

Melbourne, 28 August 2023



ASX ANNOUNCEMENT SIMONDS GROUP 2023 FINANCIAL YEAR RESULTS

Simonds Group Limited (Simonds, Group or Company) (ASX: SIO), one of Australia's leading homebuilders, has today released its Appendix 4E Financial Report for the year ended 30 June 2023 (FY23).

Results for the financial year ended 30 June 2023:

	FY23 \$ million	FY22 \$ million
Revenue from continuing operations	\$722.4	\$687.5
(Loss) / earnings before interest, income tax, depreciation and amortisation (EBITDA) – continuing operations	(\$11.4)	\$3.7
Net Loss After Tax	(\$23.3)	(\$9.7)

FY23 HIGHLIGHTS

- Revenue from continuing operations of \$722.4 million (FY22: \$687.5 million) is 5.1% above the previous year primarily due to increased site start values of jobs on site and higher productivity.
- Liquidity remains strong, with available liquidity of \$39.3 million at year end, comprising of \$15.1 million cash on hand and unused banking facilities of \$24.2m. In August, the banking facility was renewed and extended until 31 December 2024.
- In December 2022, Simonds successfully raised \$25.5m through a pro-rata renounceable entitlement offer to take advantage of the strategic opportunities ahead.
- As announced in April, the Group executed a significant cost reduction exercise, re-aligning the employee base and overheads, setting the company on course for a more sustainable future.
- Simonds has developed and invested in a diversified strategy that provides alternative and counter cyclical channels to market. This includes the commencement of completion and rectification works for domestic building insurance claimants impacted by insolvencies within the industry.
- 1,951 site starts (FY22: 2,376), 425 starts less than the previous year primarily due to subdued retail demand and increased cancellations fuelled by higher interest rates and cost of living pressure.

FY23 OVERVIEW

Commenting on the Group results, CEO and Executive Chairman Rhett Simonds said:

“Despite the challenges of FY23, Simonds proactively invested in several initiatives in the second half to set the business on a course for a material improvement to the trading performance. The Group remains in a strong financial position with healthy liquidity and a positive outlook ahead. The equity raised during the year, coupled with the strategic initiatives to diversify channels to market and reduce overheads have created a solid foundation for the Group.

The higher interest rate environment and cost of living pressure will continue to impact residential customers in the near term. Simonds’ investment in new channels during FY23 will allow the Group to play a meaningful role assisting customers to complete their homes following builder insolvencies as well as develop solutions aligned with State and Federal Government investments in affordable housing.

Build times and productivity continue to improve as the supply chain challenges ease and industry moves past peak construction. The Group will remain focussed on cost efficiency and re-invest in new initiatives to drive growth and rebuild the balance sheet. We are excited about the opportunities ahead.”

GROUP FINANCIAL RESULTS REPORTED FOR FY23

- NPAT is down predominantly due to a wide range of external factors such as impacts of prolonged weather events (IH), continued inflationary pressures of supply and trade labour shortages across the industry, that had limited ability to be recouped in a fixed price contract environment. These impacts started to moderate in the second half as jobs on site declined across the industry and site starts margins are increasing as newer, higher margin jobs go to site. In addition, there were a number of one-off measures as a result of the right-sizing of the business.

Commentary for key balance sheet items for the Group during FY23 were:

- Strong net cash position of \$15.1 million as at 30 June 2023, primarily through the December equity raise. Simonds has no debt, and the banking facilities (unused) were recently extended up to 31 December 2024.
- Working capital remained stable and movements are aligned with operational activities.
- Net assets increased from \$13.5 million as at 30 June 2022 to \$14.5 million as at 30 June 2023 as a result of proceeds from the equity raise, offset by losses incurred due to the adverse market conditions and expenses incurred right-sizing the business and establishing diversified channels to market.

OUTLOOK AND FUTURE DEVELOPMENTS

The Group is optimistic about the future trading performance through improved margins, rightsizing and channel diversification, notwithstanding that some industry wide challenges and macroeconomic pressures persist.

DIVIDENDS

The Directors have determined that in spite of the available cash resources and improved outlook, that no dividend will be paid in relation to the year ended 30 June 2023. The Group will focus on rebuilding the net asset position. Future dividends will be subject to the directors' assessment of the Company's financial position at the appropriate time.

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

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