



# Financial Results

**Year ended 30 June 2024**



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# FY24 Highlights

# Executive Summary

Projects to drive growth successfully completed

## Important growth platform projects completed

- Australian wholesale businesses (ETD, Tyres4U and Dunlop) combined to form NTAW wholesale – offering a better customer experience.
- Dunlop distribution in Australia commenced April 2024.
- Businesses on the same financial management system.
- Final warehouse consolidation in Perth completed in November 2023.
- Changes to the management team – new Group COO, new NTAW wholesale CEO and new Black Rubber CEO.

## FY24 Operating Conditions

- Low economic growth and weak consumer sentiment constraining demand.
- New Zealand's recession negatively impacting retail revenue in NZ.
- Goodyear's exit from wholesaling, retreading and retail in Australia and New Zealand presenting opportunities for Group businesses.
- Labour availability improved in FY24 but with higher costs.
- Deliveries were more reliable and less expensive in FY24.

### Australian Wholesaler



### ANZ Commercial Retail & Retread



### New Zealand Wholesaler



NTAW warehouse in Brisbane



NTAW warehouse in Melbourne

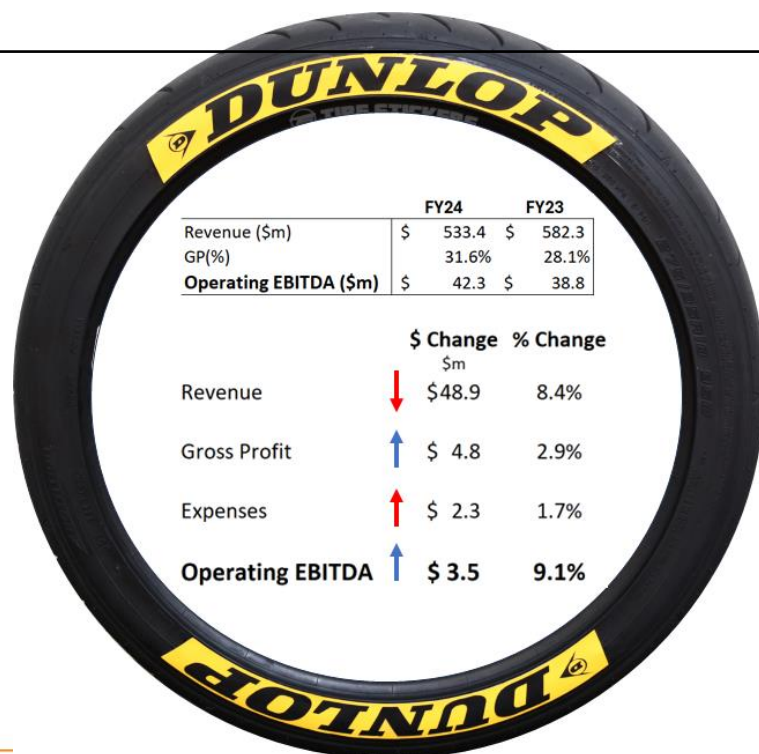


# Financial Highlights

FY24 Operating EBITDA up 9% on FY23

## FY24 Operating EBITDA \$42.3 million (FY23: \$38.8 million)

- FY24 revenue down from FY23 as the Group reduced the number of brands sold.
- However, FY24 gross profit and margin were up on FY23 due to changes to product mix, lower supplier prices and lower inbound freight costs.
- FY24 expenses were up only 1.7% on FY23.



## Focus on profit improvement

- Profits from 8 business units. Losses mainly in Tyres4U AU and Tyreright Operations Pty Ltd.
- Remedial action taken includes disposal of company owned Tyreright stores, rationalising the Tyres4U product mix, combination of Tyres4U, ETD and Dunlop to form NTAW wholesale group (in Australia), management and personnel changes.



# Financial Highlights

Strong balance sheet and operating cash flow

## AASB 16 adjustments & tax impact NPATA in FY24

- FY24 Operating EBITDA of \$42.3 million, up on FY23 by 9.1%
- In FY24, AASB 16 adjustments added \$3.1 million to FY24 interest and depreciation. FY24 tax expense was \$1.2 million higher than FY23.
- FY24 Operating NPATA of \$6.1 million (FY23: \$8.0 million) impacted by the AASB 16 and tax adjustments set out below.

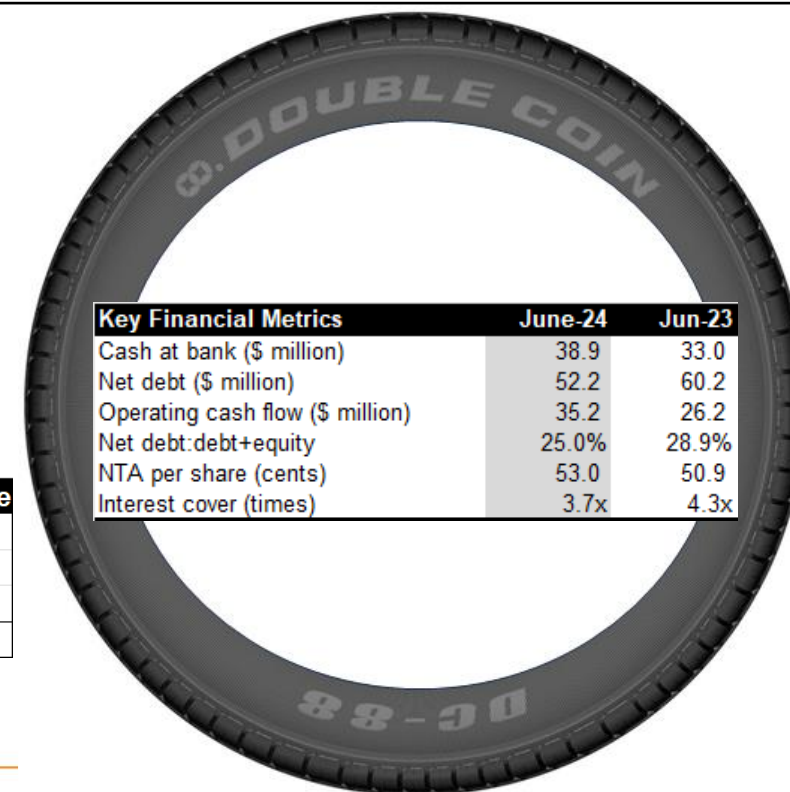


### FY24 v FY23

| AASB 16 and Tax Differences       | \$m Change  |
|-----------------------------------|-------------|
| Depreciation - ROU assets         | -1.3        |
| Finance costs - lease liabilities | -1.8        |
| Income tax expense                | -1.2        |
| <b>TOTAL</b>                      | <b>-4.3</b> |

## Strong Balance Sheet

- Net debt of \$52.2 million on 30 June 2024 (cash and cash equivalents of \$38.9 million).
- Strong operating cash flow from the 4Q24 Dunlop launch and payment terms for opening Dunlop inventory.
- 30 June 2024 Inventory (excluding Dunlop) down \$10 million compared to 30 June 2023.



# Financial Highlights

Diversified, large scale business operating in all vehicle segments

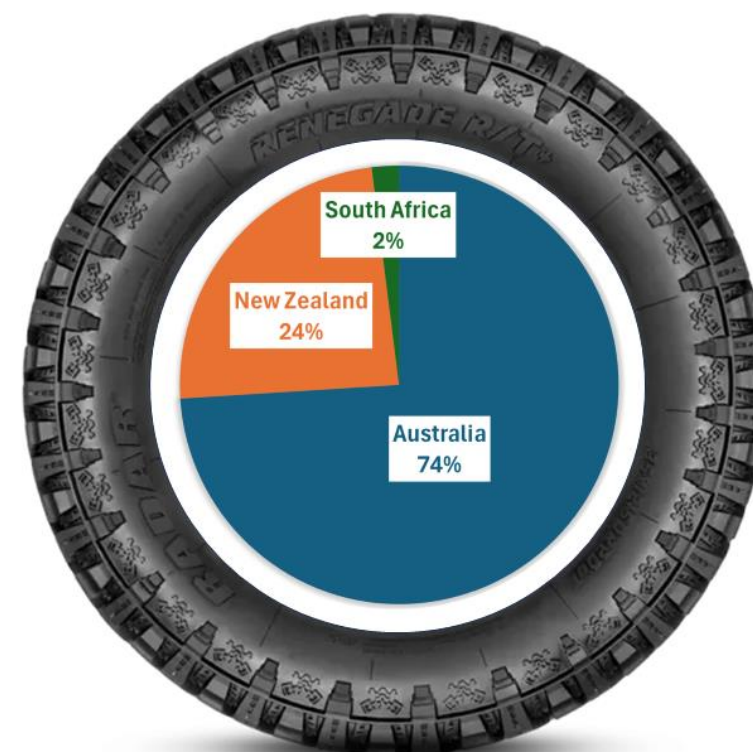
## Operating EBITDA

| Reconciliation of Reported EBITDA to Operating EBITDA |        |        |
|---|--------|--------|
| \$'000  | FY24   | FY23   |
| Net profit after tax                                  | 1,242  | 2,895  |
| Income tax expense                                    | 2,167  | 960    |
| Net profit before tax                                 | 3,409  | 3,855  |
| Finance costs (net)                                   | 10,806 | 8,378  |
| Reported EBIT   | 14,215 | 12,233 |
| Depreciation and amortisation                         | 25,770 | 24,040 |
| Reported EBITDA                                       | 39,985 | 36,273 |
| IT project implementation costs                       | 1,242  | 1,203  |
| Acquisition costs                                     | 683    | -      |
| Impairment charges                                    | 270    | -      |
| Warehouse consolidation costs                         | 198    | 457    |
| Store disposals and redundancy costs                  | -      | 710    |
| Unrealised FX loss/(gain)                             | (35)   | 185    |
| Operating EBITDA                                      | 42,343 | 38,828 |

## Channel Revenue Segments



## Geographic Revenue Segments





# Review of Operations





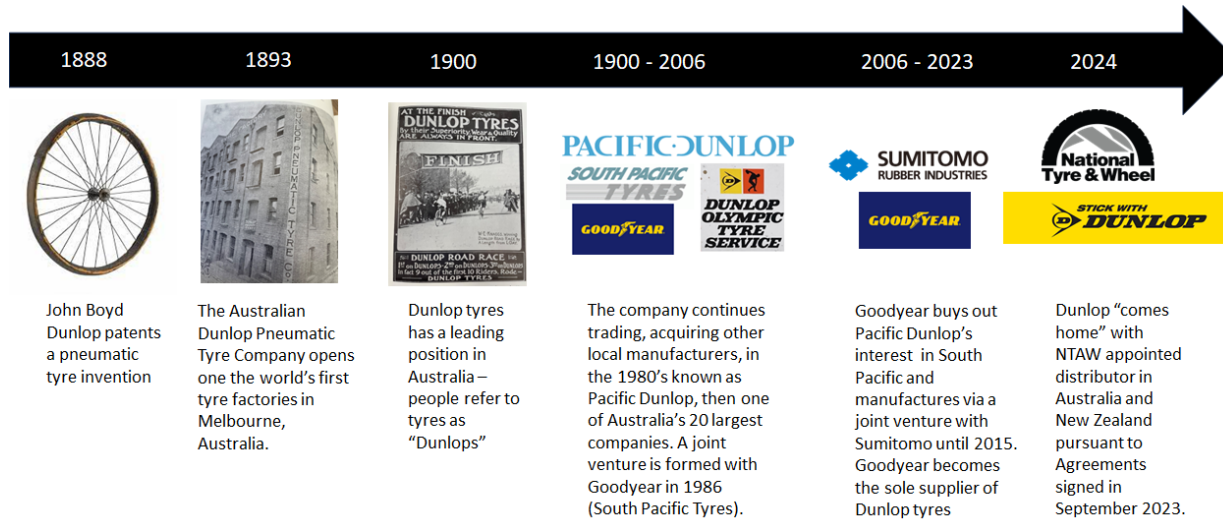
# Consolidating a leading position in the tyre wholesale sector

Substantial growth enhancing projects completed

- In September 2023, Exclusive Tyre Distributors (ETD) signed an Agreement to distribute the Dunlop brand of tyres, commencing in New Zealand in November 2023 and Australia in April 2024.
- In October 2023, Tyres4U AU reduced its brand portfolio as it stopped selling brands imported by competitors and importing low volume brands.
- In November 2023, the final major metropolitan warehouse consolidation was completed in Perth, WA, following similar combinations in Melbourne, Sydney and Brisbane in prior years.
- In April 2024:
  - a project to bring Group businesses onto the same accounting, finance, logistics and sales management system was completed;
  - ETD AU, Tyres4U AU and the Dunlop wholesale businesses combined as National Tyre & Wheel (NTAW);
  - the ASX listed parent company changed its name to NTAW Holdings;
  - the distribution of Dunlop branded tyres commenced; and
  - more than 3,000 NTAW customers gained access to Tyres4U, ETD and Dunlop brands.
- In June 2024, personnel changes were made (see page 14) to align management with new structures.
- In September 2024, Tyres4U NZ and ETD NZ will open a new distribution centre at Palmerston North, on the north island of New Zealand, to facilitate services to customers between Auckland and Wellington.

# NTAW offers an enhanced customer experience

Single touchpoints, complementary brand portfolio in all segments



- Dunlop is an iconic Australian brand.
- Distribution introduces NTAW to new customers, including a network of Dunlop Super Dealers and Goodyear Autocare tyre stores with strong attachments to the Dunlop brand.
- Dunlop brand awareness is very high amongst tyre consumers and tyre retailers.
- NTAW is reinforcing Dunlop's reputation as a premium tyre brand.

NTAW Australian Wholesale Brand Map

|        | CONSUMER CAR/LT | CONSUMER 4WD | COMMERCIAL | AG OTR |
|--------|-----------------|--------------|------------|--------|
| Best   |                 | <br>         |            |        |
| Better | <br><br>        |              | <br>       | <br>   |
| Good   | <br><br>        | <br><br>     | <br>       | <br>   |

- Dunlop fills the premium consumer tyre gap in the NTAW portfolio.
- The T4U brand rationalisation has removed substitutable products, eliminating internal competition in the portfolio and improving margins.
- Customers have access to NTAW brands at single touchpoints.

# Remedial action to improve profitability

Focus on improving Tyres4U AU, closing Tyreright Operations Pty Ltd



The following remedial action was taken in response to losses in Tyres4U AU and Tyreright Operations Pty Ltd:

- In October 2023, Tyres4U AU stopped:
  - selling lower margin brands imported by competitors; and
  - importing brands that were sold in low volumes or delivered low margins;
- In November 2023, Tyres4U AU moved to the Group financial management system;
- Renewed focus on exclusively imported core brands;
- Dunlop inventory has been accommodated in NTAW's existing warehouses;
- In April 2024, NTAW was formed, combining the Tyres4U assets, finance, sales and logistics operations with ETD and Dunlop;
- Tyreright Operations losses will reduce as company owned stores are transferred or closed, with Tyres4U managing the Tyreright retail licensee network; and
- Management personnel changes (see page 14).



# Truck and bus tyre sales growth in Australia

Goodyear departure creates opportunities in the TBR market



*Black Rubber retail hub in Perth WA*



*Black Rubber retread factory in Perth*

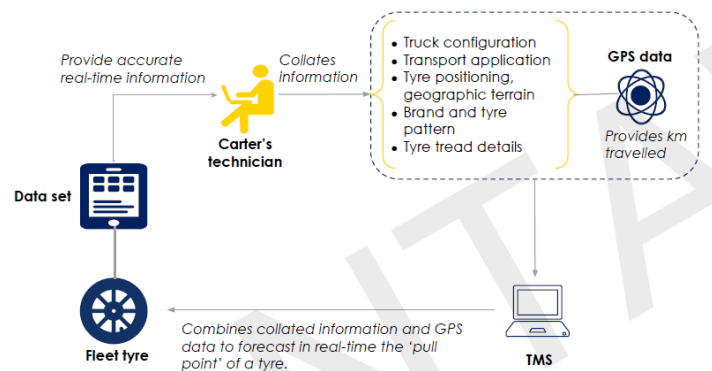
- Black Rubber commenced in WA in 2014 and is in the process of expanding its operations to other parts of Australia.
- Black Rubber operates six commercial retail tyre stores, focussing on supplying truck and bus radial (TBR) tyres to fleet owners.
- These stores act as a “hub” with tyre fitters traveling to fleet depots to deliver tyres and services.
- Black Rubber also owns and operates tyre retread factories in Perth, Sydney and Brisbane.
- As a wholesaler and retailer, Goodyear has been a competitor in the TBR segment. In FY24, Goodyear announced that it would cease its wholesale distribution and retail store ownership businesses.
- Black Rubber has a continuing alliance agreement with Michelin to operate Michelin service centres and manufacture Michelin retreads.
- Carter’s Tyre Service operates a business model in New Zealand like that of Black Rubber. The businesses share:
  - tyre performance management systems;
  - tyre performance data;
  - suppliers of some retread raw materials; and
  - market intelligence.
- Retreading tyres is the most effective method of recycling. The Group’s three Michelin accredited factories in Australia and two state of the art factories in New Zealand contribute substantially to meeting the sustainability objectives of the Group and its customers.

# Expanding the Group's TBR sales platform

Agreements to acquire a new retread factory and a new retail hub, new tyre performance management system



*Brooklyn Retread Factory*



*Tyre performance management schematic*

## Black Rubber agrees to purchase retread factory and Adelaide tyre hub

- In July and August 2024, Black Rubber entered into Agreements to purchase from Goodyear a retreading plant in Brooklyn (Melbourne) and a commercial tyre retail store in Wingfield (Adelaide).
- Completion of these Agreements is subject to certain conditions.
- Consideration will equal the value of assets, being inventory and plant & equipment in both businesses.
- The purchases will be funded from NTAW Holdings' cash reserves.
- Completion is expected to occur within the next 30 days. Black Rubber expects these assets will together generate additional revenue of circa \$20 million.
- The Brooklyn factory will be the Group's 4<sup>th</sup> facility in Australia, expanding the availability of quality retreads to truck and bus owners and contributing to the achievement of sustainability objectives.

## New proprietary tyre performance management system

- Carter's and Black Rubber will launch a new version of the Group's proprietary tyre performance management system in 2Q25.
- The system supports the value proposition of Carter's and Black Rubber - delivering certainty and predictability to fleet owners, enabling them to more effectively forecast and manage tyre replacement costs.
- The Group owns the intellectual property required to operate the system.

# Experienced new people and roles to drive growth

## Changes to board and management positions, and organisational changes

Mr Chris Hummer (Dynamic Wheel Co CEO and an Executive Director) and Mr Ken Gunderson-Briggs (also Chairman of the Audit & Risk Committee and the Remuneration Committee) were appointed to the NTAW Holdings Board in December 2023, and Mr Tynan Young was appointed in January 2024. Sadly, Mr Rob Kent ceased to be a director when he passed away suddenly on 28 January 2024. Mr Bill Cook retired on 27 February 2024.

In June 2024:

- Mr Warwick Hay accepted an offer to become Chief Operating Officer of NTAW Holdings.
  - Mr Hay is the former CEO of ASX listed IVE Group (ASX: “IVE”).
  - Similar to NTAW Holdings, IVE grew diversity and scale through acquisitions, then combining the businesses into an efficient and effective profitable form.
  - Commencing in September 2024, Mr Hay will assume primary responsibility for the performance of the Australian wholesale operations (including NTAW, Dynamic and Statewide), ETD (NZ) and the People & Culture shared services unit.
- Mr Simon Billington was appointed CEO of NTAW, consolidating the management of ETD, Tyres4U and Dunlop brands.
  - Mr Billington has 24 years’ experience in the tyre industry and has served as CEO of ETD NZ and ETD AU.
- Mr Atila Stibinger was promoted to National Logistics Manager for NTAW.
- Mr Geoff May was appointed CEO of Black Rubber, assisting the founder Mr John Zelesco as Executive Chairman of Black Rubber.
  - During his 10-year employment in the tyre industry with a major global brand, Mr May rose to National Commercial Manager, having served as National Retail Systems Manager and National Fleet Sales Manager.





# Financial Results

# Results Summary

Group reported revenue of \$533.4 million and Operating EBITDA of \$42.3 million

| Statement of Profit or Loss       |                |                |
|-----------------------------------|----------------|----------------|
| \$'000                            | FY24           | FY23           |
| Sales revenue                     | 533,431        | 582,284        |
| Cost of goods sold                | (364,992)      | (418,463)      |
| <b>Gross profit</b>               | <b>168,439</b> | <b>163,821</b> |
|                                   | 31.6%          | 28.1%          |
| Other income                      | 1,690          | 326            |
| Employee benefits                 | (86,237)       | (84,407)       |
| Occupancy                         | (7,425)        | (7,763)        |
| Professional fees                 | (2,166)        | (2,137)        |
| Marketing                         | (5,259)        | (5,187)        |
| Other expenses                    | (29,056)       | (28,380)       |
| <b>EBITDA</b>                     | <b>39,986</b>  | <b>36,273</b>  |
| Depreciation & amortisation       | (25,770)       | (24,040)       |
| <b>EBIT</b>                       | <b>14,216</b>  | <b>12,233</b>  |
| Finance costs (net)               | (10,807)       | (8,378)        |
| <b>Net profit before tax</b>      | <b>3,409</b>   | <b>3,855</b>   |
| Income tax expense                | (2,167)        | (960)          |
| <b>Net profit after tax</b>       | <b>1,242</b>   | <b>2,895</b>   |
| Addback:                          |                |                |
| Non-controlling interest (gain)   | 321            | 436            |
| Amortisation <sup>1</sup>         | 2,167          | 2,159          |
| <b>NPATA attributable to NTAW</b> | <b>3,730</b>   | <b>5,490</b>   |

<sup>1</sup> Amortisation add-back is net of tax effect.

| Key Operating Metrics             | FY24  | FY23  |
|-----------------------------------|-------|-------|
| Gross profit margin               | 31.6% | 28.1% |
| Operating costs as a % of revenue | 24.1% | 21.9% |
| EBITDA margin                     | 7.5%  | 6.2%  |
| Basic EPS (cents)                 | 1.2   | 2.5   |
| Dividend per share (cents)        | -     | -     |
| Operating cash flow (\$ million)  | 35.2  | 24.2  |
| Interest cover (times)            | 3.7x  | 4.3x  |

\*NPATA includes non-recurring and abnormal expenses of \$2.4 million, as summarised on page 7.  
**After adjusting for these expenses, FY24 Operating EBITDA was \$42.3 million, Operating NPATA was \$6.1 million and Operating NPAT was \$3.6 million.**

## Comments

- Improved gross margins and a less than 2% growth in operating expenditure.
- FY24 includes the first 3 months of Dunlop distribution.
- Depreciation includes leased right-of-use assets of \$19.0 million.
- Finance costs associated with borrowings (i.e. excluding lease liabilities) was \$6.9 million (FY23: \$6.2 million).
- \$4.3 million increase in AASB 16 adjustments and income tax expense from FY23 to FY24 reduces EPS despite increased Operating EBITDA.

# Balance Sheet

Solid balance sheet; Inventory (ex Dunlop) reduced by \$10m

| Statement of Financial Position   |                |                |
|-----------------------------------|----------------|----------------|
| \$'000                            | June-24        | June-23        |
| <b>Current assets</b>             |                |                |
| Cash and cash equivalents         | 38,886         | 33,040         |
| Receivables                       | 74,440         | 76,743         |
| Inventory                         | 149,581        | 129,788        |
| Other current assets              | 5,015          | 5,661          |
|                                   | <b>267,922</b> | <b>245,232</b> |
| <b>Non-current assets</b>         |                |                |
| Property, plant and equipment     | 16,965         | 16,791         |
| Right-of-use assets               | 79,260         | 61,216         |
| Intangible assets                 | 48,054         | 51,265         |
| Other non-current assets          | 739            | 1,543          |
|                                   | <b>145,018</b> | <b>130,815</b> |
| <b>Total assets</b>               | <b>412,940</b> | <b>376,047</b> |
| <b>Current liabilities</b>        |                |                |
| Payables                          | 103,630        | 83,055         |
| Borrowings                        | 5,180          | 4,961          |
| Lease liabilities                 | 18,510         | 15,902         |
| Provisions                        | 10,262         | 11,339         |
| Current tax liability/(asset)     | 180            | 129            |
|                                   | <b>137,762</b> | <b>115,386</b> |
| <b>Non-current liabilities</b>    |                |                |
| Borrowings                        | 85,884         | 88,285         |
| Lease liabilities                 | 67,973         | 51,000         |
| Provisions                        | 2,233          | 2,250          |
| Deferred tax liabilities/(assets) | 1,792          | 3,786          |
|                                   | <b>157,882</b> | <b>145,321</b> |
| <b>Total liabilities</b>          | <b>295,644</b> | <b>260,707</b> |
| <b>Net assets</b>                 | <b>117,296</b> | <b>115,340</b> |

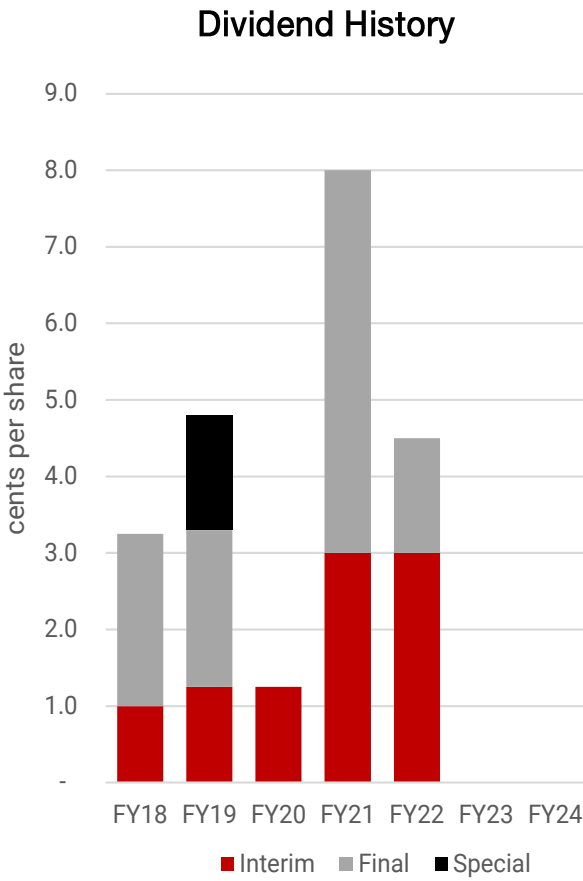
Net Debt at 30 June 2024 of \$52.2 million.  
Net Debt to Operating EBITDA of 1.2 times.  
Net Debt to Equity + Debt ratio of 25.0%.

## Comments

- On 30 June 2024, NTAW reported total assets of \$413.1 million and net assets of \$117.3 million, being \$0.87 per share.
- NTAW's gross debt position was \$91.0 million and it held cash of \$38.9 million at 30 June 2024.
- Net tangible assets per ordinary share of \$0.53 at 30 June 2024.
- 30 June 2024 Inventory (excluding Dunlop) down \$10 million compared to 30 June 2023.



- There are 134,146,094 shares on issue at 30 June 2024.
- No final dividend will be declared in respect of the FY24 financial result.
- NTAW currently has \$20.3 million franking credits available.
- The NTAW Board is aware of the importance of the Company’s dividends to shareholders and remain focussed on improving generating cash flows to support a dividend in FY25.



# Outlook

# Opportunities for growth

Pursuing benefits from industry change

| Industry Opportunity   | NTAW Group Action  |
|--|--|
| <ul style="list-style-type: none"> <li>Manufacturers reconsider vertical integration – leading to more intermediation (e.g. third-party distributors)</li> </ul> | <ul style="list-style-type: none"> <li>Reduce product portfolios to remove internal competition and help suppliers of “core brands” build equity.</li> <li>Operate the largest distribution platform in Australia and New Zealand.</li> <li>Accept strategic distribution opportunities (e.g. Dunlop).</li> </ul>  |
| <ul style="list-style-type: none"> <li>Tyre performance management and fitting services for vehicle fleet owners</li> </ul>                                      | <ul style="list-style-type: none"> <li>Own and operate leading, proprietary tyre performance management systems.</li> <li>Operate a service network, including company owned specialist truck and bus tyre retail facilities</li> <li>Deliver products and services at customer depots.</li> <li>Provide these solutions nationally for large fleets.</li> </ul> |
| <ul style="list-style-type: none"> <li>Assist customers meet sustainability objectives</li> </ul>  | <ul style="list-style-type: none"> <li>Manufacture retreads – the most effective form of tyre recycling for truck and bus tyres.</li> <li>Build this solution nationally in Australia and New Zealand.</li> <li>Offer a range of retread products to suit customers.</li> </ul>  |
| <ul style="list-style-type: none"> <li>Achieve high levels of service – product range, availability and prompt delivery</li> </ul>                               | <ul style="list-style-type: none"> <li>Operate 18 modern, large distribution centres in Australia and New Zealand.</li> <li>Invest in equipment and technology to meet service levels.</li> <li>Focus on availability of core brands.</li> <li>One sales platform for Dunlop as well as Tyres4U and ETD brands in Australia.</li> </ul>                          |
| <ul style="list-style-type: none"> <li>Support busy retailers – transactional ease, promotional support, expert advice and incentives</li> </ul>                 | <ul style="list-style-type: none"> <li>Be easy to do business with - on a uniform business platform; employ category experts; offer financial and qualitative incentives as well as loyalty programs with attractive reward options.</li> <li>Provide media content and support customers media choices.</li> </ul>  |



# Outlook

Revenue growth, cost control and investments expected to improve EBITDA

- The group is forecasting conservative sales growth, reflecting consumer sentiment and low growth economies expected in Australia and New Zealand, and careful management of discretionary costs.
- Revenue growth is expected from:
  - full year of Dunlop sales in FY25 (3 months in FY24);
  - the sale of core NTAW brands (ex-Dunlop) to Dunlop customers;
  - new loyalty programs rewarding customers for buying all brands;
  - executing the Black Rubber expansion plan, particularly the acquisition of the Brooklyn retread factory and Wingfield commercial retail site;
  - New Zealand recovering from recession in 2H25; and
  - the opening of a new distribution centre in Palmerston North (NZ).
- As the Group grows it will need capital to fund:
  - working capital required for the Dunlop distribution business;
  - replenish capital used to acquire the Brooklyn retread factory and the Wingfield retail store;
  - upgrade equipment for Black Rubber expansion plans and to improve service levels in other businesses; and
  - the opening of the new warehouse in Palmerston North.
- NTAW Holdings is considering funding options for these requirements.
- NTAW Holdings expects Operating EBITDA in FY25 to be between \$47 million and \$50 million (FY24 \$42.3 million).

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