

Turnaround Validates Organic and Acquisitive Growth Strategy

\$36.3MSales Revenue from
Operations**\$2.4M**EBITDA from
Operations**\$2.2M**NPAT from
Operations**\$1.4M**Operating Cashflow
from Operations

SKS Technologies Group Limited (ASX: SKS) today announced its full year financial results for the year ending 30 June 2021. This was the first financial year for SKS Technologies following its divestment from non-performing assets, which enabled the Company to focus on the core business, continue momentum and progress growth opportunities that drive higher margins under a recurring revenue model by leveraging the convergence of Audio Visual (AV) and Information Technology (IT).

Highlights

- Total after tax profit was \$2.17m compared with a loss of \$4.99m in FY20.
- Achieved ~\$36m in continuing operations revenue in FY21, an uplift of 34% from the pcp.
- Over the year, work continued to be won at a rate faster than projects were being completed, building the order book by 266% from FY20 year end to 30 June 2021 to \$26m.
- Results validate the strategy to exit non-performing businesses and concentrate company resources on the most profitable operations.
- Annualised revenue run rate in excess of \$60m.

Continued Operations

SKS Technologies achieved a 34% uplift in sales revenue in FY21 with \$35.60 million compared with \$26.55 million in the previous year, sitting above the \$33.2 million that was forecasted to the market in May this year. Of the 34% increase, the recently acquired APEC Technologies contributed approximately 35% of final quarter revenue, making year-on-year growth in revenue 15% for the core business, demonstrating a validation of our growth strategy and defying the challenges arising from the pandemic. The increased sales revenue is largely the result of heightened sales and market awareness across all sectors.

\$35.6M

Sales Revenue from
Continuing Operations

\$2.0M

EBITDA from
Continuing Operations

\$1.7M

NPAT from
Continuing Operations

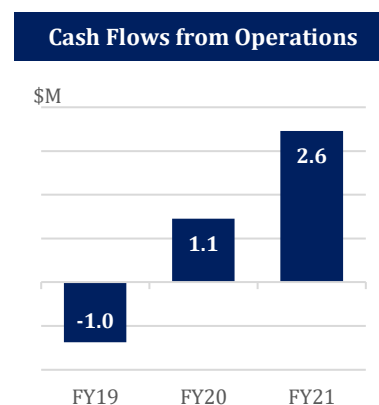
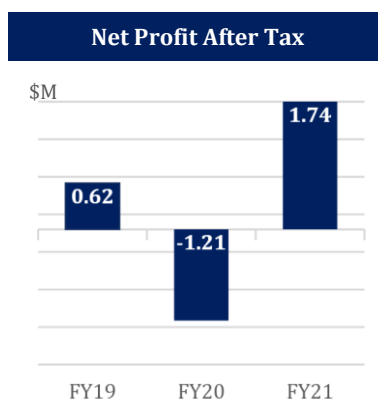
\$2.6M

Operating Cashflow
from Continuing Ops

Chief Executive Officer, Matthew Jinks, said, “This solid turnaround result validates our revised strategic direction that has guided the sale of non-performing assets and the two-pronged growth and efficiency focus of the continuing operations. The improvement also established a strong base from which to acquire and successfully integrate APEC Technologies in 2H21.”

SKS Technologies is pleased to announce an after tax profit from continuing operations of \$1.74 million, including a net tax benefit of \$0.54 million arising from the previous year’s losses, which can be offset against expected future profit. This represents a turnaround of \$2.95 million compared with FY20. Total EBITDA from continuing operations was \$2 million, compared with a loss of \$0.38 million in FY20.

Group operating activity generated surplus cash flows of \$1.43 million for the year compared with a loss of \$0.12 million in the previous year. The company also has a \$3 million working capital facility that was undrawn at year end and no long-term borrowings.



Operating cash flows from the continued operations were \$2.59 million in FY21 and \$1.09 million in FY20. These results validate the strategy to exit non-performing businesses and concentrate all company resources on the most profitable operations.

Mr Jinks also said, “Debt has been reduced by \$5 million since the end of FY19. Add to that positive operating cash flow and an undrawn working capital facility of \$3 million and the improvement in the underlying strength of the business over the past is evident.

Over the year, work continued to be won at a rate faster than we were completing projects, building the order book by 266% from FY20 year end to 30 June 2021 to \$26m. Work was performed on a range of projects under construction for large organisations including the Australian Federal Police, the Victorian and South Australian state governments, large construction company Thiess and Australia Post.

Outlook for FY22

The acquisitions of APEC Technologies and recently announced Integrated Solutions Group Queensland enhance the Company's capability to leverage a larger trend which has seen digital technologies become essential to the way companies and individuals are operating and communicating. The combined entity now has an annualised revenue run rate in excess of \$60m.

SKS Technologies has now built a strong foundation and is well positioned to continue its growth into the managed AV and IT integrated solutions space to take advantage of our existing expertise and build a strong recurring revenue model to diversify income streams.

With a continued focus on rigorous cost control and extracting maximum synergies from our acquisitions, SKS Technologies will continue to identify and analyse opportunistic acquisition targets that can be easily and efficiently integrated into its existing operations to build scale and market reach.

~ ENDS ~

Approved for release by the Board of SKS Technologies Group Ltd

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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.