ASX Announcement

30 August 2024

FY2024 Review and Business Update

Oldfields Holdings Limited (ASX:OLH) (**Oldfields** or **Company**) is pleased to provide the following review of FY2024 and an update on the business.

Key Updates

- Strategic transformation of Oldfields completed by the executive leadership team and board of directors over FY2024
- Underlying EBITDA of $0.91 million, broadly in line with guidance, achieved after normalising for non-recurring cash expenses related to the strategic transformation and other non-cash items
- Exit of East Coast Scaffold Hire and Service complete, allowing Oldfields to focus on its core business of designing, manufacturing, and distributing high-quality products in the Scaffold and Paint categories
- Positive momentum in FY2025 in both local and international sales channels, with strong orders expected for H1
- Oldfields continues to pursue strategic inorganic growth opportunities that complement existing operations
- Strategic initiatives undertaken in FY2024 have the Company well placed for improved financial and operational performance in FY2025

In FY2024, the executive leadership team and board of directors of Oldfields executed a strategic review that addressed structural challenges that were impeding growth. This decisive action was aimed at repositioning the company for long-term success in FY2025 and beyond.

Normalised FY2024 EBITDA was $0.91 million, broadly in line with guidance provided in the Business Update of 19 June 2024. After $3.67 million of non-recurring transformational and other costs (which comprised $1.89 million of non-cash items), the statutory FY2024 EBITDA loss was $2.76 million. The result also reflects a $1.82 million EBITDA loss in the now closed East Coast scaffolding hire and service business.

The normalised EBITDA result reflects solid core operations which provides a strong foundation for future growth.

Overview of Major Actions, Balance Sheet Optimisation, and non-recurring costs Incurred in FY2024:

A reconciliation of the statutory EBITDA loss to the underlying EBITDA profit and a description of the normalisation adjustments is set out below.

Reconciliation	($'000)	Commentary
Statutory FY24 EBITDA loss	**2,766**	
Non-recurring cash items		
Relocations – 3PL and warehouse	$693.7	Rationalisation and relocation of paint products 3PL including redundancies, transport, inventory write off and repackaging; and relocation of scaffold and voids inventory and administration to new Moorebank premises
Product recall	508.4	Further costs may be recognised in FY25
East Coast Hire and Service closure	88.1	Staff redundancy and relocation costs
Closure of Southern China operation	37.8	Includes relocation of inventory to alternate warehouse in Henan province, China
Superannuation guarantee charge	343.9	
Other	113.0	Non-recurring accounting and legal costs relating to China operation
Subtotal – non-cash items	**1,893.0**	
Non-recurring non cash items		
Inventory impairment	1,185.8	Stock impairments from review of Campbelltown inventory during relocation to Moorebank; and scaffolding inventory in Australia and China driven by stock loss & operational change
Information systems impairment	311.5	Due to rationalisation of ERP systems across the business including sunk and contracted costs
Accounting provision	350.0	Recognition of liability for deferred payment of executive incentives
Impairment of capitalised expenses	45.7	Capital raising costs
Subtotal	**1,886.4**	

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Normalised underlying FY24 EBITDA	**911.9**	Includes $1,821,600 EBITDA loss in the East Coast scaffolding hire and service business.

Non-recurring product recall costs and east coast hire and service exit costs are expected to continue in FY25 but are expected to be materially lower.

Transformation Strategy

The transformation strategy involved focusing on optimising operations, streamlining costs, and enhancing overall efficiency.

Key initiatives included the right-sizing of the workforce and the reallocation of resources towards revenue-generating functions, particularly in sales and marketing.

These strategic actions have aligned the company's structure with its current and future growth objectives, ensuring that Oldfields is well-positioned to capitalise on current and emerging opportunities.

East Coast Hire & Service Exit

A significant step was the strategic exit from the East Coast Hire and Services division.

It is expected that the discontinuation of the business will make a materially positive contribution to FY25 earnings as it had been loss-making.

The exit of the business has also created a more focused and agile organisation. Oldfields is now concentrating its efforts on its core business of designing, manufacturing, and distributing high-quality products in the Scaffold and Paint categories.

Scaffolding and void protection businesses

Oldfields retains its strong operations in South Australia and Western Australia hire and services, as well as retaining a foothold in the Void Protection business, which remains integral to Company strategy.

Other non-recurring costs

FY2024 presented unforeseen challenges, most notably a product recall that significantly impacted mobile scaffold sales in Q4.

The recall required a swift and effective response, including addressing safety concerns, managing customer relations and implementing corrective measures. While this event had a short-term negative impact, the actions taken by Oldfields have been received well by customers as evidence of Oldfields' commitment to quality and customer safety.

The strategic review of the Company's operations also resulted in one-off non-cash adjustments to balance sheet items such as inventory impairment due to revaluation of aged inventory, missing inventory and recognition of provisions for redundancy and recall.

Outlook

As Oldfields moves into FY2025, the company is gaining momentum in both local and international sales channels, with strong orders expected in H1.

The transformation changes have stabilised the company's current position and laid a solid foundation for future growth and innovation, ensuring long-term value creation for stakeholders.

The company is well-positioned to leverage its streamlined operations and refined product offerings.

Oldfields' strategic focus for 2025 is centred on reconnecting with its core identity as a designer, manufacturer, and distributor of high-quality products in the Scaffold and Paint categories.

Oldfields aims to revitalise the Oldfields brand by reestablishing it as a trusted and reliable partner in the industry. This will be achieved through a commitment to excellent customer service, premium products, a strong market presence, and maintaining a robust stock position. By reinforcing these core strengths, Oldfields will enhance its brand equity and deepen its relationships with key stakeholders.

To drive organic growth, Oldfields is aligning Sales, Marketing and Category efforts to enhance customer engagement and experience. This strategy focuses on expanding local market share through both wholesale and direct customer networks, while also increasing its global supplier and distribution reach across the Scaffold and Paint Categories. Additionally, educational and safety content will be developed to strengthen customer relations and reinforce Oldfields' position as an industry leader.

Oldfields continues to pursue strategic inorganic growth opportunities that complement existing operations. The Company's approach to acquisitions focusses on opportunities to diversify the Company's offerings as a building materials supplier. By targeting synergetic or complementary opportunities, Oldfields aims to drive earnings and expand its market presence for a wider range of goods and services by leveraging its brand equity.

In summary, the strategic initiatives undertaken by Oldfields in FY2024 have set the stage for earnings growth in FY2025.

The Company's comprehensive transformation strategy has addressed key challenges, optimised operations, and positioned Oldfields for sustained growth and innovation. With a renewed focus on its core strengths, a commitment to operational excellence, and a strategic approach to both organic and inorganic growth, Oldfields is well-equipped to capture new opportunities and deliver long-term value to its stakeholders in the coming year.

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Chairman

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CEO & Managing Director

This announcement has been approved by the Board.

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Ends