

## **ASX ANNOUNCEMENT REVIEW OF OPERATIONS AND MARKET UPDATE**

### **4 April 2023**

Simonds Group Limited (**ASX: SIO**) (**Simonds or Company**), one of Australia's leading homebuilders, has completed the next stage of its ongoing review of operations against prevailing market conditions and provides an update to the market.

Following its December 2022 capital raise of \$25.5 million, the Simonds 2023 half year results reflected the broader ongoing impacts experienced across the construction industry, including prolonged weather events, the continued inflationary pressure on supply, labour shortages and increased interest rates.

While Simonds is starting to see improvements to input costs and trade availability, conditions will continue to be challenged for the near term.

In order to deliver the agility, resilience and flexibility required to adapt to the current industry challenges and position itself for future growth, Simonds has developed a revised strategy that diversifies the Company's exposure to retail sales by investing in alternative and profitable channels to market.

It is also implementing several initiatives that will further reduce overheads and streamline its corporate function and processes, including right-sizing the workforce to reflect projected demand.

These initiatives will align resource and overhead costs to ensure a sustainably profitable business. The savings from reduced overheads will also be directed to accelerating our entry into, and supporting the delivery of, our growth ambitions in new market segments of Projects and Wholesale.

#### **Simonds Executive Chairman and CEO Rhett Simonds commented:**

*"Consistent with recent commentary from industry bodies, there are significant opportunities in the need for new housing over the next five years. But the reality of interest rate pressures mean conditions for the residential construction sector will continue to be challenging in the near term.*

*"In response, the Board has identified a range of options to enable Simonds to further strengthen its balance sheet and continue the work announced last August. This action includes diversifying our operations into wholesale and projects and reducing our cost base to provide further agility.*

*"These are tough but necessary decisions that will put us in a stronger position to weather the current difficult trading conditions, diversify our business focus and return to strong and profitable growth."*

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