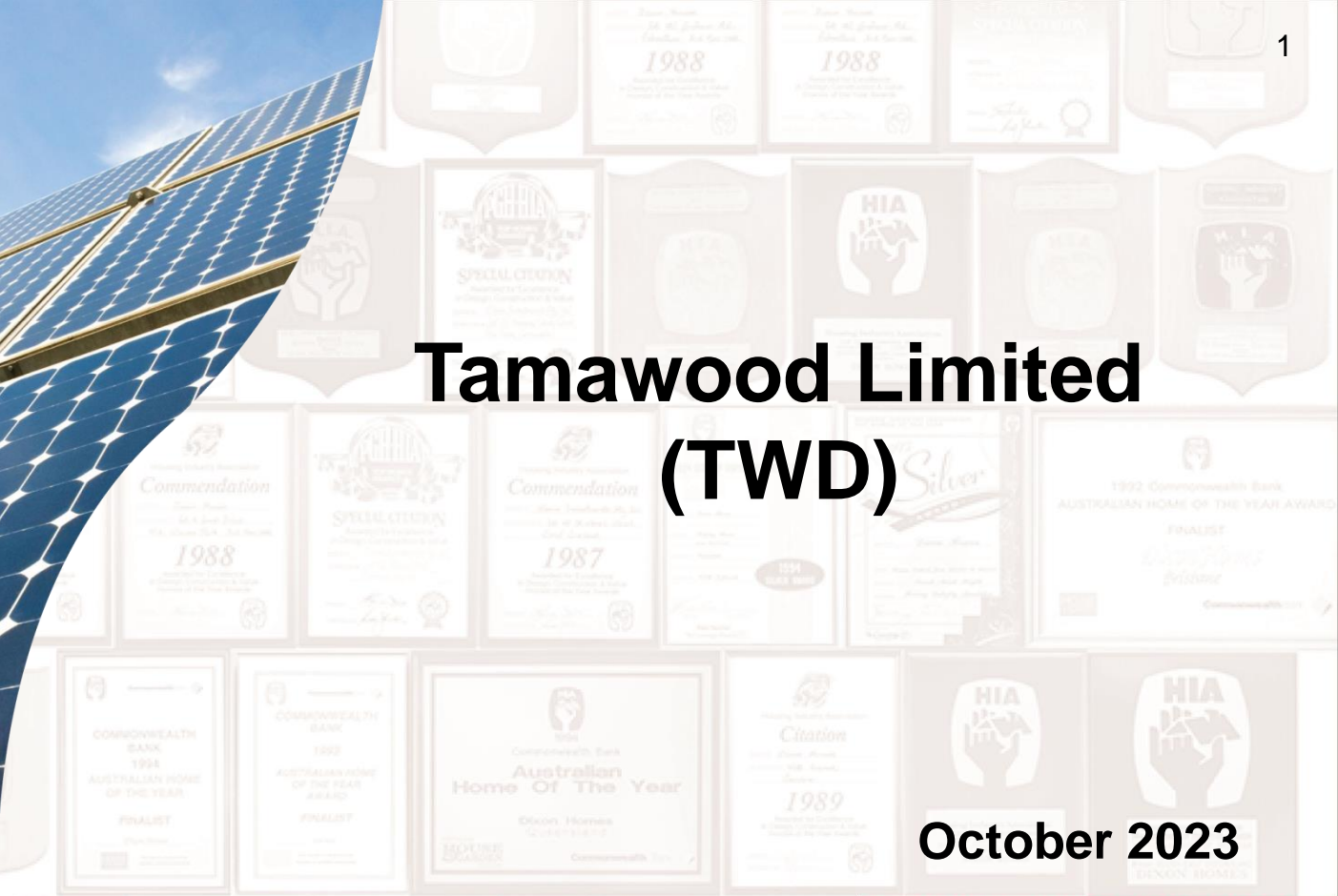


-69%
ENERGY
SAVING
est.



Tamawood Limited (TWD)



October 2023

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FY23 Review

Tamawood Limited remained PROFITABLE and DEBT FREE in FY23 with cash reserves of \$5.231 million at June 30.

Tamawood Limited recorded an after-tax FY23 profit of \$2.113 million (FY22 \$2.887 million)

➤ As highlighted throughout the year the FY23 result was impacted by

- Continuing effects of COVID 19.
- Wet weather
- Supply chain issues caused by world-wide events and the Government 'HomeBuilder' Grant resulting in labour shortages, material supply shortages and unprecedented price increases.

➤ We were faced with a choice of losing market share or losing money. The Board formed a belief that the better choice was a reduction in market share and maintaining some profitability.

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Results FY23 and 1st Quarter 2024 (unaudited)

| Quarterly results for all years are unaudited | 1 st Quarter FY21 \$'000 | 1 st Quarter FY22 \$'000 | 1 st Quarter FY23 \$'000 | 1 st Quarter FY24 (unaudited) \$'000 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|---|
| Construction Revenue | \$23,284 | \$29,167 | \$17,440 | \$22,567 |
| Cost of Sales | \$17,588 | \$23,291 | \$14,159 | \$16,520 |
| Gross Margin | \$5,696 | \$5,876 | \$3,281 | \$6,047 |
| Employee Benefits Expense | \$1,660 | \$2,059 | \$1,879 | \$1,666 |
| Other Indirect Expenses | \$2,009 | \$1,892 | \$1,639 | \$1,919 |
| Profit after Tax | \$1,819 | \$1,941 | \$116 | \$2,081 |
| Full year result after Tax | \$6,455 | \$2,887 | \$2,113 | |

- Margin's improving in 1st quarter FY24 as a result of cost's stabilizing and better labour availability in most areas.
- Although not a reliable forward indicator our 1st quarter FY24 result is an improvement on the corresponding quarter FY23
 - **Appointments are up approx. 130%.**
 - **Preliminary Fees are up approx. 75%.**
- FY22 1st Quarter demonstrates that a good start to the year does not necessarily indicate a good overall result.

➤ We are unable to quantify the impact of recent Government announcements on the housing market.

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FY23 Result comparison to Industry

As we predicted the problems due to the 'HomeBuilder' Government Grant the decision was made to insulate the business, as much as possible, from the effects of the grant and prepare the business to take advantage of the changes in the supply and demand equation.

Tamawood's profit, although lower than we would like, is an exceptional result given that some of our competitors sustained considerable losses in the ten's of millions in FY23.

Australian Security and Investments Commission has reported 2,117 Australian building Companies went into liquidation in FY23.

Many of our competitors have been forced to seek additional cash through financing, capital raising or private equity injections to remain viable.

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Latest National Construction Code Compliance

- Accessibility implemented in QLD only 1st October 2023 with Energy to be implemented 1st May 2024 in QLD and new BASIX requirements in NSW.
- Range of over 1200 compliant designs suitable for a variety of land types and markets developed, costed and available with prices online. All current list prices include compliance to accessibility and Energy Efficiency requirements.
- To our knowledge, Dixon are the only major builder with a compliant range of designs, only requiring some minor window size adjustments and limiting colour choices.



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AstiVita Acquisition. Products and Pricing Advantage

- Significant savings achieved by reduction in shipping costs and settling most imported product in local currencies instead of US Dollars.
- New products added to range to be used in Dixon Homes including door furniture and bathroom accessories in addition to PV Systems, Solar Hot Water, Air Conditioners, Appliances, baths, toilets, tapware, kitchen/ldy sinks and vanity vessels.
- Further products currently being assessed for introduction include bulk Insulation, wall cladding and ceiling fans.

We currently directly control approx.

15%

of the supply chain in every Dixon Home

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Software Implementation

- All regional Databases integrated including appointments, sales estimating, final tender estimation, colour selection, document control, project management and reporting.
- First Franchise established exclusively utilising Project DeRisk software.
- A Cyber Security policy has been updated by The Board and Management over the past 12 months and CyberGuard AU threat detection software, the same as utilized by the US Airforce, continually monitors IT Systems to identify weaknesses and threats.

PROJECT
DERISK

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Secondary Dwelling Vs Retirement Community/Unit

| Figures are an estimate only and each individual case needs to be examined and advised by a licensed financial advisor or alike. | Dixon Home (SC0108) as Secondary dwelling | Retirement Community (Logan Reserve) | Unit/ Townhouse (sold Arana Hills) |
|--|--|--------------------------------------|------------------------------------|
| Size | 166.4m2 | 168m2 | 167m2 |
| Number of Bedrooms | 4 Bedroom | 2 Bedroom | 4 Bedroom |
| Bathrooms | 2 Bath | 2 Bath | 2 Bath |
| Garage | 1 Garage | 1 Garage | 2 Garage |
| House | \$250,100 | \$625,000 | \$760,000 |
| Land | Already Own | Leased | Included |
| Monthly Service Charge/Body Corporate | Nil other than excess water and additional toilets | \$1400 | Body Corporate |
| Total | \$250,100 | \$625,000+ outgoings | \$760,000+ outgoings |

- Secondary dwelling range of homes developed to take advantage of change in Queensland Government regulations.
- 60% saving, building a secondary dwelling on your land compared to buying in a retirement community.
- Dixon Home complies with new accessibility requirements including wider doorways and hallways and wall supports for future grab rails

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Comparison between House + Secondary Dwelling and House - Principal place of residence

| Figures are an estimate only and each individual case needs to be examined and advised by a licensed financial advisor or alike. | Dixon Home (BTR0101) House & Secondary Dwelling (Redland Bay Land) | Dixon Home (NC5310) (Redland Bay Land) |
|--|--|---|
| Size | 195m2 | 178m2 |
| Number of Bedrooms | 4 Bedroom + 2 Bedroom dwelling | 4 Bedroom |
| Bathrooms | 2 Bath + 1 Bath | 2 Bath |
| Garage | 1 Garage + 2 Car Spaces | 2 Garage |
| House | \$ 344,200 | \$270,800 |
| Land | \$ 550,000 | \$550,000 |
| Rental Income (Monthly) | \$ 2,021 | Nil |
| Stamp Duty | \$ 17,800 | \$17,800 |
| Loan amount with 5% dep | \$ 867,290 | \$ 797,560 |
| Monthly Repayments (Principal & Interest, 6.04%, 30 years) | \$ 5,222 | \$ 4,802 |
| Monthly Out of pocket | \$ 3,201 | \$ 4,802 |

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Comparison between House + Secondary Dwelling and House - Investment property

| Figures are an estimate only and each individual case needs to be examined and advised by a licensed financial advisor or alike. | Dixon Home (BTR0101) House & Secondary Dwelling (Redland Bay Land) | Dixon Home (NC5310) (Redland Bay Land) |
|--|--|---|
| Size | 195m2 | 178m2 |
| Number of Bedrooms | 4 Bedroom + 2 Bedroom dwelling | 4 Bedroom |
| Bathrooms | 2 Bath + 1 Bath | 2 Bath |
| Garage | 1 Garage + 2 Car Spaces | 2 Garage |
| House | \$ 344,200 | \$270,800 |
| Land | \$ 550,000 | \$550,000 |
| Rental Income (Monthly) | \$ 4,773 | \$ 2,752 |
| Stamp Duty | \$ 17,800 | \$17,800 |
| Loan amount with 5% dep | \$ 867,290 | \$ 797,560 |
| Monthly Repayments(Interest Only, 6.24%, 30 years) | \$ 4,510 | \$ 4,148 |
| Monthly Out of pocket/Return | \$ 263 Return (cash positive) | \$ 1,396 out of pocket |

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Repeat Customers

- Repeat Customers are an essential part of our business.

"I have built 9 houses and am building 20 houses with Dixon Homes. Wayne Brown and the team have been professional and helped me achieve quality builds. I would use Dixon Homes again for my future builds."

Danson Kwok

"Dixon Homes has been a great partner over the years through the multiple builds. They have been very easy to work with and I have enjoyed working with the range of colours and house designs. I look forward to continuing my relationship with them and working with the friendly staff."

Timothy Mastoros

Artificial Intelligence Utilisation

- Over the past 12 months after carefully assessing and mitigating risks we have integrated “AI” software into our business to assist with key tasks, including but not limited to:
 - Human Resources
 - Client Communications
 - Sub-Contractor/Supplier Communications
 - 3D Image Rendering
 - Software Development
 - Building Code Compliance

- “AI” will continue to be utilized to further develop and streamline our procedures with regard to Local Council planning schemes, State Development Codes and relevant local authority requirements to assist with progressing work through this difficult stage.

More designs
Over 1500 Homes, Duplexes, multi-family and granny flats

More flexibility
Speedy modifications and costings - floor plans and elevations

More steel
Steel frames, trusses and Metal roof included

More glass
80% thicker than minimum, tinted window glass

More advanced management systems
Third party quality assurance certification

More extensive warranties
50 year limited structural warranty

More homes built
Home to 80,000 Australians

More Building Industry Awards
Over 100 in total

More offices
14 offices / selection centres, 24/7 web-based information system

**MORE
4
LESS**

Less up-front costs

\$100 soiltest and survey fee, \$700 total deposit

Less expensive to buy

Best price guarantee for better value

Less living costs

Solar power PV and solar hot water, 6 star Energy rating

Less risk

ASX Listed debt free Australian owned company

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- We would like to thank all our staff for another successful year. We continue to focus on providing long-term stable employment with 21% of current staff exceeding 10 years of service.
- We continue to focus on gender diversity with 51% female staff many of whom are in senior roles.
- We would finally like to thank all our valued partners for their ongoing support.



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Disclosures Regarding forward looking statements

- This Market Statement includes forward-looking statements that have been based on Tamawood Limited's current expectations and predictions about future events including Tamawood Limited's intentions.
- These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Tamawood Limited to differ materially from the expectations and predictions, express or implied, in such forward-looking statements.
- None of Tamawood Limited, its officers, directors, the persons named in the Market Update with their consent, or the persons involved in the preparation of this, Market Update makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward-looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and options as at the date of this Market Update.
- We obviously can't predict the situation in Europe with the war, the issues between China and the USA and what impact global inflation pressures will have on our views.

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