

NZX Announcement

25 February 2022

SMW Group Limited - HY2022 results

SMW Group Limited (NZX:SMW) (SMW Group or the Group) present its Group consolidated results for the half year ended 31 December 2021. The interim financial statements have been prepared in a manner which complies with accepted accounting practice and gives a true and fair view of the matters to which the report relates. The accounting policies used in the preparation of these financial statements are consistent with those used in the annual report for the full year ended 30 June 2021.

The financial summary of the Group's results are as follows:

Financial Summary	Year ended 31-Dec-21 \$'000	Year ended 31-Dec-20 \$'000
Revenue	30,661	27,937
EBITDA	1,258	(200)
NPATA	(868)	(2,327)
NPAT	(1,043)	(2,434)

1. EBITDA refers to earnings before interest, tax, depreciation and amortisation and is a non-IFRS measure

2. NPATA refers to net profit after tax adjusted to exclude the amortisation of intangible assets and is a non-IFRS measure

SMW Group incurred a net loss after income tax of \$1.0 million for the 6-month period to December 2021. As stated in the annual report for the year ended 30 June 2021, SMW Group Board expected the challenges (lower metallurgical coal price and the uncertainty surrounding Australia's coal exports) of FY2021 would continue in FY2022 with the flow-on effects to be felt for some time.

SMW Group has had a long history of growth, customer support and excellence in its service offering. SMW Group made strategic decisions in the first half of FY2022 to set the Group up for growth in the coming years. While this has resulted in increased revenue (9.6%) over the comparative period, the Group's margins have declined due to the competitive market conditions.

The mining industry in Central Queensland has suffered an unprecedented labour shortage during the 6-month period to December 2021 and this has impacted the Group's accelerated growth plans. As a result, the Group has concentrated tendering for winning large volume long term customer projects to ensure employees have stability each week in multi-year award contracts. During the last 6 months, SMW Group has secured the following long-term projects:

- A three-year heavy mining equipment workshop labour contract generating approximately \$30 million in revenue. This project commenced in October 2021

- A two-year ancillary light vehicle maintenance contract generating around \$5.5 million in revenue. This project added 15 additional employees to SMW Group's headcount and commenced recently at the beginning of February 2022
- An additional two-year ancillary light vehicle maintenance contract generating around \$2.3 million in revenue. This contract commences in March 2022
- Off the back of manufacturing five "Ultrahaul" heavy haulage trays for Bravus Mining and Resources, SMW Group has been commissioned to manufacture a further 17 trays to be delivered to the Carmichael Mine between April 2022 and October 2022.

The comparative period for the 6 months to December 2020 included several one-off costs (\$4.1 million) associated with the acquisition of All Industrial Network Limited (AIN) that occurred at the start of FY2021.

At 31 December 2021 the Group remains in a negative net asset position of \$5.8 million. The acquisition of AIN on 8 July 2020 resulted in deferred consideration payments to vendors and deferred payments to external advisors involved in the transaction. The vendors remain major shareholders of SMW Group and continue to work closely with SMW Group's Board to improve the financial performance of the Group and have agreed to be repaid when the company has sufficient funds to do so.

SMW Group's Directors acknowledge that profitability improvement is the Group's main priority. The projects wins in the first half of FY2022 has set the Group up for a stronger second half of the financial year.

ENDS

For further information and media assistance, please contact:

Troy Donovan
Chief Financial Officer and Company Secretary
SMW Group Limited
Email: troy.donovan@smwgroup.com.au

About SMW Group Limited (SMW Group)

SMW Group is a leading mining and industry services provider with workshops based in Rockhampton and Mackay allowing the Group to service its customer base from both the Northern and Southern ends of the Bowen Basin. The Group remains a proud Central Queensland provider of field servicing, maintenance and emergency repair and rebuild services which provides complete plant and equipment management for projects large and small. Our management team has more than 60 years of combined industry experience and our team is recognised for efficient and quality service as we assist our clients with servicing, maintenance, and welding projects. We support this service by delivering a range of mine site compliance activities and providing experienced on-site and project-based staff.