

31 January 2023

Appendix 4C and Quarterly Activities Report

The Directors of Site Group International Limited ("Site", ASX:SIT) have released the Appendix 4C quarterly cash flow for the quarter ended 31 December 2022.

The results for the quarter excluding the one-off impact of the sale of subsidiary as described below was revenue of \$1.5m with an EBITDA loss of (\$0.3m). The cash position of Site at the end of the June quarter was \$0.4m. Operating cash for the quarter was a higher net outflow of (\$1.7m) as the company was able to settle significant working capital balances during the period.

Clark Land

Following the 2 November 2022 shareholder approval of the sale of 61.6% in the Company's subsidiary Site Group Holdings Pty Ltd (SGH), the holder of the Clark lease, the transaction was completed on 23 November 2022. The US\$10.005m consideration values the Clark property asset at US\$16.25 million.

Training

In the Kingdom of Saudi Arabia, Site offers vocational programs in welding, pipefitting, electrical, instrumentation, and safety through its Al Ajmi Consortium partnership. The Consortium supports the Saudi Government's nationalisation objectives as part of its Vision 2030. In welcome signs of the post-pandemic recovery, the December 2022 intake at the Maharat Construction Training Centre (MCTC) saw cohort numbers rise by 62% over previous intakes. An expected further 40% increase in commencements for the March 2023 cohort will see student numbers return to pre-pandemic levels and revenues increase significantly. Work has commenced on The Fire & Safety Training Centre in Jubail announced on 8 November 2022. There is high demand for Fire and Safety programs in the region. Site is currently progressing works related to the recruitment of key staff and international accreditations for the facility and its programs. The centre is expected to be operational in the second quarter of CY2023.

On the back of the strengthening ELICOS sector, Site Institute recommenced its English for Engineering program during the quarter and is continuing to see increasing enquiries and applications for its certificate and diploma engineering and construction pathway courses. In anticipation of the long-awaited MEM release 3.0 (Dec 2022), course restructure and resource development work was completed to ensure a seamless transition to the new qualifications for all engineering students commencing in the January 2023 cohort. Looking forward, expansion this year will see new courses added at our Brisbane facilities and the opening of a new regional campus on the Gold Coast mid-2023.

Related party payments

Item 6.1 of Appendix 4C identifies payments made to related parties in the quarter of \$134k. These payments represent the salaries paid to executive directors of the Company.

Authorised for release by the Board.

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Media and Investors

Craig Dawson

CFO

+61 (7) 3114 5188

craig.dawson@site.edu.au

Principal & Registered Office: Level 2, 488 Queen St, Brisbane QLD 4000

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Site Group International Limited

ABN

73 003 201 910

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (..6...months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,199	2,884
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(1)	(2)
(d) leased assets		
(e) staff costs	(1,624)	(2,863)
(f) administration and corporate costs	(1,066)	(1,784)
1.3 Dividends received (see note 3)		
1.4 Interest received	0	1
1.5 Interest and other costs of finance paid	(267)	(343)
1.6 Income taxes paid	(4)	(6)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,763)	(2,113)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	6	6
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..6...months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	3,000	3,000
	(b) businesses	558	558
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (cash securing bank guarantees)	(14)	(14)
2.6	Net cash from / (used in) investing activities	3,538	3,538

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	490
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,225)	(1,225)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Repayment of principle on lease liabilities)	(324)	(465)
3.10	Net cash from / (used in) financing activities	(1,549)	(1,200)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	145	139
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,763)	(2,113)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3,538	3,538

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..6...months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,549)	(1,200)
4.5	Effect of movement in exchange rates on cash held	-	7
4.6	Cash and cash equivalents at end of period	371	371

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	371	145
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	371	145

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	134
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,225	1,225
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	1,225	1,225
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <ul style="list-style-type: none"> - On 21 June 2018, the Company announced a financing facility of \$US4 million with Punta Properties (Punta), a company associated with the Chairman Nicasio Alcantara. Following completion of the sale of 61.6% of shares in subsidiary Site Group Holdings (SGH) to a group of investors including Punta for \$US10 million, Site balances outstanding to Punta including the loan described above and other advances totalled \$US7.25 million. As part of the sale, the amount owed by Site to Punta was converted to equity in SGH and fully settled. - The original facility with Lucerne was reduced in the quarter to \$775,000 and the facility remains in place. Interest charged will be 9.5% per annum. 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,763
8.2	Cash and cash equivalents at quarter end (item 4.6)	371
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	371
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.21
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: Net operating cash flow will improve significantly in subsequent quarters due to the current quarter consisting of higher than normal working capital payments following the receipt of funds from the sale of 61.6% of the subsidiary Site Group Holdings Pty Ltd.</p>	

- 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: On 23 November 2022, the sale of 61.6% equity of its wholly owned subsidiary Site Group Holdings Pty Ltd, the holder of the Clark lease for US\$10.005 million including significant debt conversion was completed. Site is now proceeding with a rights issue to existing shareholders with substantial shareholder EGP Capital Fund committing to take up their rights and contribute to any shortfall up to a combined amount of \$1m.

- 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The entity fully expects to continue to meet its business objective and to continue existing operations.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023.....

Authorised by: ..By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.