance sheet and position us well to execute on emerging opportunities in the market.

We believe this places confidence with our key stakeholders, customers, staff and suppliers, assured in continuing a long-term relationship with us knowing they deal with a business that is sustainable and that will be there for the long run."

OUTLOOK AND FUTURE DEVELOPMENTS

The current macro-economic environment has led the RBA to announce several interest rate increases which have reduced customers' borrowing capacity. The reduced borrowing capacity, including the decrease in affordability has moderated sales activity. It is uncertain how long these conditions will continue, impacting consumer sentiment and willingness to commit to large investment decisions.

Trade labour challenges will continue in the short term but will hopefully ease over the next 6-12 months.

The Property Council of Australia has recently issued a paper on the lack of affordable housing in Australia, reiterating a concern for both federal and state governments. The federal and state budgets have included initiatives to address the affordable housing shortfall which should create opportunities for the residential construction industry over the medium and long term.

Simonds will continue to explore opportunities to improve profitability and streamlining operating activities.

DIVIDENDS

The Directors have determined that no dividend will be declared in relation to the six months ended 31 December 2022.

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For more information, please contact:

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Authorised for lodgement by the Simonds Group Limited Board of Directors.