

**Simonds Group Limited
2022 Annual General Meeting
CEO Address and Presentation**

11 November 2022

Attached are the Chair's Address and presentation to be delivered at today's Annual General Meeting of Simonds Group Limited (**ASX:SIO**).

- ENDS -

For more information, please contact:

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Authorised for disclosure by the Executive Chair & CEO.

Simonds Group Limited
2022 AGM
Executive Chair & CEO's Address

Over the past year, we have seen the return of 'The Great Australian Builder' as our key message to customers. It captures the strength, resilience and leadership earned through our rich legacy and the recent sector-wide challenges, which are continuing.

FY22 has been confronting for the construction industry, as a result of a global construction boom, unprecedented supply chain issues, skills shortages, severe weather events in Queensland and New South Wales, ongoing price increases and lingering impacts of the COVID-19 pandemic. These pressures have been difficult, and I am grateful for the hard work and resilience of the Simonds Team, and the patience and kindness of our valued customers.

Our Strategy

To adapt and better equip our business for the many challenges we face, Simonds Group has reset our organisational structure and approach. We have a new Executive Team and a focus on proactive decision making, customer service, enhancing systems and innovation.

Our transformation strategy will firstly focus on our core business operations with the aim of Simonds ultimately becoming an innovative industry leader.

In response to the challenges presented over the last year, Simonds Group undertook and completed the sale of Builders Academy Australia for \$10.3 million. The sale to a private education provider, Up Learning, was completed in November 2021. The BAA team continues to expand its education and training services to people seeking to enter the construction industry or to enhance their skills. We wish them all the best for the future.

Financial Performance

FY22 was a an extremely challenging period for the residential construction sector with rapidly rising construction cost, supply constraints and limited to no ability to reprice the contracts signed with customers. During this period the Simonds Group achieved \$687.5 million in revenue, an increase of \$25.9 million on last year.

Site starts of 2,376 were 13% lower than FY21 given land title delays and supply chain challenges, but this was offset by the increased values of jobs going to site.

EBITDA of \$3.7 million for the period remained positive. The disposal of Builders Academy Australia supported working capital and cash balances.

People, safety and communities

Our people are our greatest asset. We strive for an inclusive culture where all employees feel valued and safe and diversity is supported.

We have introduced improved training programs that provide digital and customised solutions to ensure our people are best equipped to be healthy and safe at work.

Simonds has had a stellar year of nurturing community initiatives to help our employees get behind the charities that matter most to them as well as make broader positive impacts.

Outlook

We announced on Monday that the Board was looking at various options to strengthen the Company's balance sheet, in response to continued adverse conditions impacting the residential building sector.

These factors include prolonged wet weather and flooding (including substantial floods in Victoria), supply shortages and delivery delays for materials, availability of skilled labour, interest rate rises, reduced customer borrowing capacity, delays to land registration and inflation.

Simonds considers that the impact of these factors, and others, is likely to continue for a prolonged period.

Additional funding will allow Simonds to continue to operate strategically during this adverse period, including acting on opportunities as they arise and making investments to ensure we build a sustainable growing business.

We are progressing work on our preferred funding model and will update you in due course.

Conclusion

Our commitment to family extends to our loyal and talented staff, sub-contractors, suppliers and industry partners. Thank you for your loyalty in recent challenging times. The current issues facing the construction industry have reinforced how much we value long term partnerships.

Finally, thank you to the Board and Shareholders of Simonds Group for your valuable input and strategic counsel. And thank you to our customers and communities who continue to put their faith in us to help fulfil the dream of owning your own home. We are built strong and proud to serve you.

-ENDS-



Simonds Group Annual General Meeting

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Simonds Group

Acknowledgment of Country

Simonds acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past, present, emerging and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



Simonds Group



Introduction and Address

Rhett Simonds

Executive Chair &
CEO



A refreshed organisational structure, including a new Executive Team

Our Strategy



A refreshed organisational structure, including a new Executive Team



A focus on transformation

Our Strategy



A refreshed organisational structure, including a new Executive Team



A focus on transformation



A proactive approach to a challenging market



Revenue¹
\$687.5m
up \$25.9 (+3.9%)
from \$661.6m

Financial Performance



Challenging market conditions

FY22 was an extremely challenging period for the residential construction sector.



Strong collections

Collections from customers remained strong, offset by significant increases in supply and labour input costs during the period.

1. From continuing operations

Note: All comparisons are to the prior corresponding period (pcp) unless otherwise stated.



Site Starts²

2,376

down 343 (-12.6%)
from 2,719

Financial Performance



External factors

Land title delays and supply chain challenges hindered site starts.



EBITDA³
\$3.7m
down \$23.8m
from \$27.5m

Financial Performance



Action focused

Increasing prices and focusing on profitable work has resulted in significantly higher average contract value.



Resource management

Additional FY22 inflow of cash from investment activities through the receipt of \$9.0 million from the disposal of BAA.

3. From continuing operations

Note: All comparisons are to the prior corresponding period (pcp) unless otherwise stated.

People, safety and communities



Inclusive culture



Training and development



Giving back

“Our people are our greatest asset”



People, safety and communities



Inclusive culture



Training and development



Giving back



Our people are our greatest asset



People, safety and communities



Inclusive culture



Training and development



Giving back



Our people are our greatest asset





Prolonged challenging market conditions



Additional funding will unlock opportunity and ensure a sustainable business



Update pending regarding preferred funding model



A sincere thank you.

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Authorised for lodgement by Simonds Group Limited Board of Directors.

Thank you