



31 December 2024

Appendix 4D

For the half year ended 31 December 2024

Simonds Group Limited

ACN: 143 841 801

This half year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2.A.

For personal use only



31 December 2024

SIMONDS GROUP LIMITED (ASX: SIO)

APPENDIX 4D

HALF YEAR ENDED 31 DECEMBER 2024

Half year ended: 31 December 2024

Previous corresponding period: 31 December 2023

Results for Announcement to the Market for the half year ended 31 December 2024					
Revenue from ordinary activities from continuing operations	Down	(\$18.9m)	by	(5.6%)	to \$318.1m
Profit from ordinary activities before tax from continuing operations	Up	\$0.5m	by	20.0%	to \$3.0m
Profit from ordinary activities after tax from continuing operations	Up	\$0.3m	by	17.6%	to \$2.0m
Profit / (loss) after tax from discontinued operations	Down	(\$0.9m)	by	(128.6%)	to (\$0.2m)
Profit after tax	Down	(\$0.6m)	by	(24.0%)	to \$1.9m
Profit attributable to members	Down	(\$0.6m)	by	(24.0%)	to \$1.9m

Refer to the Simonds Group Limited Interim Financial Report and the Director's Report for commentary on the above results.

Net tangible asset backing per ordinary share	Amount per share (cents)
As at 31 December 2024 (including right-of-use assets)	4.62
As at 30 June 2024 (including right-of-use assets)	4.30

Net assets backing per share as at 31 December 2024 was 5.66 cents (30 June 2024: 4.14 cents)

Dividends	Amount per share	Franked amount per share
For the half year ended 31 December 2024 (cents)	-	-
For the half year ended 31 December 2023 (cents)	-	-

Other Information

This information is based on the financial report which has been reviewed by PKF Melbourne Audit & Assurance Pty Ltd.

For a brief explanation of the results presented in this Appendix 4D, please refer to the ASX announcement on the results for the half year ended 31 December 2024 and the financial report.

Simonds Group Limited

ABN 54 143 841 801

Interim Financial Report for the half year ended 31 December 2024



Level 1, 570 St Kilda Road | Melbourne 3004

simonds.com.au

For personal use only

Simonds Group Limited
Interim Financial Report for the half year ended 31 December 2024

Contents	Page
Directors' report	5
Auditor's independence declaration	9
Independent Auditor's Review Report to the Members of Simonds Group Limited	10
Directors' declaration	12
Condensed consolidated statement of profit or loss and other comprehensive income	13
Condensed consolidated statement of financial position	14
Condensed consolidated statement of changes in equity	15
Condensed consolidated statement of cash flows	16
Notes to the condensed consolidated financial statements	17

Directors' report

The Directors of Simonds Group Limited (the "Company") submit herewith the financial report of the consolidated entity consisting of the Company and the entities it controlled (the "Group") for the half year ended 31 December 2024. To comply with the provisions of the *Corporations Act 2001*, the directors report is as follows:

Information about the directors

The names of the directors of the Company during or since the end of the half year are:

Current Directors		
Name	Date appointed	Current Position
Rhett Simonds	20 April 2016	Executive Chair
Mark Simonds	20 September 2017	Executive Director
Piers O'Brien	20 September 2017	Non-Executive Director
Andrew Bloore	27 July 2021	Non-Executive Director
David Denny	1 November 2021	Independent Non-Executive Director
Richard Grellman	9 May 2023	Independent Non-Executive Director

Operating and financial review

Principal activities

The Group's principal activities during the half year were the design, sale and construction of residential dwellings. In addition, the Group has been working with domestic building insurers to support customers that are impacted by builder insolvencies in Victoria.

Business overview

Building homes since 1949, Simonds Homes is one of Australia's largest volume homebuilders, with display homes located in Victoria, Queensland and South Australia. The diverse product range offered by the Group caters to every type of buyer with single and double-storey detached homes, medium-density developments, and dual occupancy projects. The Group serves both metropolitan areas of state capitals and large regional cities, ensuring quality and choice for all customers.

Operations

Group revenue from continuing operations for the period was \$318.1 million, \$18.9 million (5.6%) lower than the comparative period (1H FY24). The decrease in Group revenue is primarily attributable to decreased number of jobs on site driven by the residential segment being impacted by subdued demand.

Simonds Homes recorded 733 site starts for the period, a decrease of 229 (or 23.8%) compared to 1H FY24. The reduction in site starts was expected given the impact of the softer macroeconomic environment. The FY24 volumes included a material number of starts associated with the Insurance channel where Simonds stepped in to support residential customers impacted by the liquidation of several residential builders. The impact of the lower starts for the period was partially offset by the higher site start values and improved margin of jobs going to site.

For personal use only

31 December 2024

Despite the lower revenue, the Group delivered Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of \$13.6 million, an increase of \$1.5 million (12%) compared to 1H FY24. The improved performance is underpinned by higher margin jobs going to site and effective cost management to optimise general expenses and overheads. This resulted in a profit after tax from continuing operations of \$2.0m, reflecting an increase of \$0.3m (18%) compared to previous equivalent reporting.

Balance sheet

The available liquidity of \$32.4 million as at 31 December 2024 remains healthy and includes \$7.8 million of cash on hand and unused banking facilities of \$24.6 million. The Group continues to invest in alternative channels as part of its multi-channel strategy.

The sustained profitability resulted in the net assets of the Group increasing from \$18.5 million at 30 June 2024 to \$20.4 million at 31 December 2024.

Operating cash flows

The Group generated net operating cash flows of \$16.1 million (1H FY24: \$1.8 million) inclusive of the working capital requirements associated with multi-channel strategy. The operating cash flows represent an increase of \$14.3 million, as a result of strong turnaround in the EBITDA and timing of display sales. Collections from customers remained stable and suppliers are being paid in accordance with the agreed terms.

Future developments

The Group has announced that a binding agreement has been signed to acquire all of the shares of Dennis Family Homes Pty Ltd, a respected residential builder operating in Victoria and NSW. The transaction is subject to certain conditions precedent and completion of the transaction is expected to occur early March 2025. This acquisition complements the Simonds portfolio of designs, and the expanded display home footprint provides additional opportunities to grow volumes across the regions in which the Group operates.

Despite a challenging macroeconomic environment, the Group remains positive on future trading performance. The announced acquisition will materially increase the Group's jobs under construction and strengthen the pipeline of jobs available to start over the next 12 months.

Summary of key business risks

The Board remains confident about the Group's future trading performance and acknowledges there are certain factors that may pose a risk to the achievement of the Group's business strategies and future performance.

There are some risks specific to the Group's home building business, as well as external risks, such as the economic environment, over which the Group has no control. The Group's risk management approach is to identify, evaluate, mitigate and manage its financial, operational, and business risks. The risk assessment approach includes an estimation of the likelihood of risk occurrence and potential impacts on the financial results. Risks are assessed across the business and reported to the Audit & Risk Committee and to the Board where required under the Group's Risk Management Framework.

Impact of macroeconomic pressures:

The interest rate environment continues to impact the borrowing capacity of the Group's retail customers. The reduced borrowing capacity of individuals and the decrease in affordability has had an ongoing adverse impact on sales activity within the retail channel. The Group expects these factors to continue to impact the residential sales activity for a most of the FY25.

While general economic conditions are outside the Group's control, the Group seeks to reduce its exposure to these risks by closely monitoring both internal and external sources of information that provide insights to changes in demand within the markets and regions in which it operates.

The Group continues to invest in alternative sales channels and diversify the sales mix to reduce the impact of the economic environment on a specific channel.

Liquidity:

The effective management of liquidity remains a critical activity for any construction entity. Although the Group has a healthy liquidity position, management remains focused on and mindful of the impact that unexpected working capital movements can have on the cash position.

Information Technology ("IT") security and data security breaches

The potential failure of IT security controls may result in the loss, inability to access information, destruction or theft of customer, supplier, and financial or other commercially sensitive information. This has the potential to adversely affect operating results and potentially damage the reputation of the Group.

There are several key controls in place to mitigate the risk, which include continuous scanning and validation of all access to the Group's IT environment including data flows. The Group endeavours to stay abreast of threats through penetration testing and control reviews from cyber security experts. The Group has developed an IT road map that support the ongoing investment in infrastructure and applications that ensure a strong security environment protecting the Group and infrastructure from the rising threat in cyber security.

Integration of the recently announced acquisition

The completion of the announced share acquisition is subject to the fulfilment of certain condition precedents. Once the transaction is complete the effective transition and integration of the Dennis Family Homes Pty Ltd customer base and operations are critical to ensure maximum value is derived from the acquisition. If the transition is not managed effectively the impact on all stakeholders (including employees, customers and vendors), working capital and liquidity will be material.

The Group has created a detailed transition and integration plan across multiple workstreams to ensure pro-active steps are taken to effectively integrate the business and mitigate the known transition risks.

Subsequent events

On 31 January 2025, the Group announced that it has entered into a binding agreement to acquire 100% of the issued capital of Dennis Family Homes Pty Ltd for an estimated consideration of \$10m in the form of deferred consideration and payment upon completion. Refer to note 15 for more details of the acquisition.

31 December 2024

Dividends

The directors have determined that no dividend will be declared in relation to the 31 December 2024 half year (31 December 2023: nil).

Auditor's independence declaration

The auditor's independence declaration is included after this report on page 9.

Rounding of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, and in accordance with that Class Order amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Rhett Simonds'.

Rhett Simonds
Executive Chair
Melbourne, 17 February 2025

For personal use only



PKF Melbourne Audit & Assurance Pty Ltd
ABN 75 600 749 184
Level 15, 500 Bourke Street
Melbourne, Victoria 3000

T: +61 3 9679 2222
F: +61 3 9679 2288
info@pkf.com.au
pkf.com.au

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SIMONDS GROUP LIMITED

In relation to our review of the financial report of Simonds Group Limited for the half-year ended 31 December 2024, 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*; and
- (b) no contraventions of any applicable code of professional conduct.

This declaration is made in respect of Simonds Group Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'PKF'.

PKF
Melbourne, 17 February 2025

A handwritten signature in black ink that reads 'Kenneth Weldin'.

Kenneth Weldin
Partner



PKF Melbourne Audit & Assurance Pty Ltd
ABN 75 600 749 184
Level 15, 500 Bourke Street
Melbourne, Victoria 3000

T: +61 3 9679 2222
F: +61 3 9679 2288
info@pkf.com.au
pkf.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SIMONDS GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Simonds Group Limited ('the Company') and its Subsidiaries (collectively 'the Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2024, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, 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 Simonds Group Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the financial position of the Group as at 31 December 2024, and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with the Australian 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*. 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 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.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's review report.

Responsibilities of the Directors 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 the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the Directors determine is necessary to enable the

PKF Melbourne Audit & Assurance Pty Ltd is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s). Liability limited by a scheme approved under Professional Standards Legislation.



preparation of the half-year financial report that gives a true and fair view and that 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 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, 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 2024 and its performance for the half year ended on that date, and complying with Australian 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.

A stylized handwritten signature of the letters 'PKF' in black ink.

PKF
Melbourne, 17 February 2025

A handwritten signature in black ink that reads 'Kenneth Weldin'.

Kenneth Weldin
Partner

Directors' declaration

The directors declare that:

- a) the interim financial statements and notes of Simonds Group Limited set out on pages 13 to 25 are in accordance with the Corporations Act 2001 (Cth), including:
 - (i) complying with the applicable Accounting Standards and the Corporations Regulations 2001 (Cth); and
 - (ii) giving a true and fair view of the financial position of the Simonds Group Limited as at 31 December 2024 and of their performance for the half year ended on that date; and
- b) there are reasonable grounds to believe that Simonds Group Limited will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be "Rhett Simonds", written over a horizontal line.

Rhett Simonds
Executive Chair
Melbourne, 17 February 2025

Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2024

	Notes	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Continuing operations			
Revenue	2	318,115	337,035
Cost of sales		(249,204)	(269,081)
Gross profit		68,911	67,954
Expenses	4	(55,331)	(55,845)
Profit before financing items, depreciation and amortisation		13,580	12,109
Depreciation and amortisation charges		(9,164)	(8,572)
Profit before financing items and tax		4,416	3,537
<i>Financing items</i>			
Interest expense		(1,387)	(1,023)
Net financing cost		(1,387)	(1,023)
Profit before tax		3,029	2,514
Income tax expense		(992)	(790)
Profit from continuing operations after tax		2,037	1,724
Discontinued operations			
(Loss) / profit from discontinued operations after tax	5	(172)	733
Profit after tax for the half year		1,865	2,457
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Total comprehensive income for the half year		1,865	2,457
Earnings per share		Cents per share	Cents per share
From continuing operations			
Basic	9	0.57	0.48
Diluted	9	0.57	0.48
From continuing and discontinued operations			
Basic	9	0.52	0.68
Diluted	9	0.52	0.68

The accompanying notes form part of these financial statements.

For personal use only

Condensed consolidated statement of financial position

As at 31 December 2024

	Notes	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Assets			
<i>Current Assets</i>			
Cash and bank balances		7,795	1,647
Trade and other receivables		35,890	54,156
Accrued revenue		39,502	55,751
Inventories	8	22,228	22,221
Other assets		3,092	2,466
Total current assets		108,507	136,241
<i>Non-Current Assets</i>			
Property, plant and equipment		2,730	2,556
Intangible assets		3,755	3,015
Right-of-use assets	12	14,622	14,459
Deferred tax assets		1,105	2,022
Total non-current assets		22,212	22,052
Total assets		130,719	158,293
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables		62,531	92,893
Deferred revenue		12,344	11,332
Borrowings	7	1,656	843
Lease liability		11,497	11,082
Provisions		11,274	11,856
Total current liabilities		99,302	128,006
<i>Non-Current Liabilities</i>			
Lease liability		4,124	4,455
Provisions		6,919	7,325
Total non-current liabilities		11,043	11,780
Total liabilities		110,345	139,786
Net Assets		20,374	18,507
Equity			
Issued capital	11	37,867	37,867
Reserves	10	21,646	21,644
Accumulated losses		(39,139)	(41,004)
Total equity		20,374	18,507

The accompanying notes form part of these financial statements.

Condensed consolidated statement of changes in equity

For the half year ended 31 December 2024

	Issued capital \$'000	Share buy-back reserve \$'000	Share based payments reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 July 2023	37,867	(7,204)	28,848	(45,030)	14,481
Profit for the period	-	-	-	2,457	2,457
Balance at 31 December 2023	37,867	(7,204)	28,848	(42,573)	16,938
Balance at 1 July 2024	37,867	(7,204)	28,848	(41,004)	18,507
Employee Share plan expense	-	-	2	-	2
Profit for the period	-	-	-	1,865	1,865
Balance at 31 December 2024	37,867	(7,204)	28,850	(39,139)	20,374

The accompanying notes form part of these financial statements.

Condensed consolidated statement of cash flows

For the half year ended 31 December 2024

Notes	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Cash flows from operating activities		
Receipts from customers	389,006	377,476
Payments to suppliers and employees	(371,484)	(374,655)
Cash generated from operations	17,522	2,821
Finance costs	(1,387)	(1,023)
Income taxes (paid) / refund	-	-
<i>Net cash generated from operating activities</i>	16,135	1,798
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	23	-
Payments for property, plant and equipment	(1,223)	(288)
Payments for intangible assets	(1,564)	(1,628)
<i>Net cash used in investing activities</i>	(2,764)	(1,916)
Cash flows from financing activities		
Net proceeds of borrowings	813	1,550
Repayment of lease liability	(8,036)	(6,934)
<i>Net cash used in financing activities</i>	(7,223)	(5,384)
Net increase / (decrease) in cash and cash equivalents	6,148	(5,502)
Cash and cash equivalents at the beginning of the period	1,647	15,102
<i>Cash and cash equivalents at the end of the period</i>	7,795	9,600

The accompanying notes form part of these financial statement

For personal use only

Notes to the condensed consolidated financial statements

1 Material Accounting Policy Information

Statement of compliance

This half year financial report is a general purpose condensed consolidated half year financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*' ("AASB 134"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

The half year report does not include any notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below and in the most recent annual financial report.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2024. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Application of new and revised accounting standards

Amendments to AASBs and the new interpretation that are mandatorily effective for the current period

There are no new standards effective in the current financial year that have a material effect on the financial statements of the Group.

Standards and interpretations on issue not yet adopted

At the date of signing these financial statements, the Directors have reviewed all Standards and Interpretations on issue but not yet effective and do not expect these Standards and Interpretations to have a material effect on the financial statements of the Group.

2 Revenue

The following is an analysis of the Group's revenue for the half-year (excluding interest income).

	31 Dec 2024 Notes \$'000	31 Dec 2023 \$'000
Continuing operations		
Revenue from residential construction contracts	318,115	337,035
	318,115	337,035
Discontinued operations	5 -	-

For personal use only

Notes to the consolidated financial statements (continued)

3 Segment information

Products and services from which reportable segments derive their revenue

Information on segment performance focuses on the types of products and services the Group provides.

No operating segments have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable segments are as follows:

- *Residential construction* - this includes activities relating to contracts for residential home construction, speculative home building and the building of display home inventory.
- *Discontinued operations*
 - Madisson Homes is a subsidiary of the Group and in the prior years formed part of the residential construction segment. Madisson Homes operated in the medium density market, building apartments and townhouses for commercial developers using the concepts, designs and specifications provided by the developers. Consistent with the prior reporting period, this business unit has been presented as a discontinued operation.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Segment revenue		Segment profit / (loss) before tax	
	Half year ended		Half year ended	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Continuing operations				
Residential construction	318,115	337,035	3,029	2,514
	318,115	337,035	3,029	2,514
Discontinued operations				
Residential construction	-	-	(246)	1,047
	-	-	(246)	1,047
Consolidated segment revenue and profit before tax for the period	318,115	337,035	2,783	3,561

31 December 2024

Segment assets and liabilities

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Segment assets		
Residential construction	129,207	155,862
	129,207	155,862
Discontinued operations	407	408
Total segment assets	129,614	156,270
Deferred tax assets	1,105	2,023
Total assets	130,719	158,293
Segment liabilities		
Residential construction	109,736	138,841
	109,736	138,841
Discontinued operations	609	945
Total segment liabilities	110,345	139,786
Total liabilities	110,345	139,786

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments. Intersegment assets and liabilities have been eliminated from the figures quoted above.

4 Expenses for the half year

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Continuing operations		
Profit / (loss) on disposal of property, plant and equipment and intangibles	7	(243)
Marketing and selling expenses	(7,836)	(8,525)
Corporate and administrative expenses	(10,495)	(10,264)
Employee benefits expense	(37,007)	(36,813)
	(55,331)	(55,845)

For personal use only

5 Discontinued Operations

Madisson Business

Following a comprehensive review initiated by the Directors on 16 November 2015, the Group announced a plan for the orderly closure of the Madisson business unit of the Group on 21 January 2016 upon completion of the remaining projects. All projects were completed in financial year ended 30 June 2017. As part of the warranty rules under the statutory regulations, the business is still incurring warranty claims. As such, the expenses are predominantly related to warranty and related activities.

Profit / (loss) for the half year from Madisson business is summarised as follows:

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Expenses		
Insurance claim & litigation proceeds ¹	-	1,147
Administrative and Employee Benefits Expenses	(246)	(100)
Profit / (Loss) before tax	(246)	1,047
Attributable income tax benefit / (expense)	74	(314)
Net Profit / (loss) after tax for the period	(172)	733

¹ Amounts received from the Group's insurer in relation to a claim made in respect of defective work performed by a contractor, and in settlement of litigation against that contractor.

6 Dividends

During the half year ended 31 December 2024 the Group has not made any dividend payments (June 2024: \$nil) and no interim dividend has been declared for the half year ended 31 December 2024.

7 Borrowings

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Current		
Other borrowings	1,656	843
	1,656	843

For personal use only

Summary of borrowing arrangements

Details of the Group's borrowing facilities as at 31 December 2024 are as follows:

Facility	Utilised \$'000	Unutilised \$'000	Interest Charge	Description	Maturity Date
Contingent Liability Facility	936	3,064	Fixed Market Rate	The Group's facilities are secured by all Simonds Group Limited corporate entities. Simonds have re-negotiated the existing corporate finance facility arrangements in place with Commonwealth Bank Australia.	Dec 2025
Market Rate Loan Facility	-	3,000	Variable Market Rate		Dec 2027
Overdraft Facility	-	18,500	Overdraft Index Rate		Ongoing
Corporate Charge Card Facility	1,000	-	Cash advance interest rate	Charged Card facility made available to Simonds Group	Ongoing
Equipment Finance Facility	5,160	2,840	Fixed Market Rate	Assets under finance leases are secured by the assets leased with repayment periods not exceeding 5 years.	Ongoing
Total	7,096	27,404			

In addition to the debt facility outlined above the Group has additional facilities as below:

Facility	Utilised \$'000	Unutilised \$'000	Interest Charge	Description	Maturity Date
Insurance Premium Funding	1,656	-	Fixed Interest Rate	The Group entered into a premium funding contract with IQumulate Premium Funding Pty Ltd, which covers various corporate insurances for period from November 2024 to October 2025.	30 Aug '25

Notes to the consolidated financial statements (continued)
8 Inventories

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Display homes, land stock	22,455	22,221
Provision for impairment of inventories	(227)	-
	22,228	22,221

The impairment provision of display homes above is assessed using recent market values. This assessment includes current independent valuations, current offers to purchase the display homes, and current asking prices to sell these display homes.

9 Earnings per share

	31 Dec 2024 Cents per share	31 Dec 2023 Cents per share
<i>From continuing operations</i>		
Total basic profit per share	0.57	0.48
Total diluted profit per share	0.57	0.48
<i>From continuing and discontinued operations</i>		
Total basic profit per share	0.52	0.68
Total diluted profit per share	0.52	0.68

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings are as follows:

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<i>From continuing operations</i>		
Profit for the half year attributable to owners of the Company	2,037	1,724
<i>From continuing and discontinued operations</i>		
Profit for the half year attributable to owners of the Company	1,865	2,457
	Shares	Shares
Weighted average number of ordinary shares for the purposes of the basic earnings per share	359,906,450	359,906,450

Notes to the consolidated financial statements (continued)

Diluted earnings per share

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<i>From continuing operations</i>		
Profit for the half year attributable to owners of the Company	2,037	1,724
<i>From continuing and discontinued operations</i>		
Profit for the half year attributable to owners of the Company	1,865	2,457
	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	359,906,450	359,906,450
Performance rights	558,354	498,361
Weighted average number of ordinary shares for the purposes of the diluted earnings per share	<u>360,464,804</u>	<u>360,404,811</u>

10 Reserves

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Share Buy-back Reserve	(7,204)	(7,204)
Share Based Payment Reserve	28,850	28,848
	<u>21,646</u>	<u>21,644</u>

Share Based Payment Reserve

This reserve is used to recognise the value of equity settled benefits provided to employees and directors as part of their remuneration. (Refer to note 14 for details of the Employee share plan).

11 Issued capital

359,906,450 fully paid ordinary shares (June 2024: 359,906,450)	37,867	37,867
	<u>37,867</u>	<u>37,867</u>

	Number of shares		Share capital (\$'000)	
	31 Dec 2024	30 June 2024	31 Dec 2024	30 June 2024
Balance at beginning of the period	359,906,450	359,906,450	37,867	37,867
Movement in ordinary shares	-	-	-	-
Balance at end of the period	<u>359,906,450</u>	<u>359,906,450</u>	<u>37,867</u>	<u>37,867</u>

Notes to the consolidated financial statements (continued)

12 Leases

The Group leases commercial offices, display homes, display home furniture, and motor vehicles. The leases are typically held with an option to renew and lease payments are reviewed when approaching the lease expiry date to reflect market rentals.

The Group also leases equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The total cash outflow for leases amounts to \$8.625 million (December 2023: \$6.934 million).

Right of use assets

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Opening written down value	14,459	19,972
Additions	8,548	7,793
Disposals	(564)	(196)
Depreciation charge for the period	(7,338)	(12,879)
Changes in value from lease modification and cancellation	(483)	(231)
Closing written down value	14,622	14,459

Amount recognised in profit or loss:

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<i>Leases under AASB 16</i>		
Interest on lease liabilities	(589)	(592)
Depreciation expense on right-of-use assets	(7,338)	(6,519)
Expenses relating to short-term leases	(629)	(1,540)
Expense relating to low value assets	(13)	(16)
(Loss) on sale and lease back	(483)	(90)
(Loss) /profit on lease modification	(136)	(77)
	(9,188)	(8,834)

Commitment for short-term leases and low value assets:

The Group has nil commitment to leases classified as short-term and/or low value leases (December 2023: \$0.017 million).

13 Related party transactions

Loans to related parties

At 31 December 2024, there were no loan balances outstanding from related parties (30 June 2024: Nil).

14 Share based payments

Employee share plan

On 18 December 2024, 7,859,900 performance rights shares were granted to key management personnel and other members of the leadership team. The performance rights were issued as part of the Long-Term Incentive Plan for 2024 financial year (FY2024) and for the 2025 financial year (2025).

Set out below are summaries of performance shares granted under the plan:

Award Structure	FY2024 Performance Rights	
Consideration for the Performance Rights	The Performance Rights will be granted for nil consideration.	
Grant Date	18 December 2024	
Expiry Date	15 th Anniversary of the Grant Date	
Vesting Date	30 June 2026	
Performance Measure	Vesting of Performance Rights is dependent on one discrete performance measure (hurdle): <i>FY2026 EPS</i> The performance measure is to achieve an EPS target for the financial year ending 30 June 2026.	
EPS Vesting Schedule	<i>FY2026 Adjusted EBITDA¹ per share</i>	<i>Percentage of Performance Rights to vest:</i>
	Below \$0.062	None
	At \$0.062	50%
	Between \$0.062 and \$0.069	Straight line pro-rata vesting between 50% and 100%
	At or above \$0.069	100%
Service Vesting Condition	The Service Vesting Condition is continuous employment with the Company from Grant Date to Vesting Date.	
Other conditions	These rights may be settled in either shares in the Company or the equivalent value in cash, at the discretion of the Board.	

¹ When accessing Adjusted EBITDA outcomes, the Board has the discretion to exclude the impact of any one-off significant items to the extent that they are not appropriate representation of the management's performance over the vesting period.

For personal use only

Notes to the consolidated financial statements (continued)

Award Structure	FY2025 Performance Rights	
Consideration for the Performance Rights	The Performance Rights will be granted for nil consideration.	
Grant Date	18 December 2024	
Expiry Date	15 th Anniversary of the Grant Date	
Vesting Date	30 June 2027	
Performance Measure	Vesting of Performance Rights is dependent on one discrete performance measure (hurdle): <i>FY2027 EPS</i> The performance measure is to achieve an EPS target for the financial year ending 30 June 2027.	
EPS Vesting Schedule	<i>FY2027 Adjusted EBITDA¹ per share</i>	<i>Percentage of Performance Rights to vest:</i>
	Below \$0.092	None
	At \$0.092	50%
	Between \$0.092 and \$0.103	Straight line pro-rata vesting between 50% and 100%
	At or above \$0.103	100%
Service Vesting Condition	The Service Vesting Condition is continuous employment with the Company from Grant Date to Vesting Date.	
Other conditions	These rights may be settled in either shares in the Company or the equivalent value in cash, at the discretion of the Board.	

Movements in performance rights during the half year:

Tranche	Opening balance	Granted during the year		Vested during the year		Forfeited during the year		Closing balance
	Number of rights	Number of rights	Weighted average fair value	Number of rights	Weighted average fair value	Number of rights	Weighted average fair value	Total number of rights
Performance rights								
FY 2024	-	4,327,673	\$0.14	-	-	-	-	4,327,673
FY 2025	-	3,532,227	\$0.14	-	-	-	-	3,532,227
Total		7,859,900	\$0.14	-	-	-	-	7,859,900

For the purposes of accounting, the rights are assumed to be equity settled. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

¹ When accessing Adjusted EBITDA outcomes, the Board has the discretion to exclude the impact of any one-off significant items to the extent that they are not appropriate representation of the management's performance over the vesting period.

For personal use only

Notes to the consolidated financial statements (continued)

Share based payments made to key management personal was \$0.002m (December 2023: nil).

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Employee share plan		
Share based expense	(2)	-
	(2)	-

15 Subsequent events

On 31 January 2025, the Group announced that it has entered into a binding agreement to acquire all of the issued capital of Dennis Family Homes Pty Ltd (“Dennis Family Homes”) for an estimated consideration of \$10.0m, which is a combination of payments at completion and deferred compensation occurring on completion of jobs and is subject to customary working capital adjustments.

At this stage, the completion of the transaction is expected to occur by early March 2025.

The Dennis Family Homes’ business activities include the construction of residential homes and government housing projects. The acquisition is expected to complement and materially increase the current product offering and market reach of the Group.

There have been no other events that have occurred subsequent to the reporting date that may significantly affect the Group’s operations, results or state of affairs in future periods.

For personal use only