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One Simonds  
Annual Report

23

Simonds Group Ltd.

2022/2023



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As we continue to face the industry-wide challenges experienced by the construction sector head-on, our vision of One Simonds has never been stronger.

Our story started with one man and one home. Back in 1949, our founder Gary Simonds built his first ever home for his Mum in Melbourne's west. Now, 74 years on with a business spanning 3 generations, we continue to honour this rich heritage with every home we build.

We've cemented an enduring legacy, built on strong foundations forged through seven decades as one of Australia's leading volume home builders. This guiding vision continues to drive our commitment to providing quality and affordable homes for families at all stages of life.

Our homes are built for the community, by the community, with our local network of employees, trades and suppliers all working towards this vision as One Simonds. It is this passion, dedication and excellence that you'll find on every Simonds job site, office and display centre across the country.

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## Who we are

We're one of the nation's leading and largest volume builders of detached residential single and double-storey homes with construction sites, offices and display centres across the eastern seaboard and South Australia. As we continue to innovate and grow, going from strength to strength, one thing remains – we'll always be builders at heart.

## Our purpose

To deliver the shareholder value needed to ensure we can honour our heritage and continue to help Australians fulfil their dream of owning a quality, affordable home.



## Our mission

To design and build quality, affordable homes and deliver the entire experience our customers expect based on the great value and great service that's foundational to our core values.

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Rhett Simonds  
Chief Executive Officer (CEO)  
and Executive Chairman

Dear Shareholders,

I am pleased to provide the Simonds Group Limited Annual Report for FY2023 which was a transformational year for our organisation.

FY2023 was a tough year for the residential building industry, and Simonds was not immune to those challenges. However, we proactively invested in several initiatives during the second half of the year to set us on a course of material improvement. Looking back over the year, I am proud of the resilience the Simonds team has shown, and I'm excited about what we have ahead of us.



# Despite the challenges of FY2023, Simonds remains in a financially stable position with a positive outlook ahead.

In August, we put a reasonable and sustainable limit on the number of contracts we committed to, ensuring we focus on quality affordable housing for our customers.

In December, we completed a successful capital raise, increasing our balance sheet strength and flexibility, allowing Simonds to continue its focus on implementing strategy to drive shareholder return.

Towards the end of the financial year, we saw the Company successfully support Porter Davis Homes customers by starting an insurance rectification division, helping those impacted by the liquidation to complete their unfinished homes.

Simonds supported communities, our customers, employees and suppliers through the Victorian floods and continued nurturing community initiatives to help our staff get behind the charities that matter most to them, making a broader positive impact.

The Simonds Charity Home for the Flinders Foundation is a wonderful example of how proud we are to give back to vulnerable families who are in need of care and support. We continue to be guided by the same founding principle that began with my Grandfather Gary Simonds; that a home is more than just bricks and mortar, it's a place that allows families to thrive.



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## Financial Results

Despite the challenges of FY2023, Simonds proactively invested in several initiatives in the second half to set the business on a course for a material improvement to the trading performance. We remain in a strong financial position with healthy liquidity and a positive outlook ahead. The equity raised during the year, coupled with the strategic initiatives to diversify channels to market and reduce overheads have created a solid foundation for the Group.

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The higher interest rate environment and cost of living pressure will continue to impact residential customers in the near term. Our investment in new channels during FY2023 will allow us to play a meaningful role assisting customers to complete their homes following builder insolvencies as well as develop solutions aligned with State and Federal Government investments in affordable housing.

Build times and productivity continue to improve as the supply chain challenges ease and industry moves past peak construction. We will remain focused on cost efficiency and re-invest in new initiatives to drive growth and rebuild the balance sheet. We are excited about the opportunities ahead.

Despite the challenges of FY2023, Simonds remains in a financially stable position. The tough but necessary decisions we made throughout the year put us in a strong position to weather the difficult trading conditions and diversify our business focus.

**1,951**  
NEW HOME STARTS



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### Board Succession

In May 2023, Iain Kirkwood, Simonds Non-Executive Director and Chair of the Company's Audit & Risk Committee announced his retirement. Simonds is fortunate to have benefited from Iain's experience over the years and receiving his wise counsel. We are appreciative of his support and contributions in his time with us.

Recently appointed to the Board of the Simonds Group, Richard Grellman joined us as a professional Non-Executive Director. In 2007, Richard was appointed a member of the Order of Australia for service to the community, particularly through leadership roles with Mission Australia, fundraising with Variety and his work in the finance and insurance sectors. Richard's wealth of experience and decades of work as partner at KMPG is a welcomed and fortunate addition to the Simonds Board.

### Outlook and Acknowledgements

We are optimistic about our future trading performance through improved margins, rightsizing and channel diversification, notwithstanding that some industry wide challenges and macroeconomic pressures persist.

Our performance in the past year is thanks to hundreds of highly capable, passionate, engaged people across Simonds, who have continued to show tremendous resilience in the face of the multiple challenges thrown at us by the external environment. We now have a leaner, more agile and efficient

Simonds, with a portfolio aligned to the market trends unfolding around us, better positioned to grow value.

I am excited about our plans for the year ahead and optimistic that the great work done in FY2023 positions our Company for lasting success.

Thank you for your continued trust and support as shareholders. Together, we will navigate the challenges and grow stronger, delivering value to our stakeholders and communities alike.



**Rhett Simonds**  
Chief Executive Officer (CEO)  
and Executive Chairman

# Together, we will navigate the challenges and grow stronger.

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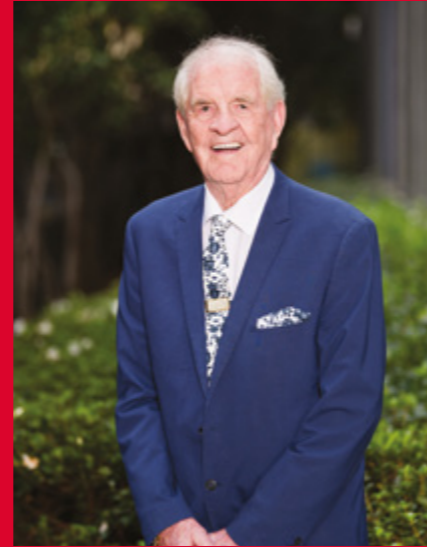
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When I attended the breakup Christmas party at the end of 2022, I thought wow, what a change this is to the time I walked into a hardware store in Altona, handing over a ten-pound deposit for an 8-inch electric saw. That was the start of Simonds Homes.

From there, I sub-contracted and tendered for jobs listed in The Age, and soon enough, I was building 10 homes a year. From 10 homes, I slowly built that up to 100 homes, to 200, then eventually 500 homes.

We then entered the early 1990s, which was a tough period. Interest rates were 17 per cent and unemployment was high, so we were always looking for the advantage that others didn't have.

Over our long history as a company, we've weathered many storms and adapted to an ever-changing industry. We have been through tough times before COVID-19, and they made us stronger.

Through these challenging times, it's everyone who has worked for us and stayed with us over the 74 years that has made Simonds what it is today. We're a public company, but still a family business – and you're a part of that family. Thank you for another successful year, we've got big opportunities ahead and we're on the right path looking to the future.

**Gary Simonds AM**  
Founder of Simonds Group Ltd

...it's everyone who has worked for us and stayed with us over the 74 years that has made Simonds what it is today.



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## Projects, Wholesale & Insurance

Throughout our seven decades in business, our traditional retail channel has remained a critical part of what we do. It's in our DNA and key to our strategy and purpose. As we continue to honour this heritage, the evolving climate of the construction industry as a whole saw us place a renewed strategic focus on diversifying income streams by establishing new divisions of Projects, Wholesale and Insurance. These divisions have enabled us to target key channels of growth, leveraging the relationships and resources built over decades of industry experience to pursue greater strategic opportunities.

The insolvency of Porter Davis Homes (PDH) on March 31, 2023, presents an unprecedented challenge for Victoria's domestic building industry with the largest ever number of homeowners relying on mandatory domestic building insurance (DBI) for the completion of their homes. Most DBI policies in Victoria are provided by the Victorian Managed Insurance Authority (VMIA) and cover homeowners for incomplete and defective building works in the event their builder dies, disappears or becomes insolvent.

At the VMIA's invitation, Simonds is helping progress the claims of hundreds of PDH customers by offering our services for the completion of homes.

In late April, Simonds stood up a dedicated Insurance division to assist affected homeowners and has worked closely with VMIA to innovate and develop processes that are seeing us assist more Porter Davis customers than any other builder in Victoria.



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Our structure and capacity, combined with our well-established supply chain relationships, mean we are well positioned to price the delivery of the exact specification clients originally contracted with Porter Davis. Responsible margins modelled by our leadership team and verified in an independent audit conducted on behalf of VMIA, mean we can also minimise any out-of-pocket costs to the homeowner.

We look forward to assisting hundreds of Porter Davis customers to complete their dream homes

and will leverage the model and the partnership with the VMIA. Aligned to the Simonds brand and reputation of the past 74 years, we believe in letting all Victorian homeowners know that our building expertise is here for them should they ever find their chosen builder in financial trouble.



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## Learning & Development

Developing our people at Simonds is critical to elevating performance, enhancing job-related skills, and retaining our critical talent.

SimQuest, our Learning Management platform, was formally launched in January 2023 with 81% of our employees completing the Simonds Induction Program. We continue to invest in the development of learning programs in sales, safety, cyber security, data management systems, operational and customer journey work processes and leadership development initiatives.

The SimQuest platform also allows Simonds to design automated workflows and communications, ensuring consistency and timeliness of processes and procedures.

Workflows have been developed to automate our onboarding and induction processes, our exit surveys and all our training programs.

Induction workshops to welcome new starters were launched in May providing the Simonds Leadership Team with an opportunity to connect with new employees, instilling our positive brand and cultural values. These initiatives will continue and expand to the delivery of virtual induction sessions for regional, and interstate employees.

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## Performance Appraisal Conversations

Our annual performance appraisal conversations that form part of the Performance Development Framework were completed in September. Managers attended one of four Performance Appraisal Conversation workshops and many of our employees successfully completed a performance appraisal conversation. Managers will continue to take part in a variety of leadership development programs and the data from the performance appraisal conversations is being analysed to influence decision making across our people experience offerings.



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Our Core Values shape our organisational culture and are the underlying principles on which our success as a united team are built upon.

Work continues in our pursuit towards embedding the Simonds Core Values in our day-to-day interactions with one another, our customers, suppliers and the community. Our Core Values shape our organisational culture and are the underlying principles on which our success as a united team are built upon. In a challenging year, these family values have provided a shared sense of purpose and direction, aligning our efforts, behaviours and attitudes that we collectively strive for, fostering a sense of resilience, teamwork and cooperation across all levels of our organisation.

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Key lead and lag indicators impacted by the use of QIN CodeSafe:

FY21/22	59
<b>FY22/23</b>	<b>436</b>

SCAFFOLDING INSPECTIONS COMPLETED

FY21/22	7
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SCAFFOLDING INCIDENTS RECORDED

<b>FY22/23</b>	<b>4</b>
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**Safety is part of everything we do. The physical and mental wellbeing of all our people is vitally important and is infused into all elements of our business.**

At Simonds Group, the safety and wellbeing of our employees, contractors and customers is a critical consideration in everything we do. It's paramount for every job on site and every day that we work from home or in the office. The commitment of our Workplace Health and Safety Team to maintaining and advancing the management systems that keep our employees, trades and contractors safe remains as strong as ever. At the core, our teams are driven by prevention culture, working towards the goal of zero work related

injuries and illnesses across the board. On the path to achieving this, we continue to implement a two-pronged strategy, combining digital solutions to maximise frequency and speed of resource sharing with ongoing, in-person training sessions that provide effective tools for safety management.

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## Digital solutions to maximise safety tools, efficiency and reach.

We continued to utilise the digital safety management system, QIN CodeSafe, to efficiently assist teams on the ground in key areas of safety, such as real-time training, distribution of educational resources and customised digital solutions. This year in particular, there was an increased push to reinforce awareness and information amongst employees and contractors in regard to the effective management of silica products. More broadly, QIN CodeSafe upholds transparency and accountability across regions by facilitating inspection reports and photographic evidence.

In addition to QIN CodeSafe, we ensure that our processes are in line with legislative requirements and key benchmarks regarded by government agencies and land developers by utilising the contractor management and compliance solutions of the accreditation program Cm3.

### Taking an active approach to safety with one-on-one training.

We conducted a number of Workplace Health and Safety Training Roadshows, with subsequent sessions ongoing in conjunction with peak bodies such as Energy Safe Victoria.

Approximately 1,300 in-person training sessions, known as Toolbox Meetings, were conducted on-site nationally with trades, alongside 550 individual sessions with Site Supervisors relating to scaffold safety, test and tag protocol, falls from height, stairwell voids, circular saws and nail guns, and importantly – mental health.

At Simonds Group, we continue to direct our attention to the mental health and wellbeing of our employees and contractors. With the recent industry-wide challenges experienced by the building sector, we consider this a vital focus, arguably now more so than ever before. Along with increased signage on job sites relating to free and confidential 24/7 mental health services, in-person discussions were conducted with supervisors on-site in an effort to break down stigma, encourage open communication and promote the services of the Wellbeing Gateway App from Assure, our Employee Assistance Program (EAP).

## Fostering and maintaining positive relationships in our safety network.

We remain internationally accredited in Workplace Health and Safety, Quality and Environment with the following standards in place: ISO 9001, ISO 14001 and ISO 45001. The vigorous accreditation process requires external audits whereby our systems are measured against strict international standards and criteria.

Furthermore, during the sector-wide challenges of the past few years, the strong relationships we've fostered with industry peers, particularly in regard to sharing safety solutions and concerns, remain as important as ever. We maintain a strong voice in the industry and positive relationships with regulators through our involvement with the Volume Building Safety Alliance (VBSA), formerly known as the Volume Home Builders Safety Alliances.



QMS Certification Services



QMS Certification Services



QMS Certification Services

LOST TIME INJURY FREQUENCY RATE (LTIFR) INTERNAL STAFF

12 month rolling average = 1.5

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR) INTERNAL STAFF

12 month rolling average = 9.5

# 550

INDIVIDUAL SAFETY SESSIONS WITH SITE SUPERVISORS NATIONALLY.

# 403

SITE INSPECTIONS COMPLETED NATIONALLY

# 1300

TOOLBOX MEETINGS COMPLETED WITH TRADES

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# Nearly \$500K raised for Flinders Foundation, assisting their mission of preventing, curing and caring for sick and vulnerable patients.

## Community

Building communities from the ground up is at the core of what we do. When we're not pouring slabs, laying bricks or handing over the keys to a new family home, we're giving back to the local communities that trust us every day with their dream homes. Whether it's through supporting grassroots sporting clubs, giving a platform to local initiatives in need through our Coffee Karma or auctioning off our luxury charity home for breakthroughs in medical research and treatment, our mission to make a positive impact each and every day is unwavering.

### *Combining forces for ground breaking medical research.*

#### **Flinders Foundation Charity Home Auction**

We began the year with the highly anticipated auction of our Flinders Foundation Charity Home, the Hann 35, in the inner-city suburb of Lightsview in South Australia. After a competitive auction with more than 90 bids placed, a huge \$477,500 was raised for Flinders Foundation, supporting their mission of preventing, curing and caring for patients across the Flinders Medical Precinct.

We feel privileged to not only support such an important cause, but to work alongside the Flinders Foundation, TOOP+TOOP Real Estate and BoConcept in seeing this significant project come to life. From the very beginning, we've been driven by the founding principle that a home isn't just bricks and mortar, it's a space that allows families to thrive. The Hann 35 charity home is testament to this belief, with the new owners starting their next chapter as a family knowing they've supported communities who turn to the Flinders Medical Centre each year for care and support.

### *Supporting local charities, one cup of coffee at a time.*

#### **Monthly Coffee Karma Initiative**

We encourage our employees to get behind the charitable endeavours that are close to their hearts by raising funds for a nominated charity while they mingle over a freshly poured brew with our Coffee Karma. These charities, such as The Smith Family Toy and Book Appeal, Minus18, Cancer Council, Victorian Aboriginal Child Care Agency (VACCA) and Ovarian Cancer Australia reflect, celebrate and provide

meaningful assistance to the diverse communities that our team are a part of across the country.

In July, we took to the Yarra River for Move Melbourne, raising over \$2,000 for VACCA and providing support for their culturally appropriate services centred around youth mentoring, cultural strengthening and family violence and justice assistance. For Breast Cancer Awareness Month in October, we held Pink Ribbon Breakfasts and raffled off a signed guernsey from the

premiership winning Geelong Cats, raising over \$5,000 for the National Breast Cancer Foundation. While in November, we rallied around our NSW Drafting and Estimating Team who grew moustaches and donated over \$1,200 to Movember, raising awareness around men's mental health and suicide prevention in the process.

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Four generations of the Simonds family at the 2022 AFL Grand Final.

Backing teams that live and breathe the Simonds values.

Local and National Sporting Partnerships

We're proud to support sporting clubs, grassroots and national, that are at the centre of their community. After 15+ years as a long-term partner of the Geelong Football Club, we were excited to see the Cats further cement their long-standing legacy of representing the west of Victoria by taking out the 2022 AFL Premiership at the MCG. Other valued sponsorships included Western United Football

Club and Melbourne United, as well as local sporting partnerships with the Huntly Hawks, Collegians Football Club, Altona Football Club, Koo Wee Rup Football Club, Benalla Basketball Club and Koorringal Golf Club.

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From the footy pitch to the golden screen.

Giving a Voice to the 'Hidden Homeless' in UNDER COVER

It was a privilege to support the making of the feature documentary, UNDER COVER, which premiered at the Melbourne International Film Festival in August. Narrated by Margot Robbie, UNDER COVER exposes the structural barriers and gendered systems of inequality which have exacerbated the deepening housing crisis. The documentary gives a voice to the 'hidden homeless',

women over the age of 50, who are the fastest growing cohort of people experiencing homelessness in Australia today. UNDER COVER's message resonated deeply with our strong legacy of providing affordable, quality homes for all of Australia and we're proud to help break down the stigma of what being homeless in Australia looks like today.

APPROX. \$10K RAISED FOR OUR LOCAL COFFEE KARMA CHARITIES





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**Rhett Simonds**  
Chief Executive Officer (CEO)  
and Executive Chairman

Rhett joined the business in 2005. He has a strong focus on the property and construction sector, where he sits on several private company boards and executive management teams. Rhett is also a director of and investor in several technology and finance-related businesses. He has a Bachelor of Commerce from Deakin University. Rhett is a member of the Audit & Risk Committee and the Nomination & Remuneration Committee.



**Mark Simonds**  
Executive Director

For over 40 years, Mark has been immersed in the volume home building industry. He holds a registered builder's license in Victoria, New South Wales, Queensland and South Australia. Prior to 2014, when Simonds Group Limited was ASX listed, Mark was engaged in the day-to-day executive management of Simonds Homes. From 1973 until its listing, Mark worked alongside his father Gary Simonds, and understands what is required for a successful volume building business. Mark is the Deputy Chairman of Simonds Consolidated, primarily focused on venture capital and private equity building and construction, real estate, and vocational education. Mark is a member of the Audit & Risk Committee and the Nomination & Remuneration Committee.



**Richard Grellman AM**  
Non-Executive Director

Richard was appointed to the Board on 9 May 2023. Richard is Chair of the Audit & Risk Committee and a member of the Nomination & Remuneration Committee. Richard has been a professional non-executive director since 2000. Previously, he worked with accounting firm KPMG for 32 years. The majority of this time was spent in the Corporate Recovery Division, with the last 10 years more specifically focused on the provision of strategic advice and services to the Financial Services sector. Richard is Chair of FBR Ltd. He is also Lead Independent Director of The Salvation Army in Australia.



**Piers O'Brien**  
Non-Executive Director

Piers is a qualified lawyer with over 20 years of professional experience. Piers is the Chief Operating Officer of the Simonds Family Office. For the previous 12 years, he worked in-house as both General Manager Legal and General Counsel. During this time, Piers managed the legal function at ASX 200 company Skilled Group Ltd for approximately 8 years. Piers started his career in private practice with K&L Gates Lawyers (and its predecessor firms), where he specialised in mergers and acquisitions, corporate transactions, and board advisory work. He is a member of the Group's Audit & Risk, and Nomination & Remuneration Committees.



**Andrew Bloore**  
Non-Executive Director

Andrew is an experienced Non-Executive Director, entrepreneur and farmer. He has designed, built and sold a number of businesses focused on the development of key disruptive technologies and distribution services in traditional markets including Smartsuper, SuperIQ and Class Super. Andrew is currently Chairman of Guild Group and an independent, Non-Executive Director of IOOF Limited. Andrew is also a Non-Executive Director of Simonds Family Office Pty Ltd. Andrew has been appointed as the Chair of the Group's Nomination & Remuneration Committee and is a member of the Group's Audit & Risk Committee.



**David Denny**  
Non-Executive Director

David Denny is a former partner at PwC, where he was a leader of mergers and acquisitions, and corporate finance advisory businesses for Australia and the Asia Pacific region. David has international business experience including crossborder transactions, international leadership roles and a secondment to Asia. He has provided strategic, transactional and financial advice to many businesses operating in a diverse range of industries, including construction and home building. David is a member of the Audit & Risk Committee and the Nomination & Remuneration Committee.

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**FINANCIALS**

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**Directors' report**

The directors of Simonds Group Limited (the "Company") submit herewith the annual financial report of the consolidated entity consisting of the Company and the entities

it controlled (the "Group") for the financial year ended 30 June 2023. To comply with the provisions of the Corporations Act 2001, the directors report as follows:

**Information about the directors**

Name	Date appointed	Current Position
<b>Rhett Simonds</b>	20 April 2016	Chief Executive Officer (CEO) and Executive Chairman
<b>Mark Simonds</b>	20 September 2017	Executive Director
<b>Piers O'Brien</b>	20 September 2017	Non-Executive Director
<b>Andrew Bloore</b>	27 July 2021	Non-Executive Director
<b>David Denny</b>	1 November 2021	Independent Non-Executive Director
<b>Richard Grellman<sup>1</sup></b>	9 May 2023	Independent Non-Executive Director

**Former Director**

Name	Date appointed	Current	Date resigned
<b>Iain Kirkwood<sup>2</sup></b>	20 September 2017	Independent Non-Executive Director	9 May 2023

<sup>1</sup> On 9 May 2023, Simonds announced the appointment of Richard Grellman as an independent, non-executive director.

<sup>2</sup> On 9 May 2023, Simonds announced the retirement of Mr Iain Kirkwood as independent, non-executive director and Chair of the Company's Audit & Risk Committee.



The particulars of the directors are as follows:

Name	Experience and Directorships
<b>Rhett Simonds</b>	<ul style="list-style-type: none"> <li>Rhett is the Chief Executive Officer (CEO) and Executive Chairman of the Board.</li> <li>Rhett holds a Bachelor of Commerce from Deakin University.</li> <li>Rhett has been involved with the business since joining the Simonds Group of Companies in 2005. Rhett has a strong focus on the property and construction sector, where he sits on a number of private company boards.</li> <li>In addition to his experience in the property and construction sector, Rhett is a director of and investor in a number of technology and finance related businesses.</li> </ul>
<b>Mark Simonds</b>	<ul style="list-style-type: none"> <li>Mark holds a registered builder's licence in Victoria, NSW, Queensland and South Australia. Mark has spent over 40 years immersed in the volume home building industry.</li> <li>Prior to Simonds Group Limited listing in 2014, Mark was fully engaged in the day-to-day executive management of Simonds Homes. From 1973 until its listing, Mark worked alongside his father Gary Simonds, and understands what is required for a successful volume building business.</li> <li>Mark is the Deputy Chairman of Simonds Consolidated, which is primarily focussed on venture capital, private equity, building and construction and the broader real estate sector.</li> </ul>
<b>Piers O'Brien</b>	<ul style="list-style-type: none"> <li>Piers is a qualified lawyer with over 20 years' professional experience.</li> <li>Piers is a member of the Group's Audit &amp; Risk Committee and Nomination &amp; Remuneration Committee.</li> <li>Piers is the Chief Operating Officer of the Simonds Family Office before which he spent the previous 12 years working in-house legal roles as both General Manager Legal and General Counsel. During this time, he managed the legal function at ASX 200 company Skilled Group Limited for approximately 8 years.</li> <li>Piers started his career in private practice with K&amp;L Gates Lawyers (and its predecessor firms) where he spent 8 years specialising in mergers and acquisitions, corporate transactions and board advisory work.</li> </ul>
<b>Andrew Bloore</b>	<ul style="list-style-type: none"> <li>Andrew is an experienced Non-Executive Director, Entrepreneur, and farmer. He has designed, built and sold a number of businesses focussed on the development of key disruptive technologies and distribution services in traditional markets, to create business efficiencies including Smartsuper, SuperIQ and Class Super.</li> <li>Andrew has worked on a range of Senate and Treasury Committees, and with the Australian Taxation Office Regulations Committee on regulation of the superannuation industry.</li> <li>In 2016, Andrew sold his superannuation administration business to AMP, stepped down from the Senate and Treasury Committees and is now focussed on contributing to the organisations as a Non-Executive Director.</li> <li>Andrew is currently Chairman of Guild Group and an Independent, Non-Executive Director of Insignia Financial Limited. Andrew is also a Non-Executive Director of Simonds Family Office Pty Ltd.</li> <li>Andrew is the Chair of the Group's Nomination &amp; Remuneration Committee and a member of the Group's Audit &amp; Risk Committee.</li> </ul>

Name	Experience and Directorships
<b>David Denny</b>	<ul style="list-style-type: none"> <li>David was appointed as an Independent, Non-Executive Director of Simonds Group Limited on 1 November 2021.</li> <li>David was a Partner of PriceWaterhouseCoopers (PwC) for 21 years, including as the practice leader of PwC's Mergers &amp; Acquisition advisory and Corporate Finance advisory businesses in Australia and the Asia-Pacific region.</li> <li>David has extensive international experience, including cross-border transactions, international leadership roles and a secondment to Asia.</li> <li>David is a member of the Group's Audit &amp; Risk Committee and Nomination &amp; Remuneration Committee</li> </ul>
<b>Richard Grellman</b>	<ul style="list-style-type: none"> <li>Richard is Chairman of FBR Ltd and Lead Independent Director of The Salvation Army in Australia.</li> <li>Mr Grellman has been a professional non-executive director since 2000. Prior to that, he worked at KPMG for 32 years, including as a partner from 1982 to 2000. His practice focussed on the provision of strategic advice and services to the financial Services sector.</li> <li>In 2007, Richard was appointed a member of the Order of Australia for service to the community, particularly through leadership roles with Mission Australia and fundraising with Variety, The Children's Charity, and to the finance and insurance sectors.</li> <li>Richard is the Chair of the Group's Audit &amp; Risk Committee and a member of the Nomination &amp; Remuneration Committee.</li> </ul>
<b>Iain Kirkwood</b>	<ul style="list-style-type: none"> <li>Iain was educated at Glenalmond College in Scotland and holds a Master of Arts from Oxford University. Iain is a Fellow of CPA Australia (FCPA).</li> <li>Iain was the Chair of the Group's Audit &amp; Risk Committee and member of the Nomination &amp; Remuneration Committee until his retirement on 9 May 2023.</li> <li>Iain is an experienced listed company Non-Executive Director &amp; Chairman and has worked as a senior Executive and Non-Executive Director across a range of industries, including auditing, resources, manufacturing and latterly healthcare in Australia, the USA and Britain.</li> <li>Iain is Chairman of Bluechip Ltd, former Chairman of Novita Healthcare Limited and has held Non-Executive Director roles with Medical Developments International Ltd. and Vision Eye Institute Ltd.</li> <li>Iain began his business career with Arthur Andersen &amp; Co in London and went on to hold several senior financial and general management positions in Woodside Petroleum Ltd, Santos Ltd, Pilkington Plc, F.H Faulding &amp; Co Ltd and Clinuvel Pharmaceuticals Ltd.</li> </ul>



## Directors' Shareholding

The following table sets out each of the directors' relevant interest in shares and rights or options on shares of the Company or related body corporate as at the date of this report:

Name	Fully paid ordinary shares	Share options
	Number	Number
Rhett Simonds	14,044	450,000
Mark Simonds	56,741	-
Andrew Bloore	848,683	-
Piers O'Brien	-	-
David Denny	-	-
Richard Grellman	-	-

### Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this directors' report.

### Company Secretary

Amanda Jones was appointed Company Secretary of Simonds Group Limited on 27 June 2022. Amanda is a member of the Senior Leadership Team and the Group's General Counsel. Amanda holds a Bachelor of Arts / Bachelor of Laws (Hons) from Monash University and is a Fellow of the Governance Institute of Australia. Prior to joining the Group, Amanda held the roles of General Counsel & Company Secretary and General Manager Corporate Services at MaxiPARTS Limited (ASX:MXI, formerly MaxiTRANS Industries Limited).

### Operating and Financial Review

#### Principal activities

The Group's principal activities during the financial year were the design, sale and construction of residential dwellings.

#### Business Overview

Building homes since 1949, Simonds Homes is one of Australia's largest volume homebuilders, with display homes located across the Australian eastern seaboard and South Australia.

Simonds Homes product range primarily includes single and double storey detached homes, with a target market being first and second home families in the metropolitan areas and large regional cities.

The Group has strategically diversified into alternative channels to market which will include the construction of higher density dwellings, delivered through the Project and Wholesale Division. Simonds has also commenced completion and rectification works for domestic building insurance claimants, impacted by insolvencies within the industry.

The Group also maintains a small development land portfolio via direct land ownership.

#### Operations

Group revenue from continuing operations for the period was \$722.432 million compared to the previous corresponding period of \$687.493 million. The increase in Group revenue reflects the impact of increased site start values of jobs going to site and increased workdays with no COVID restrictions or shutdowns compared to preceding period. However, this increase was offset by the inflationary impacts on cost as a result of the supply and trade labour challenges faced by the construction industry during this period.

The company continued to trade through the lower margin contracts signed prior to January 2022, which have gone to site late FY22 and during the current financial period.

Simonds Homes recorded 1,951 site starts for the period, 425 down on the previous corresponding period. The reduction in site starts is attributable to various external factors including prolonged weather

delays, and higher cancellations given the higher interest rate environment and corresponding challenges with affordability.

In response to the challenges experienced, the Group has raised further capital to strengthen its balance sheet and implemented various strategic initiatives to counter further emerging risks. These initiatives included the investment in resources to support the new channels to market and various cost reduction initiatives aimed at right sizing the overhead cost base. During the financial year two separate rounds of redundancies were announced to align the resourcing with the target operating model. In addition, external consultants were utilised to support the business with a significant overhead reduction exercise. This will result in a leaner overhead base in the subsequent financial period.

The operational challenges and investment in new initiatives resulted in an EBITDA loss of \$11.395m, which is \$15.082m lower than the prior year.

#### Increase in Issued Share Capital

On 21 December 2022, the Group, announced that it had completed a \$25.5 million equity raise by way of a traditional pro rata renounceable entitlement offer of new ordinary shares in the company to existing shareholders. The offer was fully underwritten by the largest shareholder and founder, Vallenge Gary Simonds. The proceeds from the equity raise were utilised to support working capital in light of the challenging trading and macroeconomic conditions and to invest in strategic growth initiatives.

#### Earnings per share

The calculation of earnings per share (EPS) is presented in note 10.

EPS has been calculated in accordance with the requirements of Accounting Standards based on:

- profit after tax attributable to shareholders (Statutory profit); and
- the weighted average number of ordinary shares outstanding during the year ended 30 June 2023 of 158,855,699 (2022: 146,258,855).

	30 June 2023		30 June 2022
	Note	cents per share	cents per share
<b>EPS from continuing operations</b>			
<b>Basic</b>	10	(9.18)	(8.33)

### Balance sheet

The Group maintained a strong net cash position (measured by cash and cash equivalents) of \$15.102 million as at 30 June 2023, primarily as a consequence of the December capital raise, offset by losses incurred due to adverse market conditions and expenses incurred right-sizing the business and establishing diversified channels to market. Simonds has no debt, and the banking facilities (unused) were extended up to 31 December 2024. While the banking facilities are typically unused, it provides the Group with additional liquidity options and opportunities to re-investing into capabilities supporting future growth.

During the year, the Group continued to operate within its banking covenants. Refer to Note 3 for further details.

Working capital remains stable and is aligned with the operational activity. Display inventory has remained constant as the business continues to invest in future sales capability, while carefully managing the cash impact of new display homes.

### Operating cash flows

The challenging operational environment has resulted in reduced operating cash flows of (\$4.093m) (2022: Deficit of \$2.335m). Collections from customers remained strong but was offset by increased supply and labour input costs during the period.



**Future developments**

Despite the challenges of FY23, Simonds remains in a strong financial position with a positive outlook ahead. The equity raised during the year, coupled with the strategic initiatives to diversify channels to market and reduce overheads have created a solid foundation for the Group to deliver sustained and profitable growth.

Whilst the higher interest rate environment and cost of living pressure will continue to impact residential customers in the near term, the investment in new channels during FY23 will allow Simonds to play a meaningful role assisting customers to complete their builds under relevant Domestic Building Insurance programs as well as develop solutions aligned with State and Federal Government investments in affordable housing.

Supply chain challenges continue to ease as the industry moves past peak construction, improving build times and productivity. The group will remain focussed on cost efficiency and re-invest in new initiatives to drive growth and rebuild the balance sheet. The Group is excited about the opportunities ahead.

**Summary of key business risks**

The Board is optimistic about the Group's future trading performance but acknowledges there are certain factors that may pose a risk to the achievement of the Group's business strategies and future performance, which include softer sales volumes given the current interest rate environment and consumer confidence in the residential construction industry.

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, and mitigate or manage its financial, operational, and business risks. Our 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.

**Liquidity**

Although the Group has a strong liquidity position, management remains mindful of the impact unexpected working capital movements can have on the cash position. Strict daily cash flow forecasting measures are in place to provide management with visibility on near and medium-term cash requirements and include upside and downside resilience testing.

**New channels to market**

Management has invested in resources to support the new channels added to our current product mix. Understanding the risks to execute effectively in these spaces are critical to avoid unnecessary cost or losses. Specific industry experts were appointed to ensure the risk exposures are well understood and managed. Key performance measures are frequently reviewed by the management team to ensure risks are appropriately managed.

**Impact of macroeconomic pressures**

The current macro-economic environment has led the RBA to announce several interest rate increases which have reduced customers' borrowing capacity over the past 12 months. The reduced borrowing capacity, including the decrease in affordability has negatively impacted sales for residential dwellings. It is uncertain how long these conditions will continue, impacting consumer sentiment and willingness to commit to large investment decisions.

There are other general economic conditions, such as overall levels of demand for housing, economic and political stability, and state and federal government fiscal and regulatory policies that can impact the level of consumer confidence and demand, thereby affecting revenue from sales to customers.

Trade labour challenges will continue in the short term but are expected to ease significantly over the next 6-12 months.

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

**Subsequent events**

On 31 July 2023, Simonds Group Limited announced it has reached an agreement with Victorian Managed Insurance Authority (VMIA) to facilitate processing of claims made by former customers of Porter Davis Homes. This agreement may have a positive effect on revenue in FY24.

Apart from above, there are no other events that occurred subsequent to the reporting date that may significantly affect Group's operations, results or state of affairs in future periods.

**Dividends**

Given the financial results of the Group for the current financial year combined with the intent to rebuild the balance sheet, the directors have determined that no dividend will be paid in relation to the 2023 financial year (2022: nil). Future dividends will be subject to the directors' assessment of the Company's financial position at the appropriate time.

**Indemnification of officers and auditors**

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such as officer or auditor.



**Directors' meetings**

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were

a director or committee member). During the financial year, 13 Board meetings, 3 Nomination & Remuneration Committee meetings and 5 Audit & Risk Committee meetings were held.

Director	Board of Directors		Nomination & Remuneration Committee		Audit & Risk Management Committee	
	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended
<b>Rhett Simonds</b>	13	13	3	3	5	4
<b>Mark Simonds</b>	13	11	3	3	5	4
<b>Iain Kirkwood</b>	11	11	2	2	4	4
<b>Piers O'Brien</b>	13	13	3	2	5	5
<b>Andrew Bloore</b>	13	12	3	3	5	4
<b>David Denny</b>	13	13	3	3	5	5
<b>Richard Grellman</b>	2	2	1	1	1	1

<sup>1</sup> Meetings held has been adjusted to reflect the number of meetings since the date of appointment, and to exclude meetings where there was conflict of interest for each director.

**Non-audit services**

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 28 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit & Risk Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

**Remuneration report**

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Report for FY2023 summarising this past year and the associated remuneration for our Chief Executive Officer and Key Management Personnel (KMP).

People are a substantive part of everything we do at Simonds. This is reflective of our core values and the commitments we make to each other, our shareholders, customers, suppliers and key stakeholders.

In FY2023, like others in the residential construction industry, Simonds operated in a challenging environment of rising construction costs and labour shortages and restructured the business by strengthening its core operations.

As the year progressed, a range of factors continued to impact the residential building sector and the Simonds business. These included prolonged wet weather and flooding, supply shortages and delivery delays for materials, availability of skilled labour, interest rate rises, reduced customer borrowing capacity, delays to land registration and inflation.

Throughout what was a difficult period, our workforce demonstrated resilience and commitment to advancing Simonds.

As we move into FY2024, our team will continue to drive growth and capitalise on emerging opportunities. We will maintain our commitment to the health and safety of our entire workforce and continue to value their contributions towards maintaining business continuity.

As part of its ongoing renewal and succession planning, the Board is committed to ensuring a strong membership and mix of skills, knowledge and experience. The addition of Mr Richard Grellman AM to the team is testament to this. In addition, the Nomination and Remuneration Committee will continue to test and evolve its approach to remuneration. This demonstrates our commitment to be both responsible and effective with regard to remuneration of our most valuable asset, our people.

Yours sincerely



**R A Bloore**  
Chair, Nomination and Remuneration Committee

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**Introduction**

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Key Management Personnel (KMP) for the year ended 30 June 2023.

In addition to the Directors, the following executives are also KMP of the Group during or since the year ended 30 June 2023.

**Senior Executives**

Name	Position
David McKeown <sup>1</sup>	Group Chief Financial Officer (CFO)
Bertus Strydom <sup>2</sup>	Executive General Manager – Finance

<sup>1</sup> On 19 January 2023, Simonds announced the appointment of Mr. David McKeown as the Group Chief Financial Officer.

<sup>2</sup> Mr. Bertus Strydom was the Interim Group Chief Financial Officer from 22 June 2022 to 19 January 2023. He returned to role as Executive General Manager of Finance after 19 January 2023.

**Remuneration Policy Summary**

The Simonds Group Limited remuneration policy has been designed to ensure remuneration practices attract, motivate and retain top talent from a diverse range of backgrounds with the experience, knowledge, skills and judgment to drive the Group's performance and appropriately reward their contribution towards shareholder wealth creation.

The key principles that support the remuneration policy are as follows:

- employees are rewarded fairly and competitively according to job level, market trends and individual skills, experience and performance;
- the reward strategy is in line with the overall business strategy in relation to acquisition, growth and retention of talent;
- the reward strategy encompasses elements of salary, benefits, recognition and incentives to support talent management for business and shareholder outcomes;
- it is simple, flexible, consistent and scalable across the business allowing for sustainable business growth;
- it supports the business strategy whilst reinforcing our culture and values; and
- it is regularly reviewed for relevance and reliability.

**Executive Remuneration Principles and Strategy**

A key principle of the Group's approach to executive remuneration is that it should demonstrate strong links with Group performance and shareholder returns. Remuneration is aligned with Group performance by requiring a significant portion of remuneration to vary with short-term and long-term performance.

The remuneration of KMP is structured considering the following factors:

- the principles highlighted above;
- the level and structure of remuneration paid to executives of other comparable publicly listed Australian companies of a similar size;
- the position and responsibilities of each executive; and
- other appropriate benchmarks and targets to reward senior executives of the Group and individual performance.

**The Nomination & Remuneration Committee (the Committee)**

The Committee assists the Board by providing advice in relation to the remuneration packages for KMP, and oversees management succession planning, performance targets and the remuneration of employees.

The Committee also reviews and makes recommendations to the Board on the Group's remuneration strategy, policies, and practices, and monitors the effectiveness of the Group's remuneration framework in achieving the Group's remuneration strategy.

The Committee engages external remuneration consultants from time to time to provide advice on remuneration related issues. During the year ended 30 June 2023, no reviews for KMP and no remuneration recommendations were provided (as defined by the Corporations Act 2001).

No individuals are present during any discussions related to their own remuneration arrangements. Further details of the Committee's responsibilities are outlined in the Corporate Governance Statement, available from the Group's website at [www.simondsgroup.com.au](http://www.simondsgroup.com.au).

**Non-Executive Director Remuneration**

During the year ended 30 June 2023, fees paid to non-executive directors totalled \$395,226 (exclusive of superannuation and cash salary and fees). There were no increases in director's fees in FY23. For FY24, work is currently under-way to determine any changes to fees paid to non-executive directors.

Non-executive directors are not appointed for a specific term and their appointment may end by notice from the individual director or otherwise pursuant to section 203B or 203D of the Corporations Act 2001 and the Company's constitution.

The maximum annual aggregate for fees paid to Non-Executive Directors is \$750,000. This limit was approved at the Annual General Meeting of Simonds Group Limited held on 2 October 2014.

**KMP Remuneration Framework**

The KMP remuneration framework comprises three principal elements:

- a total fixed remuneration (TFR) comprising a fixed component, consisting of a base salary, superannuation contributions and other related allowances;
- a performance based, variable 'at risk' component, comprising cash and/or equity settled short-term incentives (STI); and

a performance and service based, variable 'at risk' component, comprising of options and/or performance rights and/or cash equivalents referred to as long-term incentives (LTI).

**Executive Remuneration Components**

**TRF Overview**

TFR is benchmarked against the market median, also known as the 50th percentile, referencing market practice and comparable and similar sized organisations. While comparative levels of remuneration are monitored on a periodic basis, there is no contractual requirement or expectation that any adjustments will be made.

**STI Overview**

Given the financial results of the Group for FY23, no STI payments were made in relation to FY23.

**LTI Overview**

The Group's LTI Plan enables a proportion of remuneration to be linked to Group performance over the long term and measured annually in line with the financial year. Executives can only realise their LTI at-risk component if challenging pre-determined objectives are achieved.

This aligns executive interests with shareholder interests and focuses executive performance on sustainable shareholder wealth. The LTI Plan allows the granting of Performance Rights and/or options and/or cash equivalents that vest after a defined period, subject to Group and individual financial and non-financial performance hurdles. Vesting conditions may be waived at the absolute discretion of the Board.

The LTI payment is cash based or in shares at the Board's discretion as part of the annual remuneration review after finalisation of the Group's audited results.

No LTIs were offered during FY23.

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## Long term Incentive Key Features

Award Structure	FY2021 Cash Rights	
Consideration for the Performance Rights	The Cash Rights will be granted for nil consideration.	
Grant Date	25 June 2021	
Expiry date	30 November 2023	
Vesting Period	Each right has a vesting period of approximately three years.	
Performance Measure	Vesting of Performance Rights is dependent on one discrete performance measure (hurdle): FY2023 EPS The performance measure is to achieve an EPS target for the financial year ending 30 June 2023.	
CAGR EPS Vesting Schedule	FY2023 EPS	
	Below 6.00 cps	None
	Between 6.01cps and 8.93 cps	Straight line pro-rata vesting between 25% and 50%
	Between 8.94 cps & 9.58 cps	Straight line pro-rata vesting between 51% and 100%
At or above 9.59 cps	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.	

The following tables provide details of performance rights allocated to KMP pursuant to the LTI Plan.

## Number of cash settled performance rights granted, vested, and expired/forfeited

FY2023						
Name	Performance Rights 1 July 2022	Performance Rights Granted	Performance Rights Vested	Performance Rights Expired / Forfeited	Other	Balance 30 June 2023
R Simonds	633,824	-	-	(183,824)	-	450,000
<b>Total</b>	<b>633,824</b>	<b>-</b>	<b>-</b>	<b>(183,824)</b>	<b>-</b>	<b>450,000</b>

## Remuneration Structure and Performance/Shareholder Wealth Creation

The Group's annual financial performance and indicators of shareholder wealth are summarised below.

Financial Performance	FY2023	FY2022	FY2021 <sup>4</sup>	FY2020	FY2019
	Statutory Actual <sup>2</sup>	Statutory Actual	Statutory Actual	Statutory Actual	Statutory Actual
	\$m	\$m	\$m	\$m	\$m
Revenue	722.4	687.5	661.6	664.8	687.7
EBITDA	(11.4) <sup>1</sup>	3.7	27.5	31.5	23.2
NPAT	(23.3)	(9.7)	4.7	5.5	11.7
Share Price at end of period (\$)	0.16	0.20	0.60	0.35	0.33
Dividends (cents per share)	-	-	-	-	-
EPS (cents per share) <sup>3</sup>	(9.18)	(8.33)	2.59	4.95	8.16

<sup>1</sup> Statutory EBITDA is net loss after tax from continuing operations (\$23.450m) before financing items \$2.254m, tax benefit (\$10.534m), and depreciation and amortisation \$20.335m.

<sup>2</sup> The Madison business was discontinued on 21 January 2016 and is classified as a discontinued operation after this date. As the Madison business is a discontinued operation it is not reflected in the results presented above for FY2017-2022. The Group's wholly owned subsidiary, Builders Academy Australia was disposed 30 November 2021. BAA was classified as a discontinued operation for current financial year with comparative information re-presented.

<sup>3</sup> EPS is based on Earnings for continuing operations only.

<sup>4</sup> Comparative figures have been re-presented to classify discontinued operations consistently with current year disclosure.

### Remuneration Tables – Details of KMP Remuneration

Details of the remuneration of KMP, including directors of the Group are set out in the following tables.

FY2023	Short Term Employee Benefits					Termination Benefits	Post-employment benefits	Long-term benefits	Share-based Payments (SBP)	Total	Percentage of remuneration fixed and at risk	
	Directors Fees	Cash Salary and Fees	Short Term Incentive	Non-monetary benefits	Annual Leave	Termination Payments	Super	Long Service Leave	Performance Rights / Options		Fixed	At Risk
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Current Non-Executive Directors</b>												
P O'Brien	86,758	-	-	-	-	-	9,110	-	-	95,868	100%	0%
A Bloore	109,589	-	-	-	-	-	11,507	-	-	121,096	100%	0%
D Denny	86,758	-	-	-	-	-	9,110	-	-	95,868	100%	0%
R Grellman <sup>1</sup>	17,846	-	-	-	-	-	1,874	-	-	19,720	100%	0%
<b>Former Non-Executive Directors</b>												
I Kirkwood <sup>2</sup>	94,275	-	-	-	-	-	9,899	-	-	104,174	100%	0%
<b>Total</b>	<b>395,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,500</b>	<b>-</b>	<b>-</b>	<b>436,726</b>		
<b>Current Executive Directors</b>												
R Simonds	-	674,708	-	9,718	52,445	-	25,292	14,378	(59,973)	716,568	100%	0%
M Simonds	91,324	-	-	-	7,252	-	9,589	1,655	-	109,820	100%	0%
<b>Total</b>	<b>91,324</b>	<b>674,708</b>	<b>-</b>	<b>9,718</b>	<b>59,697</b>	<b>-</b>	<b>34,881</b>	<b>16,033</b>	<b>(59,973)</b>	<b>826,388</b>		
<b>Current Senior Executives<sup>1</sup></b>												
D McKeown <sup>3</sup>	-	214,227	-	4,535	17,673	-	12,646	175	-	249,256	100%	0%
B Strydom	-	168,351	-	5,183	12,676	-	14,328	119	-	200,657	100%	0%
<b>Total</b>	<b>-</b>	<b>382,578</b>	<b>-</b>	<b>9,718</b>	<b>30,349</b>	<b>-</b>	<b>26,974</b>	<b>294</b>	<b>-</b>	<b>449,913</b>		
<b>Total KMP</b>	<b>486,550</b>	<b>1,057,286</b>	<b>-</b>	<b>19,436</b>	<b>90,046</b>	<b>-</b>	<b>103,355</b>	<b>16,327</b>	<b>(59,973)</b>	<b>1,713,027</b>		

<sup>1</sup> On 9 May 2023, Simonds announced the appointment of Richard Grellman as an independent, non-executive director. Mr Richard Grellman is also the Chair of the Group's Audit & Risk Committee and a member of the Nomination & Remuneration Committee.

<sup>2</sup> On 9 May 2023, Simonds announced the retirement of Mr Iain Kirkwood as independent, non-executive director and Chair of the Company's Audit & Risk Committee.

<sup>3</sup> On 19 January 2023, Simonds announced the appointment of Mr. David McKeown as the Group Chief Financial Officer.

Note: Due to restructure in the current year, the senior executive KMPs were reassessed with respect to the relevant statutory guidance. As a result, the number of non-directors KMPs reduced to only CEO and CFO.



**Remuneration Tables – Details of KMP Remuneration**

Details of the remuneration of KMP, including directors of the Group are set out in the following tables.

FY2022	Short Term Employee Benefits					Termination Benefits	Post-employment benefits	Long-term benefits	Share-based Payments (SBP)	Total	Percentage of remuneration fixed and at risk	
	Directors Fees	Cash Salary and Fees	Short Term Incentive	Non-monetary benefits	Annual Leave	Termination Payments	Super	Long Service Leave	Performance Rights / Options		Fixed	At Risk
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Current Non-Executive Directors</b>												
I Kirkwood	113,394	-	-	-	-	-	11,339	-	-	124,733	100%	0%
P O'Brien	86,758	-	-	-	-	-	8,676	-	-	95,434	100%	0%
A Bloore	102,137	-	-	-	-	-	10,214	-	-	112,351	100%	0%
D Denny	57,839	-	-	-	-	-	5,784	-	-	63,623	100%	0%
<b>Former Non-Executive Directors</b>												
D Cassidy	9,132	-	-	-	-	-	913	-	-	10,045	100%	0%
N Kearney	9,132	-	-	-	-	-	913	-	-	10,045	100%	0%
<b>Total</b>	<b>378,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,839</b>	<b>-</b>	<b>-</b>	<b>416,231</b>		
<b>Current Executive Directors</b>												
R Simonds	-	676,432	-	9,384	60,802	-	23,568	11,457	(102,031)	679,612	100%	0%
M Simonds	91,324	-	-	-	8,085	-	9,132	2,490	-	111,031	100%	0%
<b>Total</b>	<b>91,324</b>	<b>676,432</b>	<b>-</b>	<b>9,384</b>	<b>68,887</b>	<b>-</b>	<b>32,700</b>	<b>13,947</b>	<b>(102,031)</b>	<b>790,643</b>		
<b>Current Senior Executives</b>												
B Strydom	-	23,074	-	787	1,959	-	1,247	18	-	27,085	100%	0%
T Bradfield <sup>1</sup>	-	298,269	-	6,285	22,944	127,046	17,676	-	-	472,220	100%	0%
C Worth <sup>2</sup>	-	373,036	-	8,615	42,444	-	19,894	12,804	-	456,793	100%	0%
D Brand <sup>3</sup>	-	39,703	-	787	3,537	-	3,970	38	-	48,035	100%	0%
<b>Former Senior Executives</b>												
M Myers	-	94,108	-	2,307	6,954	228,236	5,892	(28,106)	(192,901)	116,490	100%	0%
<b>Total</b>	<b>-</b>	<b>828,190</b>	<b>-</b>	<b>18,781</b>	<b>77,838</b>	<b>355,282</b>	<b>48,679</b>	<b>(15,246)</b>	<b>(192,901)</b>	<b>1,120,623</b>		
<b>Total KMP</b>	<b>469,716</b>	<b>1,504,622</b>	<b>-</b>	<b>28,165</b>	<b>146,725</b>	<b>355,282</b>	<b>119,218</b>	<b>(1,299)</b>	<b>(294,932)</b>	<b>2,327,497</b>		

<sup>1</sup> On 3 June 2022 Simonds announced Tim Bradfield will be leaving on 3 September 2022, details of his remuneration information were included in FY22 table.

<sup>2</sup> C Worth ceased being a KMP during financial year 2023, his employment ended 3 February 2023.

<sup>3</sup> D Brand ceased being a KMP during financial year 2023, his employment ended 11 July 2023.

### Key terms of the Executive Services Agreement Group Chief Executive Officer (CEO) & Executive Chairman

The material terms of the Executive Services Agreement between Rhett Simonds and the Company for the role of Group CEO & Managing Director are as follows:

<b>Term:</b>	No fixed term. Ongoing until terminated by either party in accordance with the Agreement.
<b>Total Fixed Remuneration (TFR):</b>	\$700,000 per annum (including superannuation).
<b>Short Term Incentive (STI) for FY21:</b>	STI eligibility up to \$600,000 per annum, subject to performance. No STI payment was made in relation to FY23.
<b>Long Term Incentive (LTI) for FY21</b>	LTI eligibility up to the value of \$300,000 per annum may be offered pursuant to the Simonds Group Employee Share Plan.  LTI participation and terms are at the discretion of the Board.  No LTI offer was made in FY23.
<b>Notice Period / Termination Entitlements:</b>	The notice of termination periods in Mr Simonds' employment are: <ul style="list-style-type: none"> <li>3 months if notice is provided by Mr Simonds to the Company; and</li> <li>6 months if notice is provided by the Company to Mr Simonds.</li> </ul> <p>Employment may be ended immediately in certain circumstances including misconduct, incapacity, mutual agreement or in the event of a fundamental change in the Group CEO's role or responsibilities.</p> <p>The Company may elect to make a payment in lieu of any unexpired notice period.</p>
<b>Post-Employment Restraint:</b>	A 12-month post-employment restraint provision applies.

### Executive Service Agreements other key terms

Name	Contract Length	Minimum Notice Period	
		Termination by Executive	Termination by Company
R Simonds	No fixed term	3 months	6 months
M Simonds	No fixed term	1 month	1 month
D McKeown	No fixed term	3 months	3 months
B Strydom	No fixed term	2 months	2 months

### STI Payments to KMP

No STIs were paid to KMP in respect of FY23.

### KMP Shareholdings

Shareholdings of KMP are set out below:

Name	Number of shares			
	Opening balance	Acquired	Other	Closing balance
<b>FY2023</b>				
<b>Non-executive Directors</b>				
A Bloore	-	848,683	-	<b>848,683</b>
<b>Former Non-Executive Directors</b>				
I Kirkwood	75,000	108,333	-	<b>183,333</b>
<b>Total Non-Executive Directors</b>	<b>75,000</b>	<b>957,016</b>	-	<b>1,032,016</b>
Executive Directors				
R Simonds	14,044	-	-	14,044
M Simonds	56,741	-	-	56,741
<b>Total Executive Directors</b>	<b>70,785</b>	-	-	<b>70,785</b>
<b>Total KMP</b>	<b>145,785</b>	<b>957,016</b>	-	<b>1,102,801</b>

Name	Number of shares			
	Opening balance	Acquired	Other	Closing balance
<b>FY2022</b>				
<b>Non-executive Directors</b>				
I Kirkwood	75,000	-	-	75,000
<b>Former Non-Executive Directors</b>				
N Kearney	90,000	-	-	90,000
D Cassidy	30,000	-	-	30,000
<b>Total Non-Executive Directors</b>	<b>195,000</b>	-	-	<b>195,000</b>
Executive Directors				
R Simonds	14,044	-	-	14,044
M Simonds	56,741	-	-	56,741
<b>Total Executive Directors</b>	<b>70,785</b>	-	-	<b>70,785</b>
Former Senior Executives				
M Myers	20,000	105,368	-	125,368
<b>Total Senior Executive</b>	<b>20,000</b>	<b>105,368</b>	-	<b>125,368</b>
<b>Total KMP</b>	<b>285,785</b>	<b>105,368</b>	-	<b>391,153</b>

### Loans to Director

The Group has not provided any loans to directors or their related parties during the year ended 30 June 2023 (2022: Nil).



**Other KMP Transactions**

During the year, group entities entered into the following transactions with related parties which are not members of the Group.

Profit for the year includes the following items of revenue and expense that resulted from transactions, other than compensation, loans or equity holdings, with KMP or their related entities:

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	Cost of goods		Leases and services rendered		Non-cash remuneration	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$	\$
<b>Vallence Gary Simonds and related entities:</b>						
Properties leased on an arms-length basis	-	-	273,000	283,425	-	-
Advisory fee paid during the year	-	-	100,913	100,457	-	-
Remuneration for employee services	-	-	63,302	69,342	-	-
Service payment to The Trustee for the Consolidated Yacht Charter Trust	50,087	12,313	-	-	-	-
Car park provided	-	-	-	-	19,437	18,769
	<b>50,087</b>	<b>12,313</b>	<b>437,215</b>	<b>453,224</b>	<b>19,437</b>	<b>18,769</b>
<b>Simonds Family Office Pty Ltd<sup>1</sup></b>						
Supply payment to Delos Welltek Australia Pty Ltd <sup>2</sup>	90,680	170,141	-	-	-	-
Consulting services	-	-	642,762	-	-	-
	<b>90,680</b>	<b>170,141</b>	<b>642,762</b>	-	-	-
<b>Mark Simonds and related entities:</b>						
Payment for use of building licence	-	-	200,000	166,667	-	-
Remuneration for employee services	-	-	67,887	11,808	-	-
	-	-	<b>267,887</b>	<b>178,475</b>	-	-
<b>David Denny and related entities:</b>						
Tomlucsar Investments Pty Ltd - Consulting services	-	-	30,000	-	-	-
<b>Total</b>	<b>140,767</b>	<b>182,454</b>	<b>1,377,864</b>	<b>631,699</b>	<b>19,437</b>	<b>18,769</b>

<sup>1</sup> Mark Simonds and Rhett Simonds are directors of Simonds Family Office Pty Ltd.

<sup>2</sup> There is a Supply Agreement between Delos Welltek Australia Pty Ltd and Simonds Group for the inclusion of the "DARWIN Essentials Package" into all homes in Victoria. Simonds Family Office Pty Ltd (of which Mark Simonds and Rhett Simonds are directors) hold 25% interest in Delos Welltek Australia Pty Ltd. Mark Simonds and Rhett Simonds were directors of Delos Welltek Australia Pty Ltd till 5 October 2022.

**Auditor's independence declaration**

The auditor's independence declaration is included after this report on page 57.

**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 report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This directors' report is signed in accordance with a resolution of directors pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the directors



**Rhett Simonds**  
Chief Executive Officer and  
Executive Chairman

Melbourne, 28 August 2023

**AUDITOR'S INDEPENDENCE  
DECLARATION UNDER SECTION 307C  
OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF SIMONDS  
GROUP LIMITED**

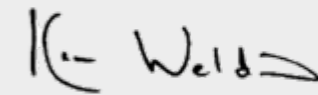


In relation to our audit of the financial report of Simonds Group Limited for the year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001; and
- (b) no contraventions of any applicable code of professional conduct.



**PKF**  
Melbourne, 28 August 2023



**Kenneth Weldin**  
Partner

PKF Melbourne Audit & Assurance  
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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMONDS GROUP LIMITED

### Report on the Financial Report

#### Auditor's Opinion

We have audited the accompanying financial report of Simonds Group Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the Directors' Declaration of the Company and of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of Simonds Group Limited is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



#### Key audit matter

#### How our audit addressed this matter

##### Cash flow forecasts

The Group has incurred a net loss after tax of \$23.3m (2022: \$9.7m) and negative operating cash flows of \$4.1m (2022: \$2.3m) for the year ended 30 June 2023. The results were driven by industry and economic challenges including increased pressure on labour and material costs, and rising interest rates.

The Group maintains a positive net asset position of \$14.5m (2022: \$13.5m), which is underpinned by a strong cash balance of \$15.1m (2022: \$11.1m), and a successful capital raising announced to the market in December 2022.

The Group is dependent on the generation of forecast positive cash flows from the Group's operations for at least the 12 months following the approval of the annual financial report and continuing use of its borrowing facilities to maintain adequate working capital.

The Group's cash flow forecast as presented by the directors includes judgements and estimates based on the directors' input of key market and operational assumptions. Given the current macroeconomic climate and its impact on the construction industry through high supply cost inflation, supply chain and trade labour shortages and increased costs of living, we considered the appropriateness of these cashflows to be a key audit matter.

Our procedures included, but were not limited to, the following:

- Assessing the cash flow forecast prepared by Management for at least 12 months from the anticipated date of signing the financial statements and challenging the reasonableness of significant assumptions within the forecast.
- Reperforming calculations in the budget and cash flow forecast to determine the mathematical accuracy of the model.
- Reviewing financial results subsequent to year end as well as historical forecast figures to assess the reliability of Management forecasts.
- Assessing the reasonableness and extent of Management's sensitivity analysis, and the impact on the compliance with covenants for at least the 12 months following the approval of the financial report.
- Remaining professionally sceptical and challenging of Management's plans for mitigating identified exposures.
- Reviewing the appropriateness and robustness of going concern disclosures in the financial report, in consultation with our technical team.
- Assessing the Group's updated borrowing facilities.
- Assessing the appropriateness of the disclosures in Note 3 to the financial statements



### Key audit matter

### How our audit addressed this matter

#### Revenue recognition and work in progress on construction contracts

At 30 June 2023 the Group's revenue amounted to \$722.4m (FY22: \$687.5m).

In addition, there were associated contract related liabilities and assets which unwind from the balance sheet as the Group satisfies related contracted performance obligations.

- Accrued revenue: \$54.3m (2022: \$67.6m)
- Deferred Revenue: \$13.2m (2022: \$20.5m)

Revenue from construction contracts is recognised over time as performance obligations are fulfilled. Construction revenue is recognised with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs as disclosed in Note 3.

As disclosed in Note 4, significant management estimation is required in assessing the percentage of completion on the construction contracts.

The recognition of revenue and the related accounting for contract costs involves estimation and judgement and impacts the measurement of significant assets and liabilities, requiring our focus on this area as a key audit matter.

Our procedures included, but were not limited to, the following:

- Reviewing and validating Management's revenue recognition policy and assessing the principles, judgements and estimates outlined therein to AASB 15 and customer contracts.
- Performing analytical reviews to understand the movements in revenue relative to performance in previous year's and budget expectations.
- Conducting a walkthrough of controls in operation across the Group to obtain an understanding and evaluation of their design and implementation.
- Testing the operating effectiveness of these controls in place with respect to the revenue recognition process and associated contract asset and liability balances.
- Recalculating revenue recognised based on the stage of completion for a sample of jobs across each revenue segment.
- For the above sample, agreeing job data/ inputs back to supporting documentation.
- Performing an impairment assessment over recognised work in progress balances, with a particular focus on any jobs indicating a negative margin.
- Testing the integrity of the work in progress reconciliation and monthly reports to the corresponding revenue and costs of goods sold recognised in the statement of profit or loss.
- Reviewing the appropriateness of the presentation and disclosure of revenue related balances within the financial statements.
- Assessing the appropriateness of the disclosures in Notes 4 and 12 to the financial statements.



#### Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, we consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

#### Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.





### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on the Remuneration Report

### Auditor's Opinion

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of the Company for the year then ended complies with section 300A of the Corporations Act 2001.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**PKF**  
August 2023 Partner

**Kenneth Weldin**  
Partner

## Directors' declaration

The directors declare that:

- in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards;
- in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the Group; and
- the directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed, guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 3 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

**Rhett Simonds**  
Chief Executive Officer and  
Executive Chairman

Melbourne, 28 August 2023



**Consolidated statement of profit or loss and other comprehensive income**

For the year ended 30 June 2023

		30 June 2023	30 June 2022
	Notes	\$'000	\$'000
<b>Continuing operations</b>			
Revenue	4	722,432	687,493
Cost of sales		(603,211)	(551,645)
<b>Gross profit</b>		<b>119,221</b>	<b>135,848</b>
Expenses	9	(130,616)	(132,161)
<b>(Loss) / profit before financing items, depreciation and amortisation</b>		<b>(11,395)</b>	<b>3,687</b>
Depreciation and amortisation charges	15,16,33	(20,335)	(20,296)
<b>Loss before financing items and tax</b>		<b>(31,730)</b>	<b>(16,609)</b>
<b>Financing items</b>			
Interest expense	6	(2,254)	(2,021)
<b>Net financing cost</b>		<b>(2,254)</b>	<b>(2,021)</b>
<b>Loss before tax</b>		<b>(33,984)</b>	<b>(18,630)</b>
Income tax benefit / (expense)	7	10,534	6,440
<b>Loss from continuing operations after tax</b>		<b>(23,450)</b>	<b>(12,190)</b>
<b>Discontinued operations</b>			
Profit from discontinued operations after tax	8	117	2,521
<b>Loss after tax for the year</b>		<b>(23,333)</b>	<b>(9,669)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(23,333)</b>	<b>(9,669)</b>
<b>Earnings per share</b>			
From continuing operations			
Basic and diluted (cents per share)	10	(9.18)	(8.33)
From continuing and discontinued operations			
Basic and diluted (cents per share)	10	(9.13)	(6.61)

**Consolidated statement of financial position**

For the year ended 30 June 2023

		30 June 2023	30 June 2022
	Notes	\$'000	\$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		15,102	11,133
Trade and other receivables	11	39,941	38,210
Tax receivable	7	52	9,933
Accrued revenue	12	54,312	67,569
Inventories	13	19,012	18,442
Other assets	17	1,845	2,418
<b>Total current assets</b>		<b>130,264</b>	<b>147,705</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	15	4,491	5,980
Intangible assets	16	1,956	4,602
Right-of-use assets	33	19,972	25,626
Deferred tax assets	7	3,852	-
<b>Total non-current assets</b>		<b>30,271</b>	<b>36,208</b>
<b>Total assets</b>		<b>160,535</b>	<b>183,913</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	18	89,696	91,566
Deferred revenue		13,185	20,473
Borrowings	19	364	286
Lease liability	33	11,693	11,962
Provisions	20	13,880	15,669
<b>Total current liabilities</b>		<b>128,818</b>	<b>139,956</b>
<b>Non-Current Liabilities</b>			
Lease liability	33	9,399	14,758
Provisions	20	7,837	9,115
Deferred tax liabilities	7	-	6,632
<b>Total non-current liabilities</b>		<b>17,236</b>	<b>30,505</b>
<b>Total liabilities</b>		<b>146,054</b>	<b>170,461</b>
<b>Net assets</b>		<b>14,481</b>	<b>13,452</b>
<b>Equity</b>			
Issued capital	21	37,867	13,505
Reserves	22	21,644	21,644
Accumulated losses		(45,030)	(21,697)
<b>Total equity</b>		<b>14,481</b>	<b>13,452</b>

The accompanying notes form part of these financial statements. Comparative figures have been re-presented to classify discontinued operations consistently with current year disclosure.

The accompanying notes form part of these financial statements.

**Consolidated statement of changes in equity**

For the year ended 30 June 2023

		Issued capital	Share based payments reserve	Share buy-back reserve	Accumulated losses	Total
Consolidated	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2021</b>		<b>12,911</b>	<b>30,034</b>	<b>(7,204)</b>	<b>(13,492)</b>	<b>22,249</b>
Profit after tax for the year		-	-	-	(9,669)	(9,669)
Employee share plan expense	27	594	(38)	-	620	1,176
Performance and service rights (vested / forfeited)	27	-	(304)	-	-	(304)
Transfer to accumulated losses		-	(844)	-	844	-
<b>Balance at 30 June 2022</b>		<b>13,505</b>	<b>28,848</b>	<b>(7,204)</b>	<b>(21,697)</b>	<b>13,452</b>
<b>Balance at 1 July 2022</b>		<b>13,505</b>	<b>28,848</b>	<b>(7,204)</b>	<b>(21,697)</b>	<b>13,452</b>
Loss after tax for the year		-	-	-	(23,333)	(23,333)
Issue of new shares	21	25,521	-	-	-	25,521
Share issue transactions cost	21	(1,159)	-	-	-	(1,159)
<b>Balance at 30 June 2023</b>		<b>37,867</b>	<b>28,848</b>	<b>(7,204)</b>	<b>(45,030)</b>	<b>14,481</b>

**Consolidated statement of cash flows**

For the year ended 30 June 2023

		30 June 2023	30 June 2022
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		813,478	735,610
Payments to suppliers and employees		(825,198)	(738,616)
Cash utilised in operations		(11,720)	(3,006)
Finance costs	6	(2,254)	(2,275)
Income taxes refund		9,881	2,946
<b>Net cash (used in) / generated from operating activities</b>	30	<b>(4,093)</b>	<b>(2,335)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		1,046	504
Payments for property, plant and equipment		(1,875)	(3,858)
Payments for intangible assets		(76)	(2,875)
Net cash from disposal of discontinued business		-	8,972
<b>Net cash (used in) / generated from investing activities</b>		<b>(905)</b>	<b>2,743</b>
<b>Cash flows from financing activities</b>			
Net proceeds of borrowings		78	-
Net repayment of borrowings		-	(26)
Repayment of lease liability		(15,473)	(12,940)
Proceeds from issue of equity		25,521	910
Payment of share issue transaction costs		(1,159)	-
<b>Net cash generated from / (used in) financing activities</b>		<b>8,967</b>	<b>(12,056)</b>
<b>Net Increase / (decrease) in cash and cash equivalents</b>		<b>3,969</b>	<b>(11,648)</b>
Cash and cash equivalents at the beginning of the year		11,133	22,781
<b>Cash and cash equivalents at the end of the year</b>		<b>15,102</b>	<b>11,133</b>

The accompanying notes form part of these financial statements.

The accompanying notes form part of these financial statements.



## Notes to the consolidated financial statements

For the year ended 30 June 2023

### 1. General information

The Company is incorporated in Australia and is a for-profit entity.

The Company's registered office and principal place of business is as follows:

Level 4, 570 St Kilda Road  
MELBOURNE VIC 3004

These financial statements comprise the consolidated financial statements of the Company and the entities it controls (the "Group"). The entities controlled by the Company are detailed in note 14 to the financial statements. The Group's principal activities during the financial year were the design, sale and construction of residential dwellings.

### 2. Application of new and revised accounting standards

*Amendments to AASBs and the new interpretation that are effective and adopted for the current year.*

All standards that were mandatorily effective have been adopted and had no material impact on reporting position or performance.

In addition, the Group have chosen to early adopt AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates, which has resulted in the disclosure of material accounting policy information rather than significant accounting policies.

Accounting policy information is material only if:

- there has been a change in accounting policy
- it relates to a choice within the Accounting Standards
- it describes an accounting policy developed where there was no explicit accounting standard requirement
- it relates to an area of significant judgement or estimation
- the balance or transaction is complex and the accounting policy is needed to explain the treatment to the user

As a result of adopting this standard, there has been a significant reduction in the disclosure of accounting policies. Standards and interpretations in issue not yet adopted.

### *Standards and interpretations in 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.

### 3. Significant accounting policies

#### *Statement of compliance*

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). The financial statements were authorised for issue by the directors on 28 August 2023.

### *Basis of preparation*

The consolidated financial statements have been prepared on the basis of historical cost.

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.

Comparatives have been reclassified where appropriate to ensure consistency and comparability with the current period.

### *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 report are rounded off to the nearest thousand dollars, unless otherwise indicated.

### *Going concern*

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has incurred a net loss after tax of \$23.333m (2022: loss \$9.669m) and negative operating cash flows of \$4.093m (2022: deficit operating cash flows of \$2.335m) for the year ended 30 June 2023. These results were impacted as the industry continued to trade through the low margin fixed price contracts affected by supply inflation and lower productivity, flowing from constrained supply chains. In light of these challenges, the Group raised \$25.521m of equity to fund the working capital requirements and future strategic initiatives to facilitate future growth and capabilities.

As at 30 June 2023, the Group had a positive net asset value position of \$14.481m (2022: \$13.452m) and a strong cash balance of \$15.102m

(2022: \$11.133m) measured by cash and cash equivalents. The Group currently does not utilise the banking facilities and has sufficient liquidity to support the forecasted working capital needs.

Higher interest rates and cost of living pressure will continue to impact residential sales. In response to these challenges, the Group has:

- Invested in alternative sales channels that are counter-cyclical to the retail segment.
- Implemented various organisational wide transformation initiatives to materially reduce overheads.
- Extended the current banking facilities until 31 December 2024.

The Group has implemented detailed cash forecasting tools to manage short-and longer-term liquidity needs. The forecasts indicate that the Group will operate within the agreed banking covenants and that it will have sufficient available liquidity, inclusive of undrawn facilities, to finance its operations and future growth aspirations.

Based on the available information to the Directors at the date of signing this financial report, the Directors are of the opinion that the Group will be able to pay its debts as and when they fall due and accordingly the Directors consider it appropriate for the financial report to be prepared on the going concern basis.

### 4. Revenue

#### *Accounting policy*

#### *Revenue recognition*

#### *Construction contracts*

Contracts entered into are for the construction of residential homes. The construction of each dwelling is taken to be one performance obligation. The transaction price is normally fixed at the start of the contracts. When a variation for the building works is required and agreed upon per the contract the variation will be included in the transaction price and accounted for accordingly. The performance obligation is recognised and fulfilled over time and as such revenue is recognised over time.

Revenue earned is referenced to the stage of completion of the contract activity, based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Our customers

are invoiced on achievement of each key milestone in the build program. Invoices are paid on normal commercial terms. Deposit payments received prior to work being performed are recognised as deferred revenue on the balance sheet.

#### Display homes

Revenue in respect of the sale of display homes is recognised at a point in time when control is transferred to customer. Revenue is measured at the transaction price agreed under the contract.

#### Variable consideration

Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved (as this is the point in time when there can be reasonable assurance that there will be significant reversal) known as "constraint" requirements. The Group assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where variations in design or requirements are entered into, the transaction price is updated to reflect these when the variation has been agreed.

#### Contract assets and liabilities

The Group has adopted the terms accrued revenue for 'contract assets' and deferred revenue for 'contract liabilities' as defined within AASB 15 'Revenue from Contracts with Customers'. Accrued revenue is the Group's right to payment for goods and services transferred to a customer where that right to payment is conditional on something other than passage of time. Deferred revenue is the Group's obligation to transfer goods or services to a customer at the earlier of (a) when the customer pays consideration or (b) the time that the customer's consideration is due for goods and services the Group will yet provide.

#### Contract fulfilment costs

Costs incurred prior to the commencement of construction of building may arise due to feasibility studies, environmental impact studies and preliminary design activities as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the course of the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

#### Incremental costs

Commissions payable to sales consultants in respect of contracts to build are recognised as an asset when expected to be recovered and released over the period of the build.

#### Financing components

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

#### Other revenue

Revenue received in respect of the Group arranging a purchaser to acquire land from a land developer is recognised once all benefits of owning the land are transferred to the new owner.

The following is an analysis of the Group's revenue for the year.

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Continuing operations</b>		
Revenue from residential construction contracts	772,432	687,493
	<b>772,432</b>	<b>687,493</b>
<b>Discontinued operations</b>	-	6,357
<b>Total</b>	<b>772,432</b>	<b>693,850</b>

#### Critical accounting judgement - percentage of completion on the construction contracts

Percentage complete is based on the estimated cost to construct a building incurred to date, compared against the total estimated cost of completing that building. The total cost of that build is based on a historical average of similar builds. The amount of revenue recognised during the build is based on this percentage complete calculation. This historical average is reviewed annually to ensure that it is a materially accurate reflection of current build costs.

Estimate of construction contracts on a percentage completion basis, in particular with regard to accounting for variations of cost, the timing of profit recognition and the amount of profit recognised can often result in an adjustment to the reported revenues and expenses and/or the carrying amount of assets and liabilities.

#### 5. 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:

- *Residential construction* - this includes activities relating to contracts for residential home construction, speculative home building and the building of display home inventory.
- *Development* - this includes activities relating to land development and sales.
- *Discontinued operations*
  - House of Learning Pty Ltd and City-Wide Building and Training Services Pty Ltd previously formed the registered training segment which was divested on 30 November 2021 and as such are presented as a discontinued operation in this year's annual financial report (refer note 8 for more information).
  - Madisson Homes Australia Pty Ltd 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 (refer note 8 for more information)



**Segment revenues and results** *The following is an analysis of the Group's revenue for the year.*

	Segment Revenue		Segment (loss)/profit before tax	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
<b>Continuing operations</b>				
Residential construction	772,432	687,493	(33,906)	(18,611)
Land development	-	-	(78)	(19)
	<b>772,432</b>	<b>687,493</b>	<b>(33,984)</b>	<b>(18,630)</b>
<b>Discontinued operations</b>	-	<b>6,357</b>	<b>167</b>	<b>3,603</b>
<b>Consolidated segment revenue and profit/(loss) before tax for the period</b>	<b>772,432</b>	<b>693,850</b>	<b>(33,817)</b>	<b>(15,027)</b>

**Segment assets and liabilities**

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Segment assets</b>		
Residential construction	156,227	173,387
Land development	239	586
	<b>156,466</b>	<b>173,973</b>
Discontinued operations	165	7
<b>Total segment assets</b>	<b>156,631</b>	<b>173,980</b>
Current tax receivable	-	9,933
Deferred tax assets	3,904	-
<b>Total assets</b>	<b>160,535</b>	<b>183,913</b>
<b>Segment liabilities</b>		
Residential construction	165,251	182,629
Land development	189	273
	<b>165,440</b>	<b>182,902</b>
Discontinued Operations	1,359	1,671
<b>Total segment liabilities</b>	<b>166,799</b>	<b>184,573</b>
Deferred tax liability	(20,745)	(14,112)
<b>Total liabilities</b>	<b>146,054</b>	<b>170,461</b>

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments.

**Other segment information**

	Interest expense		Depreciation and amortisation	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
<b>Continuing operations</b>				
Residential construction	2,240	1,888	19,959	18,875
Land development	14	133	376	1,421
	<b>2,254</b>	<b>2,021</b>	<b>20,335</b>	<b>20,296</b>
<b>Discontinued operations</b>	-	<b>254</b>	-	<b>252</b>
<b>Total</b>	<b>2,254</b>	<b>2,275</b>	<b>20,335</b>	<b>20,548</b>

	Additions to non-current assets	
	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Continuing operations</b>		
Residential construction	12,544	16,719
Land development	289	252
	<b>12,833</b>	<b>16,971</b>
<b>Discontinued operations</b>	-	<b>342</b>
<b>Total</b>	<b>12,833</b>	<b>17,313</b>

**Revenue by Geographical region**

The Group operates in one geographical area – Australia. The Group's revenue and profits are all generated from this region.

**Information about major customers**

No single customer contributed 10% or more to the Group's revenue for the year ended 30 June 2023 and the year ended 30 June 2022.

**6. Finance costs**

	30 June 2023	30 June 2022
	\$'000	\$'000
Interest on bank overdrafts, loans and leases		
Continuing operations	2,254	2021
Discontinued operations	-	254
<b>Total</b>	<b>2,254</b>	<b>2,275</b>

## 7. Income Tax

### Tax consolidation

The entities, except the trusts within the Group have formed a tax-consolidated group with effect from 1 July 2010 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Simonds Group Limited. Current tax expense/(income), deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in those entities using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts.

The tax funding arrangements require payments to/(from) the head entity equal to the current tax liability/(asset) assumed

by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivable/(payable) are at call. Contributions to fund the tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

### Income tax recognised

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Current tax</b>		
(Benefit) / expense in respect of the current year	-	(10,010)
(Benefit) in respect of prior years	-	(631)
	-	<b>(10,641)</b>
<b>Deferred tax</b>		
Expense/(benefit) in respect of the current years	(10,484)	4,787
Expense/(benefit) in respect of prior years	-	495
	<b>(10,484)</b>	<b>5,282</b>
<b>Consolidated income tax expense recognised in the current year</b>	<b>(10,484)</b>	<b>(5,359)</b>
Income tax (benefit) / expense from continuing operations	(10,534)	(6,440)
Income tax expense from discontinued operations	50	1,081
<b>Total</b>	<b>(10,484)</b>	<b>(5,359)</b>

### The income tax expense can be reconciled to the accounting profit as follows:

	30 June 2023	30 June 2022
	\$'000	\$'000
(Loss) / profit before tax from continuing operations	(33,984)	(18,630)
(Loss) / profit before tax from discontinued operations	167	3,603
<b>Profit before tax</b>	<b>(33,817)</b>	<b>(15,027)</b>
Income tax (benefit) / expense calculated at 30% (2022: 30%)	(10,145)	(4,508)
Effect of Executive Share Based Payments non-deductible	(24)	(645)
Effect of expenses that are not deductible in determining taxable profit	180	(50)
Other adjustments	(495)	-
	<b>(10,484)</b>	<b>(5,203)</b>
Adjustments recognised in the current year in relation to deferred and current tax of prior years	-	(156)
<b>Income tax (benefit) / expense recognised in profit or loss</b>	<b>(10,484)</b>	<b>(5,359)</b>
Income tax (benefit) / expense from continuing operations	(10,534)	(6,440)
Income tax (benefit) / expense from discontinued operations	50	1,081
<b>Total</b>	<b>(10,484)</b>	<b>(5,359)</b>

The tax rate used for the 2023 and 2022 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

### Current tax assets and liabilities:

	30 June 2023	30 June 2022
	\$'000	\$'000
Income tax refundable	<b>52</b>	<b>9,933<sup>1</sup></b>

### Deferred tax balances

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Amounts recognised in profit or loss</b>		
Deferred tax assets	15,405	14,112
Deferred tax liabilities	(11,553)	(20,744)
<b>Net deferred tax</b>	<b>3,852</b>	<b>(6,632)</b>

<sup>1</sup> The Group utilised the loss carry back measures and carried back its tax loss made in the FY22 against its income tax liability in the preceding years, having regards to the amount of tax paid in those tax periods.



2023	Opening balance	Under /over	Recognised in profit or loss	Closing balance
	\$'000	\$'000	\$'000	\$'000
Construction Contracts income	(12,712)	-	1,510	(11,202)
Capitalised Courses and Product Design	(472)	-	121	(351)
Property, Plant, Equipment & Intangibles	791	-	860	1,651
Provision for warranty and contract maintenance	869	-	179	1,048
Employee Entitlements	2,021	-	(629)	1,392
DTA on losses	1,889	-	7,828	9,717
Other	982	-	615	1,597
<b>Total</b>	<b>(6,632)</b>	<b>-</b>	<b>10,484</b>	<b>3,852</b>

2022	Opening balance	Under /over	Recognised in profit or loss	Closing balance
	\$'000	\$'000	\$'000	\$'000
Construction Contracts income	(7,215)	-	(5,497)	(12,712)
Capitalised Courses and Product Design	(609)	-	137	(472)
Property, Plant, Equipment & Intangibles	1,977	(494)	(692)	791
Provision for warranty and contract maintenance	1,067	-	(198)	869
Employee Entitlements	2,896	-	(875)	2,021
DTA on losses	-	-	1,889	1,889
Other	534	(1)	449	982
<b>Total</b>	<b>(1,350)</b>	<b>(495)</b>	<b>(4,787)</b>	<b>(6,632)</b>

## 8. 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 liability for warranty claims. As such, the expenses are predominantly related to warranty and related activities.

### Loss for the year from Madisson Business

	30 June 2023	30 June 2022
	\$'000	\$'000
Revenue	-	-
Expenses		
- Insurance claim proceeds	2,263	-
- Maintenance & warranty	(2,040)	(1,822)
Total recoveries / (expenses)	223	(1,822)
<b>Profit / (Loss) before tax</b>	<b>223</b>	<b>(1,822)</b>
Attributable income tax (expense) / benefit	(67)	547
<b>Profit / (Loss) after tax for the year</b>	<b>156</b>	<b>(1,275)</b>

### Builders Academy Australia

On 30 September 2021, the Group entered into a sale agreement to dispose its wholly owned subsidiaries, Builders Academy Australia (BAA) and City-Wide Building & Training Services Pty Ltd (CWBTS), collectively referred to as House of Learning Pty Ltd (HOL), which operated as a registered training organisation.

The disposal was completed on 30 November 2021, on which date control of BAA passed to the acquirer UP Education Australia Pty Ltd.

The result of the discontinued operations, which have been included in the loss for the year, was as follows:

### Loss for the year from Registered training operations are summarised as follows:

	30 June 2023	30 June 2022
	\$'000	\$'000
Revenue	-	6,357
Expenses	(56)	(6,974)
<b>Loss before tax</b>	<b>(56)</b>	<b>(617)</b>
Attributable tax benefit	17	185
Profit from disposal of BAA	-	6,041
Attributable tax expense	-	(1,813)
<b>Net (loss) / profit after tax for the year</b>	<b>(39)</b>	<b>3,796</b>

**9. Expenses for the year**

	30 June 2023	30 June 2022
	\$'000	\$'000
Profit on disposal of property, plant and equipment and intangible assets	396	304
Marketing and selling expenses	(20,717)	(23,443)
Corporate and administrative expenses	(24,050)	(21,997)
Employee benefits expense	(81,450)	(84,622)
Transformation expenses (i)	(4,795)	(2,403)
<b>Total</b>	<b>(130,616)</b>	<b>(132,161)</b>

(i) The transformation costs include expenses attributable to non-underlying activities which are outside of ordinary course of the business such as restructure of the business. Included within transformation expenses are redundancy and related costs of \$2.789m and corporate and administrative expenses of \$2.006m, which are excluded from expenses lines above.

**10. Earnings per share**

	30 June 2023	30 June 2022
	Cents/share	Cents/share
<b>From continuing operations</b>		
Total basic (loss) / profit per share	(9.18)	(8.33)
Total diluted (loss) / profit per share	(9.18)	(8.33)
<b>From continuing and discontinued operations</b>		
Total basic (loss) / profit per share	(9.13)	(6.61)
Total diluted (loss) / profit per share	(9.13)	(6.61)

**Basic earnings per share**

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

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>From continuing operations</b>		
Loss for the year attributable to owners of the Company	(23,450)	(12,190)
<b>From continuing and discontinued operations</b>		
Loss for the year attributable to owners of the Company	(23,333)	(9,669)
	Shares	Shares
<b>Weighted average number of ordinary shares for the purposes of the basic earnings per share</b>	<b>255,436,124</b>	<b>146,258,855</b>

**Diluted earnings per share**

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>From continuing operations</b>		
Loss for the year attributable to owners of the Company	(23,450)	(12,190)
<b>From continuing and discontinued operations</b>		
Loss for the year attributable to owners of the Company	(23,333)	(9,669)
	Shares	Shares
Weighted average number of ordinary shares for the purposes of the basic earnings per share	255,436,124	146,258,855
Shares deemed to be issued for no consideration in respect of: Performance Rights / Options	968,455	4,195,890
<b>Weighted average number of ordinary shares for the purposes of the diluted earnings per share</b>	<b>256,404,579</b>	<b>150,454,745</b>

**11. Trade and other receivables**

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Current</b>		
Trade receivables (i)	39,384	37,572
	<b>39,384</b>	<b>37,572</b>
Other receivables	557	638
<b>Total</b>	<b>39,941</b>	<b>38,210</b>

(i) The amounts pertaining to related party receivables are disclosed within note 26.

**Trade receivables**

The average settlement terms for progress invoices in relation to residential contracts are between 7 and 45 days. The Group has written off all receivables that are known to be uncollectable. Prior to accepting a new customer for the construction of a dwelling, the Group ensures that appropriate contractual terms are in place with the customer and that the customer has secured financing in advance of the commencement of construction.

In determining the recoverability of a trade receivables, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated and dwellings constructed for customers serving as a security against the receivable.



**Age of receivables from continuing operations that are past due but not impaired**

	30 June 2023	30 June 2022
46 - 60 days	1,436	1,186
61 - 90 days	1,389	1,622
91 - 120 days	965	1,447
Over 120 days	5,060	2,574
<b>Total</b>	<b>8,850</b>	<b>6,829</b>
Average age (days)	123	114

Receivables past due but not impaired primarily relate to final settlement payments upon completion of construction and supplier rebate. The Group has included in its

considerations for any expected credit loss of these receivables, with no current material indication requiring a provision as at 30 June 2023.

**12. Accrued revenue**

	30 June 2023	30 June 2022
	\$'000	\$'000
Work in progress on residential construction contracts	54,312	67,569

**13. Inventories**

	30 June 2023	30 June 2022
	\$'000	\$'000
Speculative homes and Display, land stock	19,090	18,442
Provision for impairment of inventories	(78)	-
<b>Total</b>	<b>19,012</b>	<b>18,442</b>

Land costs includes the cost of acquisition, development, borrowings and all other costs directly related to specific projects.

Display homes costs includes direct costs of building the speculative and display homes.

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.

**14. Subsidiaries**

Details of the Group's subsidiaries at the end of the reporting period are as follows.

	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2023	2022
	\$'000	\$'000	2023	2022
Simonds Homes Victoria Pty Ltd	Residential – Victoria	Australia	100%	100%
Simonds Homes NSW Pty Ltd	Residential – NSW	Australia	100%	100%
Simonds Queensland Constructions Pty Ltd	Residential – Queensland	Australia	100%	100%
Simonds SA Pty Ltd	Residential – South Australia	Australia	100%	100%
Simonds WA Pty Ltd	Residential – Western Australia	Australia	100%	100%
Madisson Homes Australia Pty Ltd	Residential – Victoria	Australia	100%	100%
Simonds Personnel Pty Ltd	Payroll service entity	Australia	100%	100%
Simonds Assets Pty Ltd	Asset service entity	Australia	100%	100%
Simonds IP Pty Ltd	Intellectual property service entity	Australia	100%	100%
Simonds Corporate Pty Ltd	Asset service entity	Australia	100%	100%
Jackass Flat Developments Pty Ltd	Land development and sales	Australia	100%	100%
Simonds Land Development Pty Ltd	Land development and sales	Australia	100%	100%
Bridgeman Downs Land Project Pty Ltd	Land development and sales	Australia	100%	100%
Discover Developments Pty Ltd	Land development and sales	Australia	100%	100%
Discover Gisborne Pty Ltd	Land development and sales	Australia	100%	100%

- Simonds Group Limited is the head entity within the tax consolidated group.
- All Group subsidiaries are members of the tax consolidated group.
- Simonds Group Limited and its subsidiaries have entered into a deed of cross guarantee with Simonds Group Limited pursuant to ASIC Class Order 2016/785 and are relieved from the requirement to prepare and lodge an audited financial report.
- No subsidiaries have been acquired or incorporated during the year ended 30 June 2023 (30 June 2022: None).
- The above companies represent a "Closed Group" for the Class Order. The closed Group's Statement of Profit or loss and Other Comprehensive Income for the year and closed group's Statement of Financial Position as at 30 June 2023 are the same as the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year and the Consolidated Statement of Financial Position as at 30 June 2023 disclosed on pages 66-67.

## 15. Property, plant and equipment

### Accounting policy

The carrying amount of property, plant and equipment which is measured on the cost basis, is subject to impairment testing and is reviewed to determine whether they are in excess of their recoverable amount at balance date.

Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the

period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

	Useful life
Leasehold improvements	5 years or the period of the lease
Computer equipment	3 - 5 years
Office furniture and fittings	5 years
Display home furniture, fixtures and fittings	2 years
Motor vehicles	5 years
Plant and equipment	5 years

	Leasehold improvements	Computer equipment	Office furniture & fittings	Display home furniture, fixtures & fittings	Motor Vehicles	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>							
Balance at 1 July 2021	6,256	5,281	3,222	3,982	909	375	20,025
Additions	682	1,871	104	1,190	-	12	3,859
Disposals	-	(6)	-	(12)	(290)	-	(308)
Divestment of discontinued business	(71)	(83)	(51)	-	(36)	(58)	(299)
<b>Balance at 30 June 2022</b>	<b>6,867</b>	<b>7,063</b>	<b>3,275</b>	<b>5,160</b>	<b>583</b>	<b>329</b>	<b>23,277</b>
<b>Cost</b>							
Balance at 1 July 2022	6,867	7,063	3,275	5,160	583	329	23,277
Additions	-	207	36	1,327	-	-	1,570
Transfers	-	305	-	-	-	-	305
Disposals	-	(7)	(3)	(18)	(80)	-	(108)
<b>Balance at 30 June 2023</b>	<b>6,867</b>	<b>7,568</b>	<b>3,308</b>	<b>6,469</b>	<b>503</b>	<b>329</b>	<b>25,044</b>
<b>Accumulated depreciation</b>							
Balance at 1 July 2021	(5,008)	(3,694)	(2,088)	(2,424)	(788)	(228)	(14,230)
Depreciation expense	(596)	(1,078)	(358)	(1,325)	(56)	(68)	(3,481)
Divestment of discontinued business	3	11	1	-	247	3	265
Disposals	30	42	33	-	31	13	149
<b>Balance at 30 June 2022</b>	<b>(5,571)</b>	<b>(4,719)</b>	<b>(2,412)</b>	<b>(3,749)</b>	<b>(566)</b>	<b>(280)</b>	<b>(17,297)</b>
<b>Accumulated depreciation</b>							
Balance at 1 July 2022	(5,571)	(4,719)	(2,412)	(3,749)	(566)	(280)	(17,297)
Depreciation expense	(520)	(1,118)	(340)	(1,299)	(14)	(49)	(3,340)
Disposals	-	5	-	-	79	-	84
<b>Balance at 30 June 2023</b>	<b>(6,091)</b>	<b>(5,832)</b>	<b>(2,752)</b>	<b>(5,048)</b>	<b>(501)</b>	<b>(329)</b>	<b>(20,553)</b>
<b>Net book value</b>							
<b>As at 30 June 2022</b>	<b>1,296</b>	<b>2,344</b>	<b>863</b>	<b>1,411</b>	<b>17</b>	<b>49</b>	<b>5,980</b>
<b>As at 30 June 2023</b>	<b>776</b>	<b>1,736</b>	<b>556</b>	<b>1,421</b>	<b>2</b>	<b>-</b>	<b>4,491</b>



## 16. Intangible Assets

### Accounting policy

#### Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite

useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following estimated useful lives are used in the calculation of amortisation:

	Useful life
Computer Software	3 years
Capitalised Product Designs	3 years
Right of use lease asset	Over the life of the lease

#### Internally-generated intangible assets – research and development expenditure

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

	Computer Software	Capitalised courses	Goodwill from acquisitions	RTO Licence	Capitalised Product Designs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>						
Balance at 1 July 2021	6,603	2,948	2,603	1,245	4,817	18,216
Additions	1,097	261	-	-	1,517	2,875
Disposals	(257)	(2,271)	-	-	(522)	(3,050)
Divestment of discontinued business	(51)	(938)	(2,603)	(1,245)	-	(4,837)
<b>Balance at 30 June 2022</b>	<b>7,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,812</b>	<b>13,204</b>
<b>Cost</b>						
Balance at 1 July 2022	7,392	-	-	-	5,812	13,204
Additions	114	-	-	-	267	381
Transfers	-	-	-	-	(305)	(305)
Disposals	(1,012)	-	-	-	(75)	(1,087)
<b>Balance at 30 June 2023</b>	<b>6,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,699</b>	<b>12,193</b>
<b>Accumulated amortisation</b>						
Balance at 1 July 2021	(3,234)	(2,564)	-	(1,245)	(2,831)	(9,874)
Amortisation Expense	(1,932)	(225)	-	-	(1,132)	(3,289)
Disposals	1	2,271	-	-	477	2,749
Divestment of discontinued business	49	518	-	1,245	-	1,812
<b>Balance 30 June 2022</b>	<b>(5,116)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,486)</b>	<b>(8,602)</b>
<b>Accumulated amortisation</b>						
Balance at 1 July 2022	(5,116)	-	-	-	(3,486)	(8,602)
Amortisation Expense	(1,521)	-	-	-	(944)	(2,465)
Disposals	782	-	-	-	48	830
<b>Balance 30 June 2023</b>	<b>(5,855)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,382)</b>	<b>(10,237)</b>
<b>Net Book Value</b>						
<b>As at 30 June 2022</b>	<b>2,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,326</b>	<b>4,602</b>
<b>As at 30 June 2023</b>	<b>639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,317</b>	<b>1,956</b>

## 17. Other assets

	30 June 2023	30 June 2022
	\$'000	\$'000
Prepayments	1,704	2,191
Advance to sales consultants	10	42
Other assets	131	185
<b>Total</b>	<b>1,845</b>	<b>2,418</b>

**18. Trade and other payables**

	30 June 2023	30 June 2022
	\$'000	\$'000
Trade payables	54,026	61,817
Construction accruals	29,608	24,041
Goods and services tax payable	886	894
Other payables and accruals	5,176	4,814
<b>Total</b>	<b>89,696</b>	<b>91,566</b>

**19. Borrowings current**

	30 June 2023	30 June 2022
	\$'000	\$'000
Current		
Other borrowings	364	286
<b>Total</b>	<b>364</b>	<b>286</b>

**Summary of borrowing arrangements**

Details of the Group's borrowing facility as at 30 June 2023 are as follows:

Facility	Utilised \$'000	Unutilised \$'000	Interest Charge	Description	Maturity Date
Market Rate Loan	-	3,000	Variable Market Rate	The Group's facilities are secured by all Simonds Group Limited corporate entities.	31 December 2024
Bank Guarantees	1,309 <sup>1</sup>	2,691	Fixed Market Rate		
Overdraft Facility	-	18,500	Overdraft Index Rate		
Business Corporate Credit Card Facility	1,000	-	Cash Advance Interest Rate	Charged Card facility made available to Simonds Group.	31 December 2024
Equipment Finance Facility	6,348 <sup>2</sup>	1,652	Fixed Market Rate	Asset under leases are secured by the assets leased with repayments periods not exceeding 5 years.	31 December 2024
<b>Total</b>	<b>8,657</b>	<b>25,843</b>			

<sup>1</sup> Bank guarantees is disclosure in contingent liability note 32.

<sup>2</sup> Recorded as part of lease liabilities.

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

Facility	Utilised	Unutilised	Interest Charge	Description	Maturity Date
	\$'000	\$'000			
Microsoft Financing	364	-	Fixed Interest Rate	The Group entered into a Master Instalment Payment Agreement with De Lage Landen Pty Ltd, which covers license subscription for Microsoft products for the period from January 2023 to December 2023.	31 December 2023
<b>Total</b>	<b>364</b>	<b>-</b>			

**20. Provisions**Maintenance and warranty

Provisions for the cost of maintenance and warranty is the directors' best estimate of the expenditure required to settle the Group's obligations under legislative requirements.

Make good

Provisions for make good are based on the directors' best estimates of the costs required to reinstate the display homes and commercial leased properties under legislation; or requirement to be at a saleable standard.

	30 June 2023	30 June 2022
	\$'000	\$'000
Provision for employee benefits (i)	7,865	10,521
Cash settled share-based payment	-	80
Provision for warranty and contract maintenance (ii)	12,010	12,967
Provision for make good (iii)	1,842	1,216
<b>Total</b>	<b>21,717</b>	<b>24,784</b>
Current	13,880	15,669
Non – current	7,837	9,115
<b>Total</b>	<b>21,717</b>	<b>24,784</b>

- (i) The provision for employee benefits represents annual leave and long serviceleave entitlements accrued and compensation claims made by employees.
- (ii) The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties related to residential construction. The estimate has been made on the basis of historical warranty trends and may vary as a result of the annual build program, the history of defects relating to materials used or in the nature of services provided.
- (iii) Provisions based on the directors' best estimates of the costs required to reinstate the display homes and commercial leased properties under legislation; or requirement to be at a saleable standard.

The movement in provisions during the financial year is as below:

2023	Employee benefits	Cash settled share-based payment	Warranty and contract maintenance	Make good	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2022	10,521	80	12,967	1,216	24,784
Additional provision recognised during the year	3,861	6	4,655	1,238	9,760
Provision utilised during the financial year	(6,517)	(86)	(5,612)	(612)	(12,827)
<b>At 30 June 2023</b>	<b>7,865</b>	<b>-</b>	<b>12,010</b>	<b>1,842</b>	<b>27,717</b>

2022	Employee benefits	Cash settled share-based payment	Warranty and contract maintenance	Make good	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2021	11,274	1,602	13,295	1,395	27,566
Additional provision recognised during the year	3,810	132	4,917	473	9,332
Provision utilised during the financial year	(4,563)	(1,654)	(5,245)	(652)	(12,114)
<b>At 30 June 2022</b>	<b>10,521</b>	<b>80</b>	<b>12,967</b>	<b>1,216</b>	<b>24,784</b>

**Critical accounting judgements and key sources of estimation uncertainty**  
- provision for maintenance and warranties

At each year end the Group considers its legal and constructive obligations for warranties and maintenance on properties constructed. Typically, the Group makes provision for warranties for a period of up to ten years following the completion of a construction contract. The directors take into account the annual build program, history of defects relating to materials used or in services provided and the historical liabilities the Group has assumed in respect of warranties in estimating the provision for warranties. The directors use a present value methodology to recognise the best estimate of the expenditure required to settle the Group's obligation.

The Group use an actuarial model based on historical maintenance and warranty spend to provide an estimate for the maintenance and warranty provision. Key assumptions in this model were developed by an independent actuary and are reviewed internally regularly, to ensure they remain appropriate for calculating the maintenance and warranty provision as at 30 June 2023 There has been no significant change to the model assumptions to those used in the prior financial year.

## 21. Issued capital

	30 June 2023	30 June 2022
	\$'000	\$'000
359,906,450 fully paid ordinary shares (June 2022: 147,234,268)	37,867	13,505
<b>Total</b>	<b>37,867</b>	<b>13,505</b>

	Number of shares		Share capital (\$'000)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Balance at beginning of the period	147,234,268	143,841,655	13,505	12,911
Movement in ordinary shares	212,672,182	3,392,613	25,521	594
Share issue transaction costs	-	-	(1,159)	-
<b>Balance at end of the period</b>	<b>359,906,450</b>	<b>147,234,268</b>	<b>37,867</b>	<b>13,505</b>

## 22. Reserves

	30 June 2023	30 June 2022
	\$'000	\$'000
Share Buy-back Reserve	(7,204)	(7,204)
Share Based Payment Reserve	28,848	28,848
<b>Total</b>	<b>21,644</b>	<b>21,644</b>

### Share Buy-back Reserve

On 20 August 2015, the Group announced its intention to undertake an on-market share buy-back ("buy-back") to enable the Group to acquire up to a maximum of 7.570m shares within a 12-month period. The buy-back was part of the Group's ongoing capital management strategy and determined by the Directors to be an appropriate use of Group capital resources given current market conditions at the time. The Group

bought back 7.570m of its issued shares and as a result, the balance between the total buy-back and the amount deemed a reduction in capital was recorded in the share buy-back reserve.

### 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.

## 23. Dividends paid or payable

During the year, Simonds Group Limited made the following dividend payments:

	Year ended 30 June 2023		Year ended 30 June 2022	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<b>Final dividend</b>	-	-	-	-

The company's adjusted franking account balance as at 30 June 2023 is \$9.760m (2022:\$19.693m)



## 24. Financial Instruments

### Accounting policy

#### Non-derivative financial instruments

##### Classification

The Group has classified its financial assets in the following measurement categories: Those to be measured at amortised cost.

##### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. Measurement of cash and cash equivalents, trade receivables, loan and other receivables is at amortised cost.

##### Impairment

For trade receivables, loan and other receivables, the Group applies the simplified approach which requires expected lifetime loss to be recognised from initial recognition of the receivables. For all other financial instruments, the Group assesses expected credit loss on a forward-looking basis and the impairment methodology applied will depend on whether there has been a significant increase in credit risk.

#### Non-derivative financial liabilities

##### Interest bearing liabilities

All loans and borrowings are initially recognised at fair value, being the amount received less attributable transaction costs. After initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

##### Trade and other payables

Liabilities are recognised for amounts to be paid for goods or services received. After initial recognition, Trade and other payables are measured at amortised cost.

### Capital risk management

Directors review the capital structure on an ongoing basis. As a part of this review the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues, and the issue or repayment of debt.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash, and equity attributable to equity holders of the parent, comprising issued capital, accumulated losses and dividends, as disclosed in notes 21 to 23.

### Financial risk management

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial instruments is governed by the Group's policies which are approved by the directors. The Chief Financial Officer is responsible for managing the Group's treasury requirements in accordance with this policy.

The Group hold the following financial instruments:

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Financial Assets</b>		
Cash and Cash equivalents	15,102	11,133
Trade and other receivables	39,941	38,210
<b>Total</b>	<b>55,043</b>	<b>49,343</b>
<b>Financial Liabilities</b>		
Trade and other payables	89,696	91,566
Lease liabilities	21,092	26,720
Borrowings	364	286
<b>Total</b>	<b>111,152</b>	<b>118,572</b>

### Market risk

#### Interest rate risk management

Refer to note 19 for details of debt facilities the Group holds as at 30 June 2023.

The Group is exposed to interest rate risk as the entities in the Group borrow funds at both fixed and variable interest rates. There is an interest rate exposure for these utilised facilities when they are used during each financial year. (Refer to note 19 for details of these facilities).

A sensitivity analysis has been determined based on the exposure to interest rates at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2023 would decrease/increase by \$0.049m (2022: \$0.032m).

This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

### Credit risk

Credit risk arises from financial assets which comprise cash and cash equivalents, trade and other receivables and the granting of financial guarantees. Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount assets as well as in relation to financial guarantees granted.

Construction contracts require the customer to obtain finance prior to starting the build. Contracts for Speculative Housing, Displays and Land require payment in full prior to passing of title to customers. The Group has no significant concentrations of credit risk and does not hold any credit derivatives to offset its credit exposure.

At the reporting date there are no significant concentrations of credit risk relating to loans and receivables at fair value through profit or loss. The carrying amount reflected in the statement of financial position represents the Group's maximum exposure to credit risk for such loans and receivables.

**Liquidity risk**

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Maturities of financial liabilities**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

Year ended 30 June 2023	< 6 months	6 -12 months	>1 -5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>				
Trade and other payables	89,696	-	-	89,696
Lease liabilities	698	10,995	9,399	21,092
Borrowings	364	-	-	364
<b>Total</b>	<b>90,758</b>	<b>10,995</b>	<b>9,399</b>	<b>111,152</b>

Year ended 30 June 2022	< 6 months	6 -12 months	>1 -5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>				
Trade and other payables	91,566	-	-	91,566
Lease liabilities	1,085	11,439	15,908	28,432
Borrowings	286	-	-	286
<b>Total</b>	<b>92,937</b>	<b>11,439</b>	<b>15,908</b>	<b>120,284</b>

**25. Key management personnel compensation**

The aggregate compensation made to directors and other members of key management personnel of the Company and the Group is set out below:

	30 June 2023	30 June 2022
	\$	\$
Short-term employee benefits	1,653,318	2,149,228
Post-employment benefits	103,355	119,218
Other long-term benefits	16,327	(1,299)
Termination benefits	-	355,282
Share-based payments	(59,973)	(294,932)
<b>Total</b>	<b>1,713,027</b>	<b>2,327,497</b>

**26. Related party transactions****Trading transactions**

During the year group entities entered the following transactions with related parties which are not members of the Group.

	Cost of goods		Leases and services rendered		Non-cash remuneration	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$	\$
<b>Vallence Gary Simonds and related entities:</b>						
Properties leased on an arms-length basis	-	-	273,000	283,425	-	-
Advisory fee paid during the year	-	-	100,913	100,457	-	-
Remuneration for employee services	-	-	63,302	69,342	-	-
Service payment to The Trustee for the Consolidated Yacht Charter Trust	50,087	12,313	-	-	-	-
Car park provided	-	-	-	-	19,437	18,769
<b>Total</b>	<b>50,087</b>	<b>12,313</b>	<b>437,215</b>	<b>453,224</b>	<b>19,437</b>	<b>18,769</b>
<b>Simonds Family Office Pty Ltd<sup>1</sup></b>						
Supply payment to Delos Welltek Australia Pty Ltd <sup>2</sup>	90,680	170,141	-	-	-	-
Consulting services	-	-	642,762	-	-	-
<b>Total</b>	<b>90,680</b>	<b>170,141</b>	<b>642,762</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Mark Simonds and related entities:</b>						
Payment for use of building licence	-	-	200,000	166,667	-	-
Remuneration for employee services	-	-	67,887	11,808	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>267,887</b>	<b>178,475</b>	<b>-</b>	<b>-</b>
<b>David Denny and related entities:</b>						
Tomlucsar Investments Pty Ltd - Consulting services	-	-	30,000	-	-	-
<b>Total</b>	<b>140,767</b>	<b>182,454</b>	<b>1,377,864</b>	<b>631,699</b>	<b>19,437</b>	<b>18,769</b>

At 30 June 2023, there were no balances outstanding from related parties (2022:nil).

<sup>1</sup>Mark Simonds and Rhett Simonds are directors of Simonds Family Office Pty Ltd.

<sup>2</sup>There is a Supply Agreement between Delos Welltek Australia Pty Ltd and Simonds Group for the inclusion of the "DARWIN Essentials Package" into all homes in Victoria. Simonds Family Office Pty Ltd hold 25% interest in Delos Welltek Australia Pty Ltd. Mark Simonds and Rhett Simonds were directors of Delos Welltek Australia Pty Ltd till 5 October 2022.

**Loans to related parties**

During the year ended 30 June 2023 there were no loans to related parties outside the Group (2022: Nil).

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and disclosed in this note.

## 27. Share based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

### Employee share plan

A range of different employee share scheme (ESS) interests were created as part of the

Simonds Group Employee Share Plan. The Share plan has been created to promote employee share ownership amongst staff members and to encourage retention and appropriate reward for executives and employees. During the current financial year:

- Share based payments made to key management personal and other employees amounted to \$0.072m (2022: \$0.594m).
- As at 30 June 2023, performance rights / performance options remaining on issue:
  - FY2021 Plan: 600,000 (performance rights)
- No performance rights / performance options were granted (2022: Nil) during the period.

Incentives	Financial Year	Tranche	Grant Date	Fair Value at Grant Date	Vesting Date	Expiry Date	Other Vesting Condition	
Cash Settled	FY 2021	1	25 June 2021	\$0.50	30 June 2023	30 June 2023	Non-market	(1), (2)

### Notes:

- (1) Gateway Hurdle Condition exists whereby FY21 Performance Rights may not vest unless the individual remains employed up to and including 30 June 2023. These Performance Rights are settled either as shares in the Company or as cash at the discretion of the Board.
- (2) Vesting condition linked to the Group's Total Shareholder Return (TSR) and the percentile ranking against the constituent companies within the S&P / ASX Small Ordinaries Index.

The following table outlines the share-based expense (excluding forfeitures and lapses) under the management incentive and employee share plan for the year ended 30 June 2023:

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Employee share plan</b>		
Share-based expense	(80)	(38)
<b>Total</b>	<b>(80)</b>	<b>(38)</b>

### Fair value of performance rights, service rights and options granted in the year

Cash rights subject to market-based vesting conditions.

	Fair value model inputs and assumptions					
	Fair value at grant date	Exercise Price	Expected life of instruments (days)	Expected volatility	Expected dividend yield	Risk-free rate
<b>FY 2021 Cash rights T1:</b>	\$0.50	\$0.00	736	-	0%	-

### Movements in performance rights, service rights and options during the year

The following reconciles the cash rights, performance rights and option rights outstanding at the beginning and end of the financial year:

2023	Financial Year Issued	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
<b>Cash Rights</b>									
Tranche 1	FY 2021	600,000	-	-	-	-	-	-	600,000
Tranche 1	FY2020	882,353	-	-	-	-	882,353	0.2	-
<b>Total</b>		<b>1,482,353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>882,353</b>	<b>0.2</b>	<b>600,000</b>

2022	Financial Year Issued	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
<b>Cash Rights</b>									
Tranche 1	FY 2021	2,050,000	-	-	-	-	1,450,000	0.38	600,000
Tranche 1	FY 2020	3,014,707	-	-	-	-	2,132,354	0.38	882,353
<b>Performance Rights</b>									
Tranche 1	FY 2019	1,866,666	-	-	1,095,333	0.27	771,333	0.27	-
Tranche 2	FY 2019	1,866,666	-	-	21,559	0.38	1,845,107	0.38	-
<b>CEO Options</b>									
EPS	FY 2017	2,275,720	-	-	2,275,720	0.53	-	-	-
<b>Total</b>		<b>11,073,759</b>	<b>-</b>	<b>-</b>	<b>3,392,612</b>	<b>0.44</b>	<b>6,198,794</b>	<b>0.37</b>	<b>1,482,353</b>

Cash rights outstanding at the end of the current financial year had an exercise price of \$nil (2022: nil). The weighted average contractual life of cash rights was 836 days (2022: 835).

### Performance and service rights vested during the year

No (2022: 1,116,892) performance rights and no (2022: 2,275,720) options were vested during the year ended 30 June 2023.

### Performance and service rights forfeited during the year

There were 882,353 (2022: 3,582,354) cash rights and no (2022: 2,616,440) performance rights forfeited during the year.



**28. Auditor's remuneration**

	30 June 2023	30 June 2022
	\$'000	\$'000
Audit or review of financial statements - Group	315,000	315,000
	<b>315,000</b>	<b>315,000</b>
Statutory assurance services required by the legislation to be provided by the auditor	-	35,500
Other services		
-Tax services	88,000	169,807
-Financial advisory services	-	165,658
<b>Total</b>	<b>403,000</b>	<b>685,965</b>

The Group's auditor is PKF Melbourne Audit & Assurance Pty Ltd. For the prior year, the Group's auditor was Deloitte Touche Tohmatsu.

**29. Commitments for expenditure**

There were \$0.850m capital commitments for the Group as at 30 June 2023 (2022: nil).

	30 June 2023	30 June 2022
	\$'000	\$'000
Non – cancellable speculative home purchase payments		
No longer than 1 year	850	-
Longer than 1 year and not longer than 5 years	-	-
<b>Total</b>	<b>850</b>	<b>-</b>

**30. Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

**Reconciliation of profit for the year to net cash flows from operating activities**

Cash flows from operating activities	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Net (Loss) / profit after tax for the year</b>	<b>(23,333)</b>	<b>(9,669)</b>
Add / (deduct):		
Income tax expense recognised in profit or loss	(10,484)	(5,359)
Finance costs recognised in profit or loss	2,254	2,275
Gain on disposal of discontinued operation	-	(6,041)
Management incentive and share based payments	80	(1,186)
Depreciation and amortisation of non-current assets	20,335	20,548
	<b>(11,148)</b>	<b>568</b>
<b>Movements in working capital</b>		
(Increase) in trade and other receivables	(1,737)	(5,775)
(Increase) / decrease in inventories	(570)	8,869
Decrease / (increase) in other assets	13,880	(18,041)
(Decrease) / increase in trade and other payables	(1,870)	14,750
(Decrease) in provisions	(2,987)	(2,291)
(Decrease) in other liabilities	(7,288)	(1,086)
<b>Cash (used in) operating activities</b>	<b>(11,720)</b>	<b>(3,006)</b>
Net interest paid	(2,254)	(2,275)
Income taxes refund / (paid)	9,881	2,946
<b>Net cash (used in) operating activities</b>	<b>(4,093)</b>	<b>(2,335)</b>

**Non-cash transactions**

The Group acquired \$10.881m of right-of-use assets during the financial ended 30 June 2023.

The additions are non-cash and not included within investing activities in the consolidated statement of cash flows.

**Changes in liabilities arising from financing activities**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

		30 June 2022	Financing cash flows	Non-cash changes New leases	30 June 2023
	Notes	\$'000	\$'000	\$'000	\$'000
Other borrowings	19	286	78	-	364
Lease liabilities	33	26,720	(15,473)	9,845	21,092
<b>Total liabilities from financing activities</b>		<b>27,006</b>	<b>(15,395)</b>	<b>9,845</b>	<b>21,456</b>

**31. Parent entity information**

The parent entity is Simonds Group Limited. The accounting policies of the parent entity, which have been applied in determining the

financial information shown below, are the same as those applied in the consolidated financial statements.

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Statement of financial position</b>		
Current Assets	47,367	14,753
Non-current Assets	2,583	2,001
<b>Total assets</b>	<b>49,950</b>	<b>16,754</b>
Current Liability	13,930	4,329
Non-current Liability	2,783	2,120
<b>Total liabilities</b>	<b>16,713</b>	<b>6,449</b>
<b>Net assets</b>	<b>33,237</b>	<b>10,305</b>
Issued capital	37,867	13,505
Reserves	(35,048)	(35,048)
Accumulated profit	30,418	31,848
<b>Total equity</b>	<b>33,237</b>	<b>10,305</b>
<b>Income statement</b>		
Dividends from subsidiaries	-	4,390
Operating (loss) / profit before tax	(2,042)	1,558
Tax refund / (expense)	612	(2,435)
<b>(Loss) / profit for the year</b>	<b>(1,430)</b>	<b>3,513</b>

**32. Contingent liabilities and contingent assets**

	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Contingent liabilities</b>		
<b>Bank guarantees</b>	<b>\$1,309</b>	<b>\$2,299</b>

**Litigation**

There are a small number of legal matters relating to the construction of residential dwellings and personal injury claims from employees, contractors or the public that are the subject of litigation or potential litigation. A provision is raised in respect of claims where an estimate may be reliably established, and

legal or other advice indicates that it is probable that the Group will incur costs either in progressing its investigation of the claim or ultimately in settlement.

**33. Leases**

The Group leases commercial offices, display homes, display home furniture, IT equipment and motor vehicles. The leases are typically 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 assets with a value at or below \$10,000.

For leases of low value assets and short-term leases the Group has elected not to recognise right-of-use assets and lease liabilities. The lease payments are recognised as an operating expense on a straight-line basis over the term of the lease.

Information about leases for which the Group is a lessee is presented below.

**Amount recognised in profit or loss**

	30 June 2023	30 June 2022
	\$'000	\$'000
Lease under AASB 16		
Interest on lease liabilities	(1,511)	(1,594)
Depreciation expense on right-of-use assets	(14,530)	(13,778)
Expenses relating to short-term leases	(2,867)	(3,779)
Expenses relating to low value assets leases	(7)	(323)
(Loss) / gain on lease modification and cancellation	(536)	11
<b>Total</b>	<b>(19,451)</b>	<b>(19,463)</b>

**Commitment for short-term leases and low value assets**

Relating to leases classified as short-term and/ or low value leases, the Group is committed to payments of \$0.032m for leases under 1 year in duration and \$nil for leases between 1 year and 5 years. The total cash outflow for leases amounts to \$19.247m (2022: \$14.534m).

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**Lease liabilities**

	30 June 2023	30 June 2022
	\$'000	\$'000
Current	11,693	11,962
Non-current	9,399	14,758
<b>Total</b>	<b>21,092</b>	<b>26,720</b>
Leases expiring less than one year	11,693	11,962
Leases expiring between one and five years	9,399	14,758
Leases expiring more than five years	-	-



## Right of use assets

	Commercial offices	Display homes	Display home furniture	IT equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>						
Balance at 1 July 2021	18,427	6,938	5,582	1,479	6,965	39,391
Additions	945	4,073	1,967	266	3,328	10,579
Changes in value from lease modification and cancellation	1,134	311	-	6,016	-	7,461
Disposal of assets	(1,590)	(3,575)	(2,995)	(1,479)	(981)	(10,620)
<b>Balance at 30 June 2022</b>	<b>18,916</b>	<b>7,747</b>	<b>4,554</b>	<b>6,282</b>	<b>9,312</b>	
<b>Cost</b>						
Balance at 1 July 2022	18,916	7,747	4,554	6,282	9,312	46,811
Additions	1,481	5,228	3,454	-	718	10,881
Reallocation	-	-	-	(266)	266	-
Changes in value from lease modification and cancellation	-	(362)	-	-	-	(362)
Disposal of assets	(2,835)	(5,372)	(2,972)	-	(2,898)	(14,077)
<b>Balance at 30 June 2023</b>	<b>17,562</b>	<b>7,241</b>	<b>5,036</b>	<b>6,016</b>	<b>7,398</b>	<b>43,253</b>
<b>Accumulated amortisation</b>						
Balance at 1 July 2021	(5,930)	(3,874)	(3,113)	(1,357)	(3,250)	(17,524)
Charge for the year	(4,295)	(3,937)	(2,375)	(1,203)	(1,968)	(13,778)
Changes in value from lease modification and cancellation	(10)	-	-	-	-	(10)
Disposal of assets	1,516	3,445	2,934	1,357	875	10,127
<b>Balance 30 June 2022</b>	<b>(8,719)</b>	<b>(4,366)</b>	<b>(2,554)</b>	<b>(1,203)</b>	<b>(4,343)</b>	<b>(21,185)</b>
<b>Accumulated amortisation</b>						
Balance at 1 July 2022	(8,719)	(4,366)	(2,554)	(1,203)	(4,343)	(21,185)
Charge for the year	(4,308)	(4,300)	(2,639)	(1,203)	(2,080)	(14,530)
Changes in value from lease modification and cancellation	-	-	3	-	-	3
Disposal of assets	2,235	5,112	2,736	-	2,348	12,431
<b>Balance 30 June 2023</b>	<b>(10,792)</b>	<b>(3,554)</b>	<b>(2,454)</b>	<b>(2,406)</b>	<b>(4,075)</b>	<b>(23,281)</b>
<b>Carrying amount</b>						
<b>As at 30 June 2022</b>	<b>10,197</b>	<b>3,381</b>	<b>2,000</b>	<b>5,079</b>	<b>4,969</b>	<b>25,626</b>
<b>As at 30 June 2023</b>	<b>6,770</b>	<b>3,687</b>	<b>2,582</b>	<b>3,610</b>	<b>3,323</b>	<b>19,972</b>

## 34. Subsequent events

On 31 July 2023, Simonds Group Limited announced it has reached an agreement with Victorian Managed Insurance Authority (VMIA) to facilitate processing of claims made by former customers of Porter Davis Homes.

This agreement may have a positive effect on revenue in FY24. Apart from above, there are no other events that occurred subsequent to the reporting date that may significantly affect Group's operations, results or state of affairs in future periods.

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## Shareholder Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 31 August 2023 (Reporting Date).

### Corporate governance statement

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company. In accordance with ASX Listing Rule 4.10.3, the Corporate Governance Statement will be available on Simonds website [www.simondsgroup.com.au](http://www.simondsgroup.com.au) and will be lodged with ASX at the same time that this Annual Report is lodged with ASX.

### Distribution of equity securities

The distribution and number of holders of equity securities on issue in the Company as at the Reporting Date, and the number of holders holding less than a marketable parcel of the Company's ordinary shares, based on the closing market price as at the Reporting Date, is as follows:

Class of equity security							
Ordinary shares				Performance rights		Performance options	
Holding	Holders	No. of shares	%	Holders	No. of performance options	Holders	No. of performance options
1 - 1,000	520	205,689	0.06%			-	-
1,001 - 5,000	95	252,643	0.07%			-	-
5,001 - 10,000	45	336,151	0.09%			-	-
10,001 - 100,000	142	5,295,793	1.47%			-	-
100,001 and over	52	353,816,174	98.31%	2	600,000	2	-
<b>Total</b>	<b>854</b>	<b>39,906,450</b>	<b>100%</b>	<b>2</b>	<b>600,000</b>	<b>2</b>	<b>-</b>

There were 252 holders of less than a marketable parcel of ordinary shares (\$500).

### Twenty largest quoted equity security holders

The Company only has one class of quoted securities, being ordinary shares. The names of the twenty largest holders of ordinary

shares, the number of ordinary shares and the percentage of capital held by each holder is as follows:

Name	Number held	Percentage of issued shares
Simonds Asset Management Pty Ltd	197,477,655	54.869%
Simonds Construction Pty Ltd	24,365,018	6.770%
FJP Pty Ltd	20,370,660	5.660%
Simonds Custodians Pty Ltd	16,400,010	4.557%
McDonald Jones Homes Pty Ltd	14,788,392	4.109%
McDonald Jones Homes Investments Pty Ltd	14,630,067	4.065%
Simonds Custodians Pty Ltd	9,840,006	2.734%
McDonald Jones Homes Investments Pty Ltd	9,580,908	2.662%
Simonds Corporation Pty Ltd	6,933,621	1.927%
Simonds Custodians Pty Ltd	6,560,004	1.823%
Moat Investments Pty Ltd	6,314,560	1.755%
Poal Pty Ltd	2,395,000	0.665%
Bronze Drum Pty Ltd	2,124,496	0.590%
Mast Financial Pty Ltd	2,023,950	0.562%
Kelvin Ryan	1,648,412	0.458%
Madisson Constructions Pty Ltd	1,572,678	0.437%
Dr Howard Vincent Bertram & Dr Gijsberdina Bertram	1,467,145	0.408%
Gliocas Investments Pty Ltd	1,435,036	0.399%
Simonds Constructions Pty Ltd	1,382,683	0.384%
Mr Kim Bee Tan & Mrs Verna Suat Wah Tan	1,000,000	0.278%
<b>Total Securities of Top 20 Holdings</b>	<b>342,310,301</b>	<b>95.111%</b>
<b>Other shareholders</b>	<b>17,596,149</b>	<b>4.889%</b>
<b>Total shareholders</b>	<b>359,906,450</b>	<b>100.00%</b>



### Substantial shareholders

As at the Reporting Date, the names of the substantial holders of Simonds and the number of equity securities in which those substantial holders and their associates have

a relevant interest, as disclosed in substantial holding notices given to Simonds, are as follows:

Name	Number held	Percentage of issued shares
Vallence Gary Simonds	263,948,973	73.34%
McDonald Jones Homes Pty Ltd	38,999,367	10.84%
F.J.P. Pty Ltd	20,370,660	5.66%

### Voting rights

The voting rights attaching to each class of equity security are set out as follows:

- **Ordinary Shares**

At a general meeting of Simonds, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held.

- **Performance Rights**

Performance rights do not carry any voting rights.

- **Performance Options**

Performance options do not carry any voting rights.

- **Unquoted equity securities**

600,000 unlisted performance rights have been granted to 2 people. There are no people who hold 20% or more performance rights or performance options that were not issued or acquired under an employee incentive scheme.

- **On-market buy-back**

The Company is not currently conducting an on-market buy-back.

### Corporate Directory

#### Directors:

Rhett Simonds  
(Chief Executive Officer and Executive Chair)

Richard Grellman  
(Independent, Non-Executive Director)

Piers O'Brien  
(Non-Executive Director)

Mark Simonds  
(Executive Director)

Andrew Bloore  
(Non-Executive Director)

David Denny  
(Independent, Non-Executive Director)

#### Company Secretary

Amanda Jones

#### Notice of annual general meeting

The details of the annual general meeting of Simonds Group Limited are:

**Date:** 31 October 2023

**Time:** 11.00am (AEDT)

#### Venue:

PKF, Level 12,  
440 Collins Street Melbourne Victoria 3000

#### Registered office

Level 4, 570 St Kilda Road  
Melbourne, VIC 3004

#### Postal Address:

Level 1, 570 St Kilda Road  
Melbourne, VIC 3004  
Telephone: +61 3 9682 0700  
ABN 54 143 841 801  
Email: [company.secretary@simonds.com.au](mailto:company.secretary@simonds.com.au)

### Share register

Boardroom Pty Ltd  
Level 8, 210 George Street  
Sydney, NSW 2000

#### Postal Address

GPO Box 3993  
Sydney, NSW 2001  
Telephone: 1300 737 760  
International: +61 2 9290 9600  
Email: [simonds@boardroomlimited.com.au](mailto:simonds@boardroomlimited.com.au)

#### Auditor

PKF  
Level 12, 440 Collins Street  
Melbourne, VIC 3000

#### Stock exchange listing

Simonds Group Limited shares are listed on the Australian Securities Exchange (ASX code: SIO)

**Corporate website:** [simondsgroup.com.au](http://simondsgroup.com.au)



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2022/2023

