ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

Labour Hire
Recruitment

ACTION WORKFORCE

concept Engineering

concept Retail Solutions

concept Recruitment Specialists

TSA Track Safety Australia

CCL

Training

ashley institute of training

national institute of training

TRACMIN Training Action Motivating Industry

TIC FLEXIBLE, TAILORED RAIL TRAINING

Australian Institute of Vocational Development

2022 ANNUAL GENERAL MEETING

Wednesday 30 November 2022

Agenda

- Opening Address from Chairman – Ian Pratt
- Business Update from Managing Director – Ross Shrimpton
- Q1 FY23 Financial Results – Paul Brittain CFO
- Resolutions as per Notice of Meeting
- General Business
- Close of Annual General Meeting

Q1 FY23 Financial Results

Both organic revenue growth and the Linc acquisition are driving Profit growth

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- **NPAT** for Q1 FY23 at $3.1m was up $0.8 million on the prior corresponding period ("pcp").
- **EBITDA** for Q1 FY23 at $5m is up $1.3m (36%) on pcp
  - **Labour Hire** up $1m ↑23%
  - Labour Hire includes newly acquired Linc, which delivered $0.7m, a very strong quarter due to additional labour associated with a client plant shut down
  - **Training** up $0.5m ↑117%, with margins in Ashley and TIC returning to expected levels.
- Revenue up $21.6m or 20%
  - **Labour Hire** up $20.8m or 20%. $4.8m from Linc. $9m from Construction related labour hire in Victoria. Remainder mainly in Action Work Force, East Coast, but particularly organic and new customer growth in NSW
  - **Training** up $0.8m or 29%.
- Corporate expenses tightly controlled, but will need to increase to service customer growth, acquisition integrations and continuing systems improvements.

$ million	Unaudited Q1 FY23	Unaudited Q1 FY22	Audited H1 FY22	Audited H2 FY22	Audited F22
Revenue by segment					
Labour Hire	124.4	103.6	213.9	224.3	438.2
Training	3.7	2.9	5.9	5.6	11.5
Total Revenue	**128.1**	**106.5**	**219.8**	**229.9**	**449.7**
EBITDA by segment					
Labour Hire	5.3	4.3	10.6	11.1	21.7
Training	0.9	0.4	0.9	0.6	1.5
Corporate	(1.2)	(1.0)	(2.2)	(2.3)	(4.5)
EBITDA	**5.0**	**3.7**	**9.3**	**9.4**	**18.7**
Depreciation & Amortisation	(0.5)	(0.4)	(0.8)	(1.0)	(1.8)
EBIT	**4.5**	**3.3**	**8.5**	**8.4**	**16.9**
Net interest expense	(0.2)	(0.1)	(0.2)	(0.3)	(0.5)
Income tax expense	(1.2)	(0.9)	(2.4)	(2.6)	(5.0)
NPAT	**3.1**	**2.3**	**5.9**	**5.5**	**11.4**
Non controlling interest	(0.2)	-	-	-	-
NPAT attributable to shareholders	**2.9**	**2.3**	**5.9**	**5.5**	**11.4**

Q1 FY23 Financial Results

Balance Sheet

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$ million	Unaudited Q1 FY23	Unaudited Q1 FY22	Audited FY22
Assets			
Current Assets			
Cash and cash equivalents	2.9	4.3	1.7
Trade and other receivables	58.7	47.5	55.0
Current tax receivable	1.4	-	1.6
Contract assets	1.0	-	0.8
Financial asset at amortised cost	1.2	-	0.2
Other assets	1.8	2.8	2.2
Total Current Assets	**67.0**	**54.6**	**61.5**
Non-Current Assets			
Property, plant and equipment	2.8	1.3	2.0
Deferred tax assets	3.9	5.7	3.9
Right-of-use assets	3.1	1.8	3.4
Intangible assets	14.1	10.9	11.0
Other assets	-	-	0.1
Total Current Assets	**23.9**	**19.7**	**20.4**
Total Assets	**90.9**	**74.3**	**81.9**
Liabilities			
Current Liabilities			
Trade and other payables	40.7	29.4	30.8
Borrowings	5.0	3.8	5.3
Current tax payable	-	1.1	-
Lease liabilities	0.6	0.4	1.1
Other liabilities	-	0.8	-
Provisions	4.5	3.9	4.0
Total Current Liabilities	**50.8**	**39.4**	**41.2**
Non-Current Liabilities			
Borrowings	-	1.6	-
Deferred tax liabilities	4.6	2.3	4.0
Lease liabilities	2.5	1.3	2.5
Other liabilities	2.0	2.0	2.0
Provisions	0.7	0.4	0.7
Total Non-Current Liabilities	**9.8**	**7.6**	**9.2**
Total Liabilities	**60.6**	**47.0**	**50.4**
Net Assets	**30.3**	**27.3**	**31.5**

- The unaudited balance sheet for Q1 of FY23 includes preliminary acquisition accounting entries for Linc, acquired on 5 July 2022.
- Underlying **net working capital** (trade and other receivables less trade and other payables) reduced $6.9m since 30 June 22, despite the revenue increases, due to anticipated collection of sundry debtors in Q1. Net working capital now includes $0.7m from the Linc acquisition.
- **Intangible assets** increased $3.1m from 30 June 22 due to Linc. A final payment of $1.3m was made in October, bringing the total purchase price for the 75% interest to $4.2m. Intangible assets increased to $15.4m in October 22.
- **Financial Assets at amortised cost** increased $1m from 30 June 22, representing working capital funding into equity accounted investments, being the Indigenous labour hire companies in Vic and NSW in which ASG has 49% interests. The Vic operation, which commenced before year end is growing well. The NSW operation is now commencing.
- **Net Assets** now at $30.3m reflecting decrease of $1.2m on FY22 being Q1 NPAT of $3.1m less payment of the FY22 Final Dividend of $4.3m

Q1 FY23 Financial Results
Cash Flow

$ million	Unaudited Q1 FY23	Unaudited Q1 FY22	Audited FY22
EBITDA	**5.0**	**3.7**	**18.7**
Change in working capital	6.9	(0.9)	(7.1)
Net interest/tax received / (paid)	(1.3)	(1.1)	(5.0)
Other	(1.4)	0.4	-
Net Cash from / (used in) operating activities	**9.2**	**2.1**	**6.6**
Property, plant and equipment	(1.0)	(0.3)	(1.6)
Payment for purchase of businesses net of cash acquired	(2.3)	(0.4)	(1.2)
Net Cash used in investing activities	**(3.3)**	**(0.7)**	**(2.8)**
Net proceeds from / (prepayment of) borrowings	0.2	4.3	4.2
Repayment of lease liabilities	(0.6)	(0.5)	(1.1)
Dividend Paid	(4.3)	(3.9)	(8.2)
Net Cash from / (used in) financing activities	**(4.7)**	**(0.1)**	**(5.1)**
Net Cash flow	**1.2**	**1.3**	**(1.3)**
Cash at beginning of period	**1.7**	**3.0**	**3.0**
Cash at end of period	**2.9**	**4.3**	**1.7**
Debt at end of period	**5.0**	**5.4**	**5.3**
Net Cash / (Debt) at end of period	**(2.1)**	**(1.1)**	**(3.6)**

- **Net Cash from operating activities strong** at $9.2m, with improved EBITDA and one-off benefit of sundry debtor collections.
- **Net Cash used in investing activities** of ($3.3m) reflects ongoing capital investment and the net payment in Q1 relating to acquisition of Linc Personnel. Ongoing capital investment increased primarily purchasing motor vehicles required to support growth in the Vic labour hire traffic services business.
- **Net Cash used in financing activities** of ($4.7m) reflects $4.3m in dividend payments and the continuing repayment of lease commitments.
- **Net Debt** position of ($2.1m) is $1.5m improved from 30 June 22.

Q1 FY23 Financial Results
Labour Hire, strong Revenue growth

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$ million	Unaudited Q1 FY23	Unaudited Q1 FY22	Audited FY22
Revenue	124.4	103.6	438.2
EBITDA	5.3	4.3	21.7
EBITDA margin %	4.26%	4.15%	4.95%
Labour hours charged (millions)	2.277	2.164	8.859

Labour Hire Recruitment

- **Labour Hire Revenue up $20.8m or 20%**

  $4.8m from Linc. $9m from Construction related labour hire in Victoria. Remainder mainly in Action Work Force, East Coast, but particularly organic and new customer growth in NSW.

  Customer orders strong in the lead up to Christmas.

- **Labour Hire EBITDA of $5.3m was up $1m or 23%**

  EBITDA margin reduced from FY22 average as government incentive programmes wind down and due to inflationary pressures.

  Key focus to improve margins as contracts renew.

- **Labour Hours charged** for the quarter were up 5%, with rates up 14%, reflecting inflation, but mainly business mix (Q1 FY23 $54.63, Q1 FY22 $47.87, FY22 $49.46)

- **Strategy** is to drive growth in higher margin labour hire segments, which typically have higher average unit rates. Steadily improving diversification and revenues outside our the core warehousing/logistics sector.

Q1 FY23 Financial Results

Training top line growth accompanied with return to 20%+ margins

$ million	Unaudited Q1 FY23	Unaudited Q1 FY22	Audited FY22
Revenue	3.7	2.9	11.5
EBITDA	0.9	0.4	1.5
EBITDA margin %	23.32%	13.3%	13.19%

- **Training Division** has seen a pleasing lift in revenue, up $0.8m or 28% with this growth spread across all states.
- COVID challenges were in existence across most markets in Q1 of FY22, with the ability to finalise students impacted which reduced revenue and profit in pcp
- The Training division is growing again from a solid base built on a strong culture of Compliance.
- Margins improved to historical levels, with a drive to improve class and trainer utilisation rates, following a return to more normal attendances, post lifting of COVID restrictions.

Proxies Cast

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Resolution	For	Against	Proxy Discretion	Abstain
ITEM 2. Remuneration Report	26,723,476	33,515	133,698	14,539
ITEM 3. Election of Director: Paul Brittain	107,463,757	11,000	114,091	34,907

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