



19 June 2024

## Business Update

**Oldfields Holdings Limited** (ASX: OLH) (**Oldfields** or **Company**) provides the following business update.

### North America Distribution Update

On 19 December 2023, Oldfields announced the appointment of Clear Port Distributor LLC as its sole and exclusive distributor in the United States (**Distributor**). The distribution arrangements cover the entire range of Oldfields' paint tool and accessory products, as well as its scaffolding offerings.

The US sales strategy is to develop a physical and online presence for Oldfields products through placing Oldfields products with large home improvement retailers and on-line market places such as Amazon.

Initial product presentations for paint tool and accessory products have been made to a number of such retailers, who in total represent a total potential network of over 5,500 retail stores and online distribution. Initial feedback has been encouraging with three large retailers expressing interest in carrying Oldfields paint tool products.

Commercial discussions are continuing to progress towards an initial launch of Oldfields paint tool products in those store networks including discussions regarding product selection, placement and positioning, pricing and timing.

The Distributor has also been in discussions with multiple online sales agencies and has now selected and engaged a leading agency who is tasked with securing an initial order for an Oldfields paintbrush product for sale in the first quarter of FY2025.

Oldfields progress in the US market has been encouraging and the total addressable market is significant. At the same time, orders will depend on further commercial discussions and planning and are not assured.

### '2600' and 'Zippy' scaffolding systems – product recall update

On 27 May 2024, Oldfields announced a product recall for the yellow self-lock spring hook which is a component of the guard rail and handrail braces used in '2600 Series', 'Zippy-Scaff' & 'Mini Zippy-Scaff' Mobile Scaffold Towers.

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**Ph: 13 62 60 | [oldfields.com.au](http://oldfields.com.au)**

**25 Helles Ave, Moorebank, NSW, 2170**

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The Company has been advising affected customers through various channels and has begun the process of installing the stronger spring mechanism in all recalled products. All new stock of the products will be corrected with the replacement spring to overcome this issue.

The precise financial impact of the product recall, effect on sales and cost of remedial work, remains uncertain as it depends on factors such as whether the remedial work can be undertaken at the Company's premises or at the customer's site. At this stage, the Company is expecting a negative EBITDA impact totalling around \$500,000, to be recognised partly in the current financial year and partly in FY25.

### Trading update

The Company is expecting a full year statutory result for the 2024 financial year (**FY24**) to be a EBITDA loss in the range of \$400,000 - \$800,000, comprising an underlying EBITDA profit in the range of \$870,000 – 1,270,000 adjusted for one-off non-recurring transformational and other costs totalling around \$1,676,700 and after absorbing a forecast \$2,300,000 EBITDA loss in the East Coast scaffolding hire and service business.

A reconciliation of the expected statutory EBITDA loss to the expected underlying EBITDA profit and a description of the normalisation adjustments is set out below.

Reconciliation	(\$'000)	Commentary
<b>Statutory FY24 EBITDA loss (forecast)</b>	<b>(400.0 – 800.0)</b>	
<b>Normalisation adjustments</b>		
Estore - 3PL move from Campbelltown)	577.3	Cost of rationalisation and relocation of paint products 3PL including redundancies, transport, inventory write off and repackaging
Relocation from Campbelltown to Moorebank	96.1	Relocate scaffold and voids inventory and administration to new location (Moorebank)
Closure of Southern China operation	26.1	Includes relocation of inventory to alternate warehouse in Henan province, China
Pronto / Net Suite	172.5	Rationalisation of ERP systems across the business including sunk and contracted costs
Product recall	232.0	Further costs may be recognised in FY25
East Coast Hire and service divestment labour costs	202.7	Staff redundancy and relocation costs
East Coast Hire and service divestment inventory	370.0	Steel scaffold purchased for hire and service moved to inventory at NRV
<b>Subtotal</b>	<b>1.676.7</b>	
<b>Normalised underlying FY24 EBITDA (forecast)</b>	<b>876.7– 1,276.7</b>	Includes an expected \$2,300,000 EBITDA loss in the East Coast scaffolding hire and service business.

About Oldfields Holdings Limited:

Oldfields Holdings Limited (ASX: OLH) is an Australian-based company specializing in the manufacturing and distribution of quality products. With a rich history and a commitment to innovation and excellence, Oldfields is dedicated to providing its customers with solutions that meet and exceed their expectations.

The transformation of the Company (including restructuring costs) and one-off non-recurring costs (such as the product recall) are expected to continue in FY25 but are expected to be materially lower.

It is also expected that the discontinuation of the East Coast Scaffolding hire and service business will make a materially positive contribution to FY25 earnings.

### **Structural Realignment to Deliver Profitable, Sustainable and Scalable Growth**

The Executive Team and the Board have reviewed the Company's operations and resolved to adopt a turnaround plan to address the financial performance of the Company comprising the following key elements:

- **Strategic Shift and Divisional Performance Review:** After evaluating the group's overall divisional performance, it is evident that the East Coast Hire and Services division has faced several critical challenges, leading to sustained losses. Due to these persistent challenges and significant financial losses, Oldfields has decided to close the East Coast Hire & Services division effective immediately.
- **Refocusing on Core Competencies:** The Company will return to its foundation and core competencies, including designing and manufacturing high-quality products, and innovating as a marketer and importer/exporter of those products.
- **Focus on Paint and Scaffolding Sales:** Moving forward, the Company will emphasise the sales of Paint and Scaffolding products, targeting both local and international markets. This strategic focus aims to enhance our market position and drive growth in these areas.
- **SA and WA Operations:** The profitable SA and WA scaffolding operations will continue to operate independently, maintaining its current trading activities without disruption.
- **FlexiSafe void protection system:** The hire of Oldfields' patented FlexiSafe void protection system which turns an upper floor void into a safe working platform, will continue its operations as usual. However, the Company will conduct a thorough review of its resources and strategy across the East Coast to ensure optimal performance.
- **Introduction of Trade Centres:** The Company will downsize its locations in QLD and VIC and repurpose its Head Office facility in NSW to implement trade centres. These centres will showcase our paint and scaffold products, creating an additional revenue stream and broadening our market reach.
- **Diversification through Acquisition:** The Company have been investigating several opportunities to acquire a target in Australia which will diversify its opportunities within the wider industrial and construction product and services market. If there are material developments in relation to this opportunity, further disclosure will be provided in accordance with the Company's disclosure obligations.

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Actions required to implement and execute these activities are already underway and will continue take place throughout Q1 FY25, and further updates will follow as the Company achieves further milestones.

This announcement has been approved by the Board.

For further information, please contact

**Michael Micallef**  
**CEO & Managing Director**  
**+61 457 575 055**

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