

SKS Technologies to Acquire IT Technology Business Integrated Solutions Group Queensland

SKS Technologies Group Limited (ASX: SKS) is pleased to announce that it has entered into a binding agreement with Integrated Solutions Group Queensland Pty Ltd (Integrated Solutions) for the full acquisition of its shares. The earnings accretive acquisition expands on SKS Technologies' existing offering and will allow for SKS Technologies to service a wider range of clients as they execute on their digital transformational strategies.

Highlights

- **SKS Technologies acquires specialist IT provider Integrated Solutions Group Queensland Pty Ltd for total consideration of \$5m.**
- **The consideration paid by SKS Technologies for the acquisition represents a multiple of 0.86x revenue.**
- **The acquisition complements SKS Technologies strategy, capitalising on the convergence of Audio-Visual and IT as part of the digital transformation trend, and is due for completion at the end of September.**
- **Integrated Solutions derives approximately 61% of its revenue from recurring income driving higher profit margins.**
- **The acquisition will allow for SKS Technologies to expand its presence in Queensland and scale operations throughout Australia, and will be funded through the issuance of shares and a new long term debt facility.**

Integrated Solutions is a specialist provider of IT project management, consultancy and ongoing support services, including cyber security, data hosting, and procurement to a client list that is similar and complementary to that of SKS Technologies.

Integrated Solutions brings 32 employees based in its Brisbane office, approximately \$6 million of revenue per annum and \$0.5 million of working capital. The business will continue to operate in Brisbane, and SKS Technologies will leverage its current footprint to enable growth nationally.

The total value of consideration is \$5 million with an initial cash amount of \$1.8 million plus \$1.2 million of new shares in SKS Technologies both due upon completion at the end of September. A further amount of up to \$2 million under an earn out arrangement, will be payable in equal amounts over three years. At each year end, all Integrated Solutions shareholders will receive a pro-rata amount of \$0.4 million in cash and new equity to the value of \$266,667. The number of shares allocated will be based on a volume weighted average price calculation at the time. The initial cash consideration of \$1.8 million will be funded through a new \$2 million long-term debt facility.

Chief Executive Officer, Matthew Jinks said, *“This acquisition fits into the third cornerstone of our strategy, Technology Expansion, which aims to drive higher margins with a recurring revenue model by leveraging the convergence of IT and Audio-Visual networks. Much of our traditional work on projects in the AV space requires close collaboration with IT providers to ensure an end result that is seamlessly high-functioning. Having worked with Integrated Solutions on a number of successfully delivered projects, the concept of bringing those skills and expertise in-house is a logical and compelling extension of what we already offer our customers.”*

Mr Jinks said, *“We employ a very disciplined approach to our acquisitive growth, with a specific set of criteria used to assess potential targets, including specifically no or low debt, no inventory, additional working capital, high margins, a recurring revenue model and excellent growth prospects. Integrated Solutions ticks all of these boxes, including deriving approximately 61% of its revenue from recurring income structured under one to two year agreements.”*

SKS Technologies has known for some time now that Audio-Visual will amalgamate with IT and the speed of that joining has only been accelerated by the onset of the pandemic. SKS Technologies’ strategy is to capitalise on this unforeseen advancement in digital transformation to build a solid recurring revenue business that can grow alongside a rapidly changing external environment.

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Approved for release by the Board of SKS Technologies Group Limited

Further Information	Matthew Jinks Chief Executive Officer (03) 9289 5000
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SKS Technologies delivers advanced technology through digital transformation via creative design and installation of converged AV/IT, electrical and communication networking solutions nationally.