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ASX Announcement

27 February 2025

Financial Results for half-year ended 31 December 2024

Financial Results

NTAW Holdings Limited (ASX: NTD) ("**NTD**" or the "**Company**") has announced a net loss after tax of $42.8 million for the six months ended 31 December 2024 ("**1H25**") (1H24: $0.7 million profit).

The loss includes a non-cash impairment charge of $39.2 million against the intangible assets allocated to the Tyre & Wheel cash-generating unit ("**CGU**") (wholesale businesses), Black Rubber CGU (Australian retail and retreading business) and Carter's CGU (New Zealand retail and retreading business). The Company assessed the carrying amount of these CGU's at 31 December 2024 and the assessments did not support the carrying amount of the intangible assets of these CGU's.

The Company reported an Operating EBITDA of $10.6 million in 1H25 (1H24: $19.6 million).

The Company's reported revenue of $262.5 million (1H24: $264.3 million) reflected growth from Dunlop sales offset by lower revenue from other brands in National Tyre & Wheel ("NTAW") and lower than expected sales from commercial retail and retreading business units in Australia and New Zealand.

Gross profit for 1H25 was down 2.3% to 28.9% (1H24: 31.2%) primarily due to reduced revenue at Black Rubber and Carter's, which generated lower gross profit dollars, in addition to the disposal and closure of Tyreright stores.

Operating costs represented 25.7% of revenue (1H24: 24.1%) which includes costs relating to the Dunlop distribution and Black Rubber expansion plans. The Company did not adjust its cost structure expediently in these businesses to meet changing market conditions.

Inventory of $157.2 million at 31 December 2024 was $7.6 million higher than at 30 June 2024 of $149.6 million reflecting lower than expected sales in 2Q25 and an increase in inventory that typically occurs in November and December. The value of inventory excluding Dunlop at 31 December 2024 was $133.1 million ($130.2 million at 31 December 2023), with Dunlop inventory valued at $24.1 million at 31 December 2024.

Net Operating Cash Flow ("**NOCF**") was negative $9.7 million (1H24: $11.6 million positive). The reduced NOCF is substantially comprised of payments during the period for Dunlop commencement inventory.

NTD's balance sheet remains solid with net assets of $86.3 million (Jun-24: $117.3 million) and the net working capital position also remains strong**.** The net debt position was $64.2m (Jun-24: $52.2 million) with a net debt : debt+equity ratio of 36.6% (Jun-24: 25.0%). Net tangible assets per share was 43.8 cents (31 December 2023: 52.5 cents).

In October 2024, NTD raised $12.4 million from the issue of 33.5 million new shares at $0.37 per share to the fund working capital required essentially for the development of the Dunlop distribution business.

Bank Facility

The Company today issued a separate announcement in relation to a variation of its debt facility agreements with Commonwealth Bank of Australia ("**CBA**") which became effective on 27 February 2025. As part of that variation, CBA waived any breaches of financial covenants prior to that date and reset financial covenants to reflect 1H25 financial results and the Company's outlook.

If the variation of the debt facilities had been executed on or prior to 31 December 2024, a current liability of $83.7 million reported on that date would have been classified as a non-current liability.

Operations

The Australian wholesale business discontinued some brands to accommodate the distribution of Dunlop tyres. Dunlop sales did not meet expectations and did not replace the lost revenue from discontinued brands at an acceptable level. Overall market share remains consistent with prior periods.

As announced on 9 January 2025, Goodyear & Dunlop Tyres (Aust) Pty Ltd and Goodyear & Dunlop Tyres (NZ) (collectively "**Goodyear**") has provided termination notices in relation to the Dunlop distribution agreements, as a consequence of the sale of the Dunlop brands and trademarks by Goodyear Tyre and Rubber Co. The Company remains in discussion with Goodyear about potential arrangements to allow for an orderly transition of the Dunlop distribution.

Black Rubber, the Australian commercial retail and retread business, operated at a loss for the period due to customer attrition in Western Australia ("**WA**") and costs relating to the expansion of the business to service national commercial fleets, reducing dependency on the volatile WA mining sector. The acquisition of the Goodyear Melbourne retread factory and the Adelaide retail store are strategic and are expected to contribute profit in 2H25. Black Rubber is certified to retread Goodyear product in Melbourne and Brisbane with other factories expected to also be certified. Production for Goodyear customers will increase volumes leading to improved performance in this predominantly fixed cost activity.

Carter's profit substantially reduced due to the recessionary economic conditions in New Zealand which severely impacted the transport sector. Customer demand (with no material customers lost) reduced significantly. Carter's has a sound business base, strong customer interface linked through its tyre performance management system and is well placed to improve performance across its retail stores and retread business when the New Zealand economy lifts out of recession.

Dynamic Wheel Co, Statewide Tyre Distribution, Exclusive Tyres and Tyres4U in New Zealand performed well in their respective markets.

Mr Warwick Hay was appointed NTD Chief Executive Officer, replacing Mr Peter Ludemann as NTD MD/CEO, with effect from 1 January 2025.

Outlook

NTD has delivered a poor and unacceptable result for the period. The Company has put in place initiatives to facilitate business improvement:

- Costs:
  - Reviewed at all levels throughout the Group
  - Aggressive cost reduction program is being implemented
  - Annualised cost savings run rate by June 2025 will be in the range of $6-7 million
  - Additional cost reductions in Black Rubber due to the “back to basics” project

- Inventory:
  - Reduction targets in place
  - Margin to be maintained
  - Improve liquidity
  - Reduce net debt

- Black Rubber:
  - Rescaling has commenced
  - Significant cost reductions
  - Back to basics business approach
  - Performance criteria for branch viability

- Price increases to be implemented

These 4 key initiatives will leverage the core strengths of the Group:

- Experienced and competent employees led by an invigorated management team;
- Deep customer relationships built up over the last 30 years;
- A comprehensive national marketing, sales and distribution platform throughout Australia and New Zealand; and
- Strong and longstanding relationships with core suppliers.

This announcement was approved, and authorised for release, by NTD’s Board of Directors.

ENDS

For further information, please contact:

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