28 February 2022

Half Year Financial Results
6 months to 31 December 2021

Key Highlights

- **Group revenue growth of 8.2% despite construction shutdowns**
- **Revenue growth in both Consumer division (7.3%) and Scaffold division (8.5%)**
- **Gross profit margins increased by 2.3%**
- **Underlying EBITDA loss reduced by $0.2M**

Oldfields Holdings Limited (ASX: OLH) ("Oldfields" or the "Group") today reported the statutory financial results for the half year ended 31 December 2021. The Group's revenue for the period increased by 8.2% from $11.1M to $12.0M with both Consumer division and Scaffold division recorded increase in revenue. EBITDA for the period was a loss of $0.1M as compared to an EBITDA of $0.2M in 2020.

The Group received $0.3M for the six months to 31 December 2021 in JobSaver payments (2020: $0.8M in JobKeeper payments). Excluding these government subsidies, the underlying EBITDA was slightly improved from a loss of $0.6M in 2020 to a loss of $0.4M in 2021.

Net operating loss for the Group after providing for income tax amounted to $1.8M for the half-year ended 31 December 2021 (2020: Loss $1.1M).

Review of Operations

(i) Consumer Products - Paint Applications

Revenue for the consumer division increased by 7.3% ($0.2M) to $3.3M during the first half of the year while the EBITDA for the period was $0.2M, compared to a loss of $0.1M same time last year. This has been the first in a very long time that the consumer division has recorded positive EBITDA. The progress and momentum in this part of the business continues to be underpinned by continued product development and positive painter feedback which has proved to be the formula for a return to critical mass.

Further, this positivity shows no sign of abating and management fully anticipate this trend to continue.

In addition, we are building further on our relationships with the major paint brands which will provide greater acceleration in the coming years. Service delivery improvements supported by a strong and focused sales team is providing a lead position in comparison to many of our competitors.

(ii) Scaffolding Division

For the six months ended 31 December 2021, the Scaffold division revenues increased by 8.5% ($0.7M) to $8.7M for the period.

The scaffolding division was significantly exposed during the lockdowns and the results demonstrate the severe impact on revenue sustained during this period particularly in Melbourne and Sydney. Builders and large maintenance providers were unable to commit to building programs or carry out planned maintenance as they could not guarantee reliable access to job sites., this was further exacerbated when these sites related to public or government assets such as Schools, aged care facilities and the like. As a result, works were either cancelled or postponed until confidence could be restored. Finally, even though this started to abate as we approached the end of the calendar year many projects will only resume in earnest from the beginning of the 2022 calendar year.

Progress on strategic initiatives

- The roll-out of our paint tools to Wattyl stores in Australia and New Zealand is well underway and will be compete in the coming months.
- Our international exposure in paint tools is gaining momentum in the UK and New Zealand and the 2022 year will see a concerted effort to establish these markets.
- Additional product development resources are now being added as we explore range extensions and additions.
- Orders from major scaffold customers in the Australian rehire industry and international markets are now starting to return as they look to recover quickly from the previous two years.
- Our China manufacturing operation in Henan city is operating at good capacity and is well position to add important quality and volume as we accelerate back to growth.
- Supply chain bottlenecks and escalating shipping costs continue to provide challenges particularly as we are in grow mode. The business is responding by holding additional inventory to allow to lead time lags.

Outlook

Trading conditions from the commencement of calendar year 2022 sees the business well placed to recoup from the challenges of the prior two years. The Directors are positive about the outlook as the economic environment resume normality. This, in conjunction our strong underlying customer relationships and the internal work carried out by management to build our product position and structure the business and its people to quickly restore to full capacity.

This period has consumed working capital that would otherwise have been used for growth in the management during the covid downturn and the Directors will be looking to restore working capital via various means that will be required to access sufficient inventory and growth programs that will quickly convert to revenue and profit.

A key area of focus for the 2022 financial year will be to continue to increase profitably and the net asset position of the Group.

This announcement has been authorised by the Board of Directors of Oldfields.

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About Oldfields Holdings Limited (ASX: OLH)
Listed on the ASX in 1960, Oldfields has embraced its continuous 100-year-old tradition of focusing on quality, heritage, values and innovation. The Company is an innovative brand custodian, distributor and manufacturer of a range of products which includes its iconic painting tools as well as scaffolding and access solutions to the construction and maintenance industry.