

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 9 Covering letter
13 ASX Appendix 4E – Preliminary Final Report

26 February 2021

ASX Market Announcements
ASX Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

The Board of OM Holdings Limited (“**OMH**”, or the “**Company**”, and together with its subsidiaries (the “**Group**”), is pleased to provide the financial results of the Group for the year ended 31 December 2020. A copy of the Group's Appendix 4E for the financial year ended 31 December 2020 is attached to this announcement.

HIGHLIGHTS

- **Net profit after tax attributable to owners of the Company for the year ended 31 December 2020 (“FY2020”) of A\$5.4 million as compared to A\$56.6 million for the year ended 31 December 2019 (“FY2019”).**
- **Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of A\$81.4 million for FY2020 compared with A\$154.5 million for FY2019.**
- **Basic and diluted earnings per ordinary share of the Group of 0.73 cents for FY2020 as compared to 7.69 cents FY2019.**
- **Revenue from operating activities for FY2020 was A\$784.6 million, representing a 24% decrease over FY2019. This decrease was primarily attributed to the softening of manganese ore and ferroalloy prices in FY2020, despite a 5% increase in total product volumes traded.**
- **Gross profit margin decreased to 12.3% in FY2020, down from 14.9% in FY2019. This was predominantly attributed to weaker ore and ferroalloy prices.**
- **The Group's share of results from its associates for FY2020 was A\$16.5 million.**
- **Total borrowings decreased from A\$473.9 million as at 31 December 2019 to A\$415.0 million as at 31 December 2020 which included repayments against the Sarawak Project Finance Loan of US\$16.1 million and foreign exchange translation differences. As a result, total borrowings to equity ratio decreased from 0.93 times as at 31 December 2019 to 0.89 times as at 31 December 2020.**
- **Consolidated cash position of A\$63.0 million (included cash collateral of A\$17.1 million) as at 31 December 2020 as compared to A\$63.7 million (included cash collateral of A\$14.8 million) as at 31 December 2019.**
- **Net cash generated from operating activities of A\$76.6 million for FY2020.**

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HIGHLIGHTS (CONT'D)

- **Net asset backing per ordinary share of the Group was 63.56 cents as at 31 December 2020 as compared to 68.94 cents per ordinary share as at 31 December 2019, representing a 8% (or 5.4 cents per ordinary share) year-on-year decrease.**
- **With the Group having recorded a net profit after tax attributable to owners of the Company of A\$5.4 million for FY2020, and to prioritise cash conservation in a volatile global environment which is still experiencing the negative effects of the COVID-19 pandemic, the Board has resolved not to declare a final dividend for FY2020. The dividend policy will be reviewed again when the results for the six months period ending 30 June 2021 are available.**



OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Year ended 31 December 2020	Year Ended 31 December 2019	Variance %
Sales volumes of Ores	1,146,970	987,744	16
Sales volumes of Alloys	415,708	502,034	(17)

FINANCIAL RESULTS (A\$' million)			
Total sales	784.6	1,026.5	(24)
Gross profit	96.3	152.5	(37)
Gross profit margin (%)	12.3	14.9	
Other income	6.8	4.3	58
Distribution costs	(41.7)	(47.7)	(13)
Administrative expenses	(15.9)	(20.4)	(22)
Other operating expenses	(35.4)	(21.9)	62
Exchange gain/(loss)	0.6	(3.8)	NM
Impairment charge	(3.0)	(2.3)	30
Finance costs	(28.8)	(32.2)	(11)
Share of results of associates	16.5	30.4	(46)
(Loss)/Profit before income tax	(4.7)	58.9	NM
Income tax credit/(expense)	1.7	(2.8)	NM
(Loss)/Profit for the year	(2.9)	56.1	NM
Non-controlling interests	8.3	0.5	>100
Profit after tax attributable to owners of the Company	5.4	56.6	(90)

OPERATING RESULTS ADJUSTED FOR NON-CASH ITEMS		
Net (loss)/profit after tax	(2.9)	56.1
Adjust for non-cash items:		
Impairment charge	3.0	2.3
Fair value loss	-	0.6
Depreciation/amortisation ⁽²⁾	55.5	53.1
Unrealised exchange (gain)/losses	(0.6)	8.3
Finance costs (net of income)	28.1	31.3
Income tax (credit)/expense	(1.7)	2.8
Adjusted EBITDA⁽¹⁾	81.4	154.5
Less Depreciation/amortisation	(55.5)	(53.1)
Adjusted EBIT	25.9	101.4

(1) Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net finance costs, income tax and other non-cash items. Adjusted EBITDA is not a uniformly defined measure and other companies in the mining industry may calculate this measure differently. Consequently, the Group's presentation of Adjusted EBITDA may not be readily comparable to other companies' disclosures.

(2) Inclusive of depreciation and amortisation charges recorded through cost of sales.



FINANCIAL ANALYSIS

The Group recorded revenue of A\$784.6 million for the FY2020, which was a 24% decrease from the A\$1.03 billion recorded for the FY2019. The decrease in revenue was predominantly attributed to the softening of manganese ore and ferroalloy prices in FY2020, despite a 5% increase in total product volumes traded by the Group as compared to FY2019. The increase in total product volumes traded was mainly from the increase in tonnages sold for manganese ore. Average transacted prices of OMM manganese ore and other third party manganese ores declined by approximately 39% and 22% respectively for FY2020 as compared to FY2019. This decrease was mainly attributed to the general slowdown in economic activity amidst the COVID-19 pandemic which resulted in an excess supply of port stocks in China. In addition, average transacted prices for manganese alloys and ferrosilicon (“FeSi”) also declined by approximately 11% and 8% respectively in FY2020.

Trading was impacted by the softening of the market as a result of the uncertain economic environment from continued tensions between the United States of America, Australia and China, and the slowdown of economic activity amidst the COVID-19 pandemic. These factors led to the shut-down of 4 FeSi furnaces (2 furnaces in February 2020, 1 furnace in May 2020 and 1 furnace in July 2020) due to the local government restrictions imposed on the hiring of new foreign workers arising from the COVID-19 pandemic, and a further 4 FeSi furnaces underwent annual scheduled maintenance in the fourth quarter of 2020. As a result, the Group’s FeSi volumes produced and traded from the Group’s 75% owned smelter in Sarawak decreased by 22% in FY2020. FeSi volumes traded in FY2020 were 171,502 tonnes, with a total revenue contribution of approximately A\$250.2 million (FY2019: 220,219 tonnes with a revenue contribution of A\$349.1 million). Manganese alloy (high carbon ferromanganese (“HCFeMn”) and silicomanganese (“SiMn”)) volumes traded in FY2020 also decreased by approximately 13%. A total of 244,206 tonnes of manganese alloys were traded in FY 2020 (with a revenue contribution of approximately A\$316.2 million) as compared to 281,815 tonnes of manganese alloys traded in FY2019 (with a revenue contribution of approximately A\$407.9 million).

Manganese ore volumes traded from the Group’s wholly-owned Bootu Creek Manganese Mine and other third party ores increased in FY2020. Total manganese ore volumes traded increased by 177,176 tonnes (approximately 19%) to 1,111,745 tonnes, with a revenue contribution of A\$212.4 million in FY2020 (as compared to 934,569 tonnes with a revenue contribution of A\$259.4 million in FY2019). The increase in manganese ore volumes traded in FY2020 was mainly due to OM (Manganese) Ltd (“OMM”) operating its mining and production activities for the whole of FY2020. Comparably for FY2019, mining activities at the Bootu Creek Manganese Mine were suspended for about 4 months following the Tourag accident which occurred in August 2019. Despite an increase in total manganese ore volumes traded in FY2020, the Group recorded lower revenue from manganese ore sales mainly due to the significant softening of manganese ore prices in FY2020.

Even though the Group recorded an increase in product volumes traded in FY2020, the fall in prices of manganese ores and ferroalloys in FY2020 caused a decrease in sales revenue and gross profit for FY2020. The Group recorded a gross profit of A\$96.3 million in FY2020 (with a gross profit margin of approximately 12%) as compared to a gross profit of A\$152.5 million in FY2019 (with a gross profit margin of approximately 15%).

Platts reported that prices of FeSi to Japan dropped to US\$975 per metric tonne at the end of June 2020, before recovering to close at US\$1,060 per metric tonne at the end of September 2020. As global demand recovered towards the end of FY2020, steel mills began restocking ferroalloys at the same time, driving demand and raising prices of FeSi to Japan to US\$1,365 per metric tonne at the end of December 2020 (as compared to US\$1,038 per metric tonne at the end of December 2019). This increase was also due in part to reduced availability of supply of FeSi from China due to strong domestic demand, and a surge in global freight rates. Prices continued to rise into January 2021 (US\$1,565 per metric tonne at the end of January 2021) off the back of similar trends and a broader recovery in global demand.

Index manganese ore prices (44% Mn published by Fastmarkets BM) continued its downward trend throughout FY2020 and closed at US\$4.21/dmtu CIF China at the end of December 2020, a decrease from US\$5.02/dmtu and US\$4.39/dmtu CIF China at the end of June 2020 and September 2020 respectively due to high levels of port stocks in China. However, we have since seen a rebound of manganese ore prices in FY2021 with the index manganese ore prices increasing to US\$5.05/dmtu CIF China at the end of January 2021 and a further increase to US\$5.08/dmtu CIF China in the middle of February 2021.



Total distribution costs decreased by approximately 13% to A\$41.7 million in FY2020 mainly from the decrease in total volumes of ferroalloys sold from OM Materials (Sarawak) Sdn Bhd (“OM Sarawak”), where distribution costs decreased by A\$4.7 million.

Administrative expenses for FY2020 decreased by approximately 22% to A\$15.9 million. The decrease was mainly due to the decrease in staff costs by A\$4.1 million as there was no variable bonuses provided and paid in FY2020 in view of the slowdown in economic activity amidst the COVID-19 pandemic as compared to FY2019. This was however offset by an increase in legal and professional fees of A\$0.7 million in FY2020 associated with the proposed secondary listing in Malaysia (none in FY2019).

Other operating expenses increased to A\$35.4 million for FY2020 from A\$21.9 million for FY2019 mainly due to approximately A\$13.8 million of expenses associated with the shut-down and maintenance of 4 FeSi furnaces at OM Sarawak. The shutdowns were brought about due to limited manpower at the Sarawak plant because of labour disruptions which arose from strict travel restrictions of foreign workers due to the COVID-19 pandemic. The shutdowns enabled maintenance programs to be brought forward and undertaken on FeSi 2 furnaces, as well as the conversion of another 2 FeSi furnaces to produce manganese alloys.

The Group also wrote down inventories of A\$3.0 million in FY2020 as a result of the weaker manganese ore prices at the end of the year.

A foreign exchange gain in FY2020 was recorded of A\$0.6 million compared to a foreign exchange loss of A\$3.8 million in FY2019. The foreign exchange gain was mainly attributed to hedging gains from forward foreign exchange contracts to sell USD for AUD.

The Group’s share of results from its associates of A\$16.5 million related to the operating results of its 13% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd. This was a decrease of approximately 46% as compared to FY2019 mainly attributable to the softening of manganese ore prices in FY2020.

The Group recorded a tax credit of A\$1.7 million in FY2020 against a tax expense of A\$2.8 million in FY2019. This is in line with the Group’s loss before income tax of A\$4.7 million in FY2020.

With the softening of manganese ore and ferroalloy prices in FY2020, despite a 5% increase in total product volumes traded, the Group recorded a net profit after tax attributable to owners of the Company of A\$5.4 million for FY2020 (against a net profit after tax attributable to owners of the Company of A\$56.6 million for FY2019). The Group’s basic profit per ordinary share for FY2020 was 0.73 cents.

The Group also recorded a positive EBITDA of A\$81.4 million in FY2020 as compared with A\$154.5 million in FY2019, a decrease of approximately 47%, on the back of weaker prices.

Results Contributions

The contributions from the Group’s business segments were as follows:

A\$ million	Year ended 31 December 2020		Year ended 31 December 2019	
	Revenue*	Contribution	Revenue*	Contribution
Mining	85.9	(19.9)	139.5	20.8
Smelting	548.7	(5.3)	734.6	23.4
Marketing, logistics and trading	716.1	32.8	887.3	20.8
Other	14.0	(0.6)	4.5	(5.2)
Net profit before finance costs		7.0		59.8
Finance costs (net of income)		(28.1)		(31.3)
Share of results of associates		16.5		30.4
Income tax credit/(expense)		1.7		(2.8)
(Loss)/Profit after tax		(2.9)		56.1
Non-controlling interests		8.3		0.5
Profit attributable to owners of the Company		5.4		56.6

* revenue contribution from segments is subsequently adjusted for intercompany sales on consolidation



Mining

This category included the contribution from the Bootu Creek Manganese Mine (the “**Mine**”).

The Mine (100% owned and operated by the Company’s wholly owned subsidiary OMM) produced 738,019 tonnes of manganese ore with an average grade of 28.10% Mn in FY2020 as compared to 570,090 tonnes of manganese ore with an average grade of 33.71% Mn in FY2019. The increase of approximately 29% was mainly due to OMM operating its mining and production activities for the entire 12 months of FY2020 whereas in FY2019, mining activities at the Mine were suspended for about 4 months following the Tourag accident in August 2019 with mining activities having recommenced in late December 2019. In addition, constraints of limited water supply at the Mine, especially in the second half of FY2020, due to an abnormally dry season also hindered the processing plant production. The Ultra Fines Plant (“**UFP**”) at the Mine was commissioned in March 2020 and produced 9,080 tonnes of product hampered by technical start-up issues. Production was impacted by poor screening efficiencies which affected the downstream separation and optimisation of the classifiers. Several screen media have since been trialled to improve the screening efficiencies and rectification works are ongoing with measures implemented aimed at optimising the performance of the UFP in FY2021. OMM shipped 637,873 tonnes of manganese ore with an average grade of 27.78% Mn with an additional 4,858 tonnes sold domestically in FY2020 (FY2019: 612,537 tonnes shipped and 9,009 tonnes sold domestically).

Revenue for FY2020 amounted to A\$85.9 million and OMM recorded a negative contribution of A\$19.9 million for the FY2020. The decrease in revenue and the negative contribution for FY2020 was mainly a result of the weaker manganese ore prices in FY2020. In addition, OMM recorded higher depreciation and amortization charges of property, plant and equipment (“**PPE**”) (approximately A\$3.4 million) mainly due to additions of PPE (e.g. the UFP) during the year and it wrote-down inventories of A\$3.0 million in FY2020.

Smelting

This business segment covered the operations of the FeSi and manganese alloy smelter operated by OM Sarawak (75% interest) and the Group’s 100% owned Qinzhou manganese alloy smelter operated by OM Materials (Qinzhou) Co Ltd (“**OMQ**”).

OM Sarawak and OMQ recorded revenues of A\$548.7 million for FY2020 as compared to A\$734.6 million for FY2019. The decrease in revenue was mainly due to the lower volumes of ferroalloys produced and sold, coupled with the continued softening of FeSi and manganese alloy prices in FY2020 as compared to FY2019. OM Sarawak produced a total of 167,443 tonnes and 227,406 tonnes of FeSi and manganese alloy respectively in FY2020 (FY2019: 230,735 tonnes of FeSi and 248,163 tonnes of manganese alloy) with a revenue contribution of A\$521.9 million for FY2020 as compared to A\$674.0 million for FY2019. As mentioned above, OM Sarawak shut down 4 FeSi furnaces during the year due to limited manpower at the Sarawak plant as a result of labour disruptions which arose from strict governmental imposed travel restrictions related to the COVID-19 pandemic which impacted upon a decrease in production volumes in FY2020.

OMQ produced 10,140 tonnes of manganese alloy and 8,051 tonnes of manganese sinter ore in FY2020 (FY2019: 41,791 tonnes of manganese alloy and 42,409 tonnes of manganese sinter ore) and had a revenue contribution of A\$26.8 million for FY2020 as compared to A\$60.6 million for FY2019. The decrease in production tonnages in FY2020 was due to the suspension of OMQ’s operations since March 2020 due to the COVID-19 pandemic. During the downtime period, OMQ was able to carry out major maintenance on 1 of the furnaces while the other furnace was upgraded from 16.5 MVA to 25.5 MVA. Full commercial operations for the upgraded furnace and the manganese ore sinter plant subsequently restarted on 31 January 2021, while the other furnace is anticipated to recommence production in 1H 2021.

The smelting segment recorded a negative contribution of A\$5.3 million for FY2020 (FY2019: positive contribution of A\$23.4 million) mainly due to the softening of market prices of FeSi and manganese alloy especially in the second half of FY2020 and the lower tonnages of ferroalloys produced and sold during the year. With the decrease in FeSi and manganese alloy prices by 8% and 11% in FY2020, total ferroalloy margins correspondingly decreased from 22% for FY2019 to 17% for FY2020.



Marketing, logistics and trading

Revenue from the Group's trading operations decreased by 19% from A\$887.3 million in FY2019 to A\$716.1 million in FY2020. This decrease was primarily due to lower total volumes of ferroalloys traded in FY2020, as well as weakened prices of manganese ore and ferroalloys in FY2020. Despite the decrease in revenue, the profit contribution from the Group's trading operations increased to A\$32.8 million in the current year as compared to A\$20.8 million in FY2019. This was mainly due to higher sales margins in the first half of FY2020, funding received from government grants and job-support schemes to aid operations during the COVID-19 pandemic, and lower staff costs in FY2020 as compared to FY2019.

Other

This segment included the corporate activities of OMH, logistics services as well as procurement services rendered by a number of the Group's subsidiaries.

The revenue recognised in this segment mainly related to procurement fees, logistics services and other services rendered by subsidiaries. The negative contribution of A\$0.6 million reported in this segment for FY2020 included administrative and operating expenses for corporate activities and interest on the 12.5 million convertible notes (which are convertible at A\$0.80 each on or before 6 March 2021) offset by a positive contribution from a logistics subsidiary in Malaysia of A\$1.6 million.

FINANCIAL POSITION

The Group's PPE decreased from A\$698.4 million as at 31 December 2019 to A\$612.7 million as at 31 December 2020 mainly due to the depreciation of the Group's PPE for FY2020 (approximately A\$55.5 million) and from the translation losses arising from the consolidation of a subsidiary's PPE on the back of the weakening USD against the AUD between 31 December 2019 and 31 December 2020.

As at 31 December 2020, the Group's consolidated cash position was A\$63.0 million (including cash collateral of A\$17.1 million) as compared to A\$63.7 million (including cash collateral of A\$14.8 million) as at 31 December 2019. For FY2020, net cash generated from operating activities was A\$76.6 million as compared to net cash generated of A\$98.7 million for FY2019.

Inventories decreased by approximately 5% to A\$216.3 million as at 31 December 2020 from A\$228.3 million as at 31 December 2019. This was mainly a result of a decrease in finished goods inventory from OM Sarawak as sales volumes for FY2020 were higher than the production volumes with 4 FeSi furnaces being idled progressively in FY2020 due to labour constraints arising from the COVID-19 pandemic.

Trade and other receivables increased to A\$63.0 million as at 31 December 2020 from A\$37.8 million as at 31 December 2019 due to increase in sales activity which occurred towards the end of December 2020.

Trade and other payables also increased by approximately 21% to A\$210.6 million as at 31 December 2020 from A\$173.4 million as at 31 December 2019 due to an increase in trade payables arising from extended payment terms offered by suppliers influenced by the COVID-19 pandemic trading conditions.

The Group's total borrowings decreased from A\$473.9 million as at 31 December 2019 to A\$415.0 million as at 31 December 2020. The decrease was mainly attributed to repayments against the Sarawak Project Finance loan during the year of approximately US\$16.1 million (equivalent to approximately A\$25.4 million). In addition, the AUD equivalent of bank borrowings decreased due to the translation gains from USD denominated loans to AUD impacted by the USD weakening against the AUD between 31 December 2019 and 31 December 2020. The Group's total borrowings to equity ratio decreased from 0.93 times as at 31 December 2019 to 0.89 times as at 31 December 2020. The borrowings as at 31 December 2020 comprised US\$281.0 million (equivalent to approximately A\$364.9 million) of Sarawak Project Finance loans associated with the smelter operations as compared to US\$303.1 million (approximately A\$432.6 million) as at 31 December 2019.

The Company's net asset backing per ordinary share was 63.56 cents per ordinary share as at 31 December 2020 as compared to 68.94 cents per ordinary share as at 31 December 2019, a 8% (or 5.4 cents per ordinary share) year-on-year decrease.



Capital Structure

As at 31 December 2020, the Company had 738,623,337 ordinary shares and 12,500,000 unsecured convertible notes on issue.

INVESTMENT IN NTSIMBINTLE MINING PROPRIETARY LIMITED

Ntsimbintle Mining Proprietary Limited (“**NMPL**”) holds a 50.1% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd (“**Tshipi**”), an independently operated and managed black empowered manganese mining company that operates the Tshipi Borwa Manganese Mine located in the world class Kalahari Manganese field in South Africa. The Tshipi Borwa Manganese Mine currently has a production target of approximately 3.3 to 3.6 million tonnes per annum. The Company has a 13% effective beneficial interest in this project via its NMPL investment holding. The Group equity accounts its 13% effective interest in Tshipi’s results which equated to a contribution of A\$16.5 million for FY2020 compared to A\$30.4 million for FY2019. The decrease from the share of results from Tshipi was mainly due to weaker manganese ore prices in FY2020 and a marginal decrease in product volume sold arising from the slowdown of economic activity as a result of the COVID-19 pandemic, which translated to a lower net profit in Tshipi.

Tshipi declared and paid a dividend of ZAR 330 million for the 6 months period ended 31 August 2020 to its two shareholders. The Group received its share of this dividend of ZAR 34.2 million (approximately A\$3.0 million) net of withholding taxes from NMPL in November 2020.

OTHERS

With the Group having recorded a net profit after tax attributable to owners of the Company of A\$5.4 million for FY2020, and to prioritise cash conservation in a volatile global environment which is still experiencing the negative effects of the COVID-19 pandemic, the Board has resolved not to declare a final dividend for FY2020. The dividend policy will be reviewed again when the results for the six months period ending 30 June 2021 are available.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley

Joint Company Secretary

Important note from page 3

Earnings before interest, taxation, depreciation and amortisation (ie ‘EBITDA’) and earnings before interest and tax (ie ‘EBIT’) are non-IFRS profit measures based on statutory net profit after tax adjusted for significant items and changes in the fair value of financial instruments. The Company believes that such measures provide a better understanding of its financial performance and allows for a more relevant comparison of financial performance between financial periods.

The Company believes that EBITDA and EBIT are useful measures as they remove significant items that are material items of revenue or expense that are unrelated to the underlying performance of the Company’s various businesses thereby facilitating a more representative comparison of financial performance between financial periods. In addition, these profit measures also remove changes in the fair value of financial instruments recognised in the statement of comprehensive income to remove the volatility caused by such changes.

While the Company’s EBITDA and EBIT results are presented in this announcement having regard to the presentation requirements contained in Australian Securities and Investment Commission Regulatory Guide 230 titled ‘Disclosing non-IFRS financial information’(issued in December 2011) investors are cautioned against placing undue reliance on such measures as they are not necessarily presented uniformly across the various listed entities in a particular industry or generally.



This ASX announcement was authorised for release by the Board of OM Holdings Limited.

Further enquiries please contact:

Ms Jenny Voon

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OM HOLDINGS LIMITED

A.R.B.N 081 028 337

Appendix 4E

Preliminary Final Report

For the year ended 31 December, 2020

(previous corresponding period being the year ended 31 December, 2019)

OM Holdings Limited and Controlled Entities
Preliminary Final Report
APPENDIX 4E

Results for Announcement to the Market
OM Holdings Limited
For the year ended 31 December 2020

Name of Entity:	OM Holdings Limited	
ARBN:	081 028 337	
1. Details of the current and prior reporting period		
Current Period:	1 Jan 2020 to 31 Dec 2020	
Prior Period:	1 Jan 2019 to 31 Dec 2019	
2. Results for announcement to the market		
		A\$'000
2.1 Revenues from ordinary activities (excludes property revaluations) Total Revenue	Down 24% to	784,633
2.2 (Loss)/Profit for the year	Down 105% to	(2,938)
2.3 Net profit for the period attributable to owners of the Company	Down 91% to	5,352
2.4 Dividend distributions	Amount per security	Franked amount per security
	Nil	Nil
2.5 Record date for determining entitlements to the dividend	N/A	
3. Consolidated statement of comprehensive income	Refer Appendix 1	
4. Statements of financial position	Refer Appendix 2	
5. Consolidated statement of cash flows	Refer Appendix 3	
6. Details of dividends or distributions	N/A	
7. Consolidated statement of changes in equity	Refer Appendix 4	
	Current Period A\$	Previous Corresponding Period A\$
8. Net asset backing per ordinary security	63.56 cents	68.94 cents

OM Holdings Limited and Controlled Entities
Preliminary Final Report

9. Control gained over entities during the period	N/A	
10. Details of associate and joint venture entities	Refer Note 3	
11. Other significant information	Refer Note 4	
12. Accounting Standards used by foreign entities	N/A	
13. Commentary on the result for the period		
	Current Period	Previous Corresponding Period
13.1 Profit per share overall operations (undiluted)	0.73 cents	7.69 cents
13.4 Segment results	Refer Appendix 5	
14. Status of audit or review	This report is based on accounts that are in the process of being audited.	
15. Dispute or qualification - accounts not yet audited	N/A	
16. Qualifications of audit/review	N/A	

Consolidated statement of comprehensive income for the financial year ended 31 December 2020

	Note	Year ended 31 December 2020 A\$'000	Year ended 31 December 2019 A\$'000
Revenue		784,633	1,026,454
Cost of sales		(688,371)	(874,001)
Gross profit		96,262	152,453
Other income		6,756	4,334
Distribution costs		(41,661)	(47,692)
Administrative expenses		(15,924)	(20,383)
Other operating expenses		(37,787)	(27,952)
Finance costs		(28,827)	(32,220)
(Loss)/Profit from operations		(21,181)	28,540
Share of results of associates		16,525	30,381
(Loss)/Profit before income tax		(4,656)	58,921
Income tax		1,718	(2,849)
(Loss)/Profit for the year	1	(2,938)	56,072
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from foreign subsidiaries (attributable to Owners of the Company)		(24,160)	412
Cash flow hedges		1,253	919
		(22,907)	1,331
Items that will not be reclassified subsequently to profit or loss			
Currency translation differences arising from foreign subsidiaries (attributable to non-controlling interests)		(6,417)	(427)
		(6,417)	(427)
Other comprehensive (loss)/income for the year, net of tax		(29,324)	904
Total comprehensive (loss)/income for the year		(32,262)	56,976
Profit/(Loss) attributable to:			
Owners of the Company		5,352	56,641
Non-controlling interests		(8,290)	(569)
		(2,938)	56,072
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(17,868)	57,742
Non-controlling interests		(14,394)	(766)
		(32,262)	56,976
Profit per share			
- Basic		0.73	7.69
- Diluted		0.73	7.69

OM Holdings Limited and Controlled Entities
Preliminary Final Report

Statements of financial position
as at 31 December 2020

Appendix 2

	Note	The Company		The Group	
		31 December 2020 A\$'000	31 December 2019 A\$'000	31 December 2020 A\$'000	31 December 2019 A\$'000
Assets					
Non-Current					
Property, plant and equipment		-	-	612,684	698,406
Land use rights		-	-	8,922	9,920
Exploration and evaluation costs	2	-	-	2,326	963
Mine development costs		-	-	16,726	23,363
Investment property		-	-	574	642
Right-of-use assets		-	-	1,992	7,131
Deferred tax assets		-	-	13,788	11,392
Interests in subsidiaries		142,117	144,621	-	-
Interests in associates	3	-	-	126,832	116,358
Other investment		-	-	1,888	-
		142,117	144,621	785,732	868,175
Current					
Inventories		-	-	216,307	228,275
Trade and other receivables		12,553	18,325	62,992	37,809
Capitalised contract costs		-	-	1,856	1,015
Prepayments		88	118	3,528	3,754
Cash collateral		-	-	17,080	14,812
Cash and bank balances		42	31	45,951	48,900
		12,683	18,474	347,714	334,565
Total assets		154,800	163,095	1,133,446	1,202,740
Equity					
Capital and Reserves					
Share capital		36,931	36,931	36,931	36,931
Treasury shares		(2,330)	(2,330)	(2,330)	(2,330)
Reserves		48,308	59,462	365,042	390,277
		82,909	94,063	399,643	424,878
Non-controlling interests		-	-	68,596	82,990
Total equity		82,909	94,063	468,239	507,868
Liabilities					
Non-Current					
Borrowings		-	15,029	288,279	385,549
Lease liabilities		-	-	415	1,102
Trade and other payables		-	-	54,791	60,230
Provision		-	-	10,869	14,453
Deferred tax liabilities		-	-	1,229	1,237
Deferred capital grant		-	-	10,730	12,605
		-	15,029	366,313	475,176
Current					
Trade and other payables		57,888	54,003	155,760	113,168
Provisions		-	-	1,806	-
Contract liabilities		-	-	6,064	4,859
Borrowings		14,003	-	126,766	88,369
Lease liabilities		-	-	1,255	5,990
Deferred capital grant		-	-	736	809
Income tax payables		-	-	6,507	6,501
		71,891	54,003	298,894	219,696
Total liabilities		71,891	69,032	665,207	694,872
Total equity and liabilities		154,800	163,095	1,133,446	1,202,740

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Appendix 3

Consolidated statement of cash flows

for the financial year ended 31 December 2020

	Year ended 31 December 2020	Year ended 31 December 2019
	A\$'000	A\$'000
Cash Flows from Operating Activities		
(Loss)/Profit before income tax	(4,656)	58,921
Adjustments for:		
Amortisation of land use rights	206	204
Amortisation of deferred capital grant	(817)	(814)
Amortisation of mine development costs	6,505	5,147
Depreciation of property, plant and equipment	43,285	42,369
Depreciation of right-of-use assets	5,644	6,156
Depreciation of investment property	11	11
Write off of exploration and evaluation costs	-	2,706
Write off of property, plant and equipment	332	121
Fair value gain on other investment	(1,388)	-
Write off of warrants	-	620
Loss on disposal of property, plant and equipment	-	121
Unwinding of discount on non-current trade payables	268	1,128
Reclassification from hedging reserve to profit or loss	1,253	919
Write-down of inventories to net realisable value	3,397	-
Impairment loss on trade and other receivables	-	278
Interest expense	28,827	32,220
Interest income	(691)	(898)
Share of results of associates	(16,525)	(30,381)
Operating profit before working capital changes	65,651	118,828
Decrease in inventories	4,196	38,994
(Increase)/Decrease in trade receivables	(11,397)	44,860
(Increase)/Decrease in capitalised contract costs	(534)	1,754
(Increase)/Decrease in prepayments, deposits and other receivables	(631)	7,208
Increase in contract liabilities	765	1,859
Increase/(Decrease) in trade payables	28,605	(71,576)
Decrease in other payables	(2,049)	(17,548)
(Decrease)/Increase in provisions	(1,646)	4,522
Cash generated from operations	82,960	128,901
Income tax paid	(6,401)	(30,199)
Net cash generated from operating activities	76,559	98,702
Cash Flows from Investing Activities		
Payments for exploration and evaluation costs	(1,363)	(1,861)
Payments for mine development costs	-	(4,522)
Purchase of property, plant and equipment	(15,490)	(76,564)
Proceeds from disposal of property, plant and equipment	-	95
Purchase of other investment	(500)	-
Dividend received from an associate	6,048	40,362
Interest received	691	898
Net cash used in investing activities	(10,614)	(41,592)

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Consolidated statement of cash flows (cont'd)
for the financial year ended 31 December 2020

	Year ended 31 December 2020 A\$'000	Year ended 31 December 2019 A\$'000
Cash Flows from Financing Activities		
Repayment of bank and other loans	(33,185)	(67,594)
Proceeds from bank and other loans	12,972	23,081
Principal repayment of lease liabilities	(6,241)	(6,415)
Capital contribution by non-controlling interest	-	22,476
Increase in cash collateral	(2,268)	(2,039)
Dividend paid	(7,367)	(23,329)
Interest paid	(30,013)	(33,664)
Net cash used in financing activities	(66,102)	(87,484)
Net decrease in cash and cash equivalents	(157)	(30,374)
Cash and cash equivalents at beginning of year	48,900	79,046
Exchange difference on translation of cash and cash equivalents at beginning of year	(2,792)	228
Cash and cash equivalents at end of year	45,951	48,900

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Appendix 4

Consolidated statement of changes in equity

for the financial year ended 31 December 2020

	Share capital A\$'000	Treasury shares A\$'000	Share premium A\$'000	Non-distributable reserve A\$'000	Capital reserve A\$'000	Hedging reserve A\$'000	Exchange fluctuation reserve A\$'000	Retained profits A\$'000	Total attributable to equity holders of the parent A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
At 1 January 2020	36,931	(2,330)	178,363	8,868	16,064	(5,851)	30,181	162,652	424,878	82,990	507,868
Profit/(Loss) for the year	-	-	-	-	-	-	-	5,352	5,352	(8,290)	(2,938)
Other comprehensive income/(loss) for the year	-	-	-	-	-	940	(24,160)	-	(23,220)	(6,104)	(29,324)
Total comprehensive income/(loss) for the year	-	-	-	-	-	940	(24,160)	5,352	(17,868)	(14,394)	(32,262)
Dividends paid	-	-	-	-	-	-	-	(7,367)	(7,367)	-	(7,367)
Transactions with owners	-	-	-	-	-	-	-	(7,367)	(7,367)	-	(7,367)
At 31 December 2020	36,931	(2,330)	178,363	8,868	16,064	(4,911)	6,021	160,637	399,643	68,596	468,239

	Share capital A\$'000	Treasury shares A\$'000	Share premium A\$'000	Non-distributable reserve A\$'000	Capital reserve A\$'000	Hedging reserve A\$'000	Exchange fluctuation reserve A\$'000	Retained profits A\$'000	Total attributable to equity holders of the parent A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
At 1 January 2019	36,931	(2,330)	178,363	8,868	15,444	(6,540)	29,769	128,112	388,617	62,508	451,125
Profit/(Loss) for the year	-	-	-	-	-	-	-	56,641	56,641	(569)	56,072
Other comprehensive income/(loss) for the year	-	-	-	-	-	689	412	-	1,101	(197)	904
Total comprehensive income/(loss) for the year	-	-	-	-	-	689	412	56,641	57,742	(766)	56,976
Dividends paid	-	-	-	-	-	-	-	(22,101)	(22,101)	(1,228)	(23,329)
Capital contribution by non-controlling interest shareholder	-	-	-	-	-	-	-	-	-	22,476	22,476
Write off of warrants	-	-	-	-	620	-	-	-	620	-	620
Transactions with owners	-	-	-	-	620	-	-	(22,101)	(21,481)	21,248	(233)
At 31 December 2019	36,931	(2,330)	178,363	8,868	16,064	(5,851)	30,181	162,652	424,878	82,990	507,868

Operating segments

For management purposes, OM Holdings Limited and its controlled entities (“Group”) are organised into the following reportable operating segments as follows:-

Mining	Exploration and mining of manganese ore
Smelting	Production of manganese ferroalloys, ferrosilicon and manganese sinter ore
Marketing and Trading	Trading of manganese ore, manganese ferroalloys, ferrosilicon and sinter ore

Each of these operating segments is managed separately as they require different resources as well as operating approaches.

The reporting segment results exclude the finance income and costs, share of results of associate, which are not directly attributable to the business activities of any operating segment, and are not included in arriving at the operating results of the operating segment.

Sales between operating segments are carried out at arm’s length.

Segment performance is evaluated based on the operating profit or loss which in certain respects, as set out below, is measured differently from the operating profit or loss in the consolidated financial statements.

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Operating segments (cont'd)

	Mining		Smelting		Marketing and Trading		Others		Total	
	2020 A\$'000	2019 A\$'000	2020 A\$'000	2019 A\$'000	2020 A\$'000	2019 A\$'000	2020 A\$'000	2019 A\$'000	2020 A\$'000	2019 A\$'000
Reportable segment revenue										
Sales to external customers	1,042	2,651	197,295	315,973	586,296	707,830	-	-	784,633	1,026,454
Inter-segment sales	84,863	136,815	351,408	418,637	129,775	179,449	14,006	4,520	580,052	739,421
Elimination									(580,052)	(739,421)
	85,905	139,466	548,703	734,610	716,071	887,279	14,006	4,520	784,633	1,026,454
Reportable segment (loss)/profit	(19,919)	20,770	(5,357)	23,462	32,833	20,782	(602)	(5,152)	6,955	59,862
Reportable segment assets	99,151	109,633	895,887	997,622	449,772	460,708	182,568	188,246	1,627,378	1,756,209
Elimination									(620,764)	(669,827)
Interest in associates									126,832	116,358
Total assets									1,133,446	1,202,740
Reportable segment liabilities	172,257	167,017	602,732	644,340	185,002	199,265	92,234	93,171	1,052,225	1,103,793
Elimination									(387,018)	(408,921)
Total liabilities									665,207	694,872
Other segment information										
Purchase of property, plant and equipment	455	8,725	14,602	66,281	94	56	339	1,502	15,490	76,564
Depreciation of property, plant and equipment	8,832	7,444	33,489	34,201	191	190	773	534	43,285	42,369
Write off of property, plant and equipment	332	-	-	100	-	21	-	-	332	121
Loss/(gain) on disposal of property, plant and equipment	-	120	-	22	-	(21)	-	-	-	121
Amortisation of land use rights	-	-	206	204	-	-	-	-	206	204
Addition of exploration and evaluation costs	1,200	1,724	-	-	-	-	163	137	1,363	1,861
Write off of exploration and evaluation costs	-	724	-	-	-	-	-	1,982	-	2,706
Addition of mine development costs	-	4,522	-	-	-	-	-	-	-	4,522
Amortisation of mine development costs	6,505	5,147	-	-	-	-	-	-	6,505	5,147
Depreciation of investment property	-	-	-	-	11	11	-	-	11	11
Depreciation of right-of-use-assets	2,813	2,565	2,184	3,122	456	451	191	18	5,644	6,156
Fair value gain on other investment	-	-	-	-	(1,388)	-	-	0	(1,388)	-
Write-down of inventories to net realisable value	2,973	-	424	-	-	-	-	-	3,397	-
Impairment loss on trade and other receivables	-	-	-	-	-	-	-	278	-	278
Amortisation of deferred capital grant	-	-	(817)	(814)	-	-	-	-	(817)	(814)

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Operating segment (cont'd)

Reconciliation of the Group's reportable segment profit to the (loss)/profit before income tax is as follows:

	2020	2019
	A\$'000	A\$'000
Reportable segment profit	6,955	59,862
Finance income	691	898
Share of results of associates	16,525	30,381
Finance costs	(28,827)	(32,220)
(Loss)/Profit before income tax	(4,656)	58,921

The Group's revenues from external customers and its non-current assets (other than deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-Current Assets	
	2020	2019	2020	2019
Principal markets	A\$'000	A\$'000	A\$'000	A\$'000
Asia Pacific	675,954	857,746	645,141	740,481
Europe	42,875	79,522	-	-
Middle East	49,511	39,681	-	-
Africa	3,220	1,911	126,803	116,302
Others	13,073	47,594	-	-
	784,633	1,026,454	771,944	856,783

The geographical location of customers is based on the locations at which the goods were delivered. The geographical location of non-current assets is based on the physical location of the assets.

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NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Note 1: (Loss)/profit after taxation

	2020	2019
The Group	A\$'000	A\$'000
Profit before income tax has been arrived at after charging/(crediting):		
Amortisation of land use rights	206	204
Amortisation of deferred capital grant	(817)	(814)
Amortisation of mine development costs	6,505	5,147
Depreciation of property, plant and equipment:		
- cost of sales	27,630	34,043
- other operating expenses	15,655	8,326
Depreciation of right-of-use assets	5,644	6,156
Depreciation of investment property	11	11
Write off of exploration and evaluation costs	-	2,706
Write off of property, plant and equipment	332	121
Fair value gain on other investment	(1,388)	-
Write off of warrants	-	620
Loss on disposal of property, plant and equipment	-	121
Unwinding of discount on non-current trade payables	268	1,128
Write-down of inventories to net realisable value	3,397	-
Impairment loss on trade and other receivables	-	278
Cost of inventories recognized as expenses and included in cost of sales	688,371	874,001
Foreign exchange (gain)/loss – net	(574)	3,809
Rental expenses:		
- short-term leases	9,865	5,614
- leases of low-value assets	454	60
Interest income	(691)	(898)
Finance costs:		
- loans	27,309	28,832
- lease liabilities	306	591
- others	1,212	2,797
Employee benefits expenses	70,238	81,850

Note 2: Exploration and evaluation costs

	2020	2019
The Group	A\$'000	A\$'000
At beginning of year	963	1,808
Costs incurred during the year	1,363	1,861
Written off during the year	-	(2,706)
At end of year	2,326	963

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Note 3: Interests in associates

	2020	2019
The Group	A\$'000	A\$'000
Interests in associates	126,832	116,358

The associates are:

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Percentage of equity held</u>		<u>Principal activities</u>
		2020	2019	
Ntsimbintle Mining Limited	South Africa	26%	26%	Investment holding
OM Materials Japan Co., Ltd.	Japan	33%	33%	Trading of metals and ferroalloy products

Note 4: Other significant information

Sponsor Guarantee issued under the terms of the Power Purchase Agreement with Syarikat Sesco Berhad

Pursuant to the execution of the Amended Power Purchase Agreement (“PPA”) between a subsidiary, OM Material (Sarawak) Sdn. Bhd., and Syarikat Sesco Berhad (“SSB”), the Company issued sponsor guarantees to SSB for its 75% interest of the subsidiary’s obligations under the PPA.

The sponsor guarantees disclosed above do not fall into the category of financial guarantees as they do not relate to debt instruments. The purpose of these guarantees is essentially to enable SSB to provide the power supply to the subsidiary on the condition that these guarantees are provided by the Company in the event that there are any unpaid claims arising from the PPA owed to SSB. There are no bank loans involved in these guarantees. As such, there is no need for the guarantees to be fair valued.

Project Support guarantee issued under the terms of the Facilities Agreement and the Project Support Agreement

OM Materials (Sarawak) Sdn Bhd, a subsidiary of the Company entered into a project finance Facilities Agreement (“FA”) for a limited recourse senior project finance debt facility.

Concurrently, the Company also executed a Project Support Agreement (“PSA”) with OM Materials (Sarawak) Sdn Bhd (as Borrower), and the ultimate shareholders of the Borrower (as Obligors). The PSA governs the rights and obligations of the Obligors. These obligations and liabilities of the Obligors are severally liable on the basis of its shareholding proportion in OM Materials (Sarawak) Sdn. Bhd.

The PSA will lapse upon the final payment of the project financing facilities.