ASHLEY SERVICES GROUP
LABOUR HIRE | TECHNICAL SERVICES | TRAINING

26 November 2024

2024 AGM Addresses
(including earnings and banking facility updates)

Address by Ian Pratt, Chairman

Good morning ladies and gentlemen,

My name is Ian Pratt and I am the Chairman of Ashley Services Group Limited. I'd like to welcome you to Ashley Services 2024 Annual General Meeting.

It is now 11am, the nominated time for the meeting. I am informed that a quorum is present, the meeting is validly constituted, and I am pleased to declare the meeting open. No apologies have been received.

I'd like to start by acknowledging the traditional owners of the land on which we meet, the Gadigal people of the Eora Nation and I pay my respects to their elders' past and present. I also extend that respect to other Aboriginal and Torres Strait Islander peoples.

I thank you for taking the time to join us. Your directors are all here today, including your Managing Director Ross Shrimpton along with Paul Brittain our Chief Financial

Officer and Executive Director. Also in attendance is Kinh Luong, our Audit Partner from HLB Mann Judd and Glen Everett, our Chief Operating Officer. Ron Hollands, our company Secretary is attending virtually.

The agenda for today's meeting will be as follows:

1. Address by myself, Ian Pratt, Chairman, focused on the Year Ended 30 June 2024 ("FY24");
2. Financial Results commentary for the four months to 31 October 2024 by Paul Brittain, CFO and Executive Director;
3. Address by Ross Shrimpton, Managing Director, including an update on key strategic initiatives and expectations for results for the Year Ended 30 June 2025 ("FY25");
4. Resolutions as per the Notice of Meeting, delivered by Ron Hollands
5. Finally, we cover any general business including questions.

FY24 results - Commentary by Ian Pratt.

The financial year ended 30 June 2024 (“FY24”) was a challenging year for the company.

1. Market demand fell in our core supply chain, retail and manufacturing sectors. Positively, the Group did not lose any significant customers, secured longer term contracts with key customers and gained new customers. Margins declined due to the negative impact of fixed hourly margins in the recent inflationary environment, the competitive nature of the industry and decrease in government incentives for trainees.

2. Our strategy has been clear – to diversify revenues into higher margin sectors and to optimise efficiency. Unfortunately, several factors temporarily halted progress. More specifically,

    a. Hours worked, revenue and margin in the construction and engineering sectors within Victoria reduced due to timing of project completions, new project delays and industrial relation challenges.

    b. Profitability from Owen Pacific Workforce was below expectations due mainly to increasing flight costs not recoverable from workers.

c. Linc was unable to renew a key customer contract and the business declined to negligible levels.

d. The Group incurred non-recurring net expenses of $3.24m, primarily relating to the impairment of goodwill and customer relationships acquired during the acquisition of Linc.

3. As a result, Net Profit After Tax (“NPAT”) for financial year 2024 (“FY24”) fell to $1.35m.

4. The Group declared dividends for FY24 of 0.74 cents per share ($1.065m) – a 79% pay-out ratio.

Paul will now comment on the Group’s results for the first four months of FY25.

Unaudited results for the four months to 31 October 2024 ("YTD October 24") - Commentary by Paul Brittain.

Thanks Ian.

Profit:

In our year end Full Year Results announcement, Ross commented that:

"Our construction-exposed labour hire brands continue to face uncertainty in Victoria and we expect profit in this sector to be minimal during the first quarter of FY25. First quarter profits for ASH training will also be reduced with lower public funding available in Victoria."

The expected challenging market conditions did continue through the first four months of FY25:

1. Supply chain, retail and manufacturing hours, YTD October, were down 10% from the prior corresponding period (the four months to 31 October 2023 or "pcp") due to reduced market demand;
2. Construction and engineering revenues and profits (EBITDA) in Victoria were down $17m and $1.6m respectively for the four months;
3. Linc was not operating, with revenue down $3m from pcp and EBITDA down $0.2m.

4. Revenues and profits from training for the four months were down $1m due to funding constraints in Victoria and a reduction in Telco training in QLD.

Operationally, the OPW business was merged, at the end of FY24, with the Group's existing labour hire business in the horticultural sector. Revenues increased $5.6m in the horticultural sector, following success with initiatives within OPW to diversify geographic and product base. EBITDA in horticulture was up $0.4m.

Overall revenue (unaudited) for the first four months of FY25 was $176m (down $18m or 9% from the pcp). EBITDA (unaudited) was $2.5m. NPAT for the four months (unaudited) was $0.5m.

Banking facilities and dividend pay-out ratio update:

The Group's borrowing facilities were varied through a Deed of Amendment to extend the maturity date for acquisition loan facility by two years from 27 December 2025 to 31 December 2027, with quarterly repayment requirements reduced from $1m per quarter to $0.65m per quarter. The first repayment of $0.65m is due 1 February 2025. The acquisition loan capacity is $13m.

The invoice facility, with $25m maximum capacity, remains in place.

For all periods to 31 December 2027, the Group's maximum pay-out ratio for dividends will be 70% of NPAT attributable to shareholders.

I will now hand over to Ross, our Managing Director.

Strategic update, including expectations for FY25 - address by Ross Shrimpton, Managing Director.

Thanks Paul.

Our focus remains:

i) To grow revenues in higher margin sectors;

ii) To deliver sustainable margin improvements across all sectors.

Updating progress against these key strategic initiatives;

i) Multi-year contracts are now in place or currently being signed with key customers in the supply chain, retail, manufacturing and horticultural sectors, comprising over 80% of current revenues in those sectors. The contracts incorporate improved terms and conditions, which should arrest the recent margin declines seen in these core businesses.

ii) The Group commenced labour hire in the mining sector in the Pilbara;

iii) The construction business in Victoria secured several new projects which commence in H2 of FY25;

iv) The ASH training business commenced delivery of two important fee for service courses;

v) OPW continued to gain additional customers, importantly improving geographic and product spread;

vi) We continued to progress a project with a key customer to commercialise the Group's workforce management system, with potential to licence the system to third parties.

FY25 profitability will be skewed to H2. We expect EBITDA for FY25 to be similar to that achieved in FY24 (which was $11.9m, excluding the net non-recurring expenses)".

Ron Hollands will now present the results of voting on the resolution concerning the Remuneration Report.

Proxies Cast – Commentary by Ron Hollands.

Resolution	For	Against	Proxy Discretion	Abstain
ITEM 2. Remuneration Report	10,844,381	119,764	133,080	397,244

- ENDS –

For further details:

Paul Brittain,

Chief Financial Officer and Executive Director.