

ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

17 NOVEMBER 2022

Good morning shareholders and guests, and thank you for joining us today. My name is Peter Jinks and I am the Chairman of SKS Technologies Group Limited. I'd like to welcome you all to the 2022 Annual General Meeting.

And I'd like to acknowledge the traditional owners and custodians of the land on which we meet today, the Wurundjeri people of the Kulin nation, and to pay my respects to their elders past and present.

This year, I am pleased to be able to present to you in person after the last few years of virtual meetings in what seemed a surreal time for people across the globe. I am also pleased to be able to report on a business that is enjoying rapid growth with technologies and services that have become even more critical to businesses since the onset of the pandemic.

Given we have a quorum, I now declare the meeting open.

I'd like to begin by introducing my fellow board members. With me today I have Executive Director, Greg Jinks and Non-Executive Director, Terence Grigg. I also have our Chief Executive Officer and Joint Company Secretary, Matthew Jinks and our Chief Financial Officer and Joint Company Secretary, Gary Beaton.

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Over the last two years, we've all had to adapt to a completely different way of doing things across every facet of our lives. While it's been a challenging time, SKS Technologies has not only adapted, it has succeeded in executing its growth strategy irrespective of these difficult trading conditions.

I am pleased to report to you that FY22 was a positive year for SKS Technologies on many fronts. Having successfully integrated APEC Technologies in the last quarter of FY21, the business capitalised on the opportunities identified during the due diligence process, and now operates from a vastly expanded platform based on earnings derived from the acquired business as well as from an aggressive organic growth strategy in the original business. We have opened branches in new states and territories, restructured and improved operations in some existing branches, and identified emerging markets in which our technologies and services have direct relevance.

Probably the most pertinent and obvious measure of our success in growing the realigned and restructured business over the past two years, is work on hand. We ended the FY20 year with an order book of approximately \$7 million. Six months later, work on hand totalled \$10 million and that doubled to \$20 million with the acquisition of APEC in March 2021. Since then, we have reached \$47 million earlier this year, with the order book currently sitting at \$43 million.

This considerable level of growth has also been achieved with a backdrop of the most difficult trading conditions we have ever experienced, given the far-reaching nature of the global Covid pandemic. We have been well and truly

tested over these past few years and our business has not only survived, it has prospered.

Our earnings metrics also support the growth story, with an almost doubling of revenue from \$35.6 million in FY21 to \$67.3 million in FY22. Profit before tax increased by 66.5% while profit after tax increased by 73.4% to \$3.02 million.

With respect to the balance sheet, improved shareholder equity has resulted in a turnaround in net tangible assets per share from negative 0.57 cents at FY21 to positive 1.47 cents per share at FY22. Similarly, earnings per share rose from 1.61 cents in FY21 to 2.8 cents per share in FY22.

On the back of this strengthened performance, combined with an assessment of the level of capital required for the business to fund its ongoing vigorous growth plans, the board has declared a small final dividend of a quarter of a cent per share. The payment of a dividend is further confirmation of our turnaround and growth over the past few years.

Equally, our ability to secure an \$8 million debt facility with the Commonwealth Bank last month demonstrates the different business we operate today. The new overdraft facility of \$5 million replaces the current more expensive invoice financing arrangements and is a more flexible and efficient means of funding the company's operations as it continues to grow. The \$3 million bank guarantee facility will free up existing working capital that is currently tied to project performance guarantees, which can also be used in furthering the company's growth objectives.

In terms of strategy, Covid confirmed what we knew about the vital nature of our offering, but it also brought a realisation from the full spectrum of industry that our technologies, systems and services are a critical component of risk mitigation in every business.

The data centre market growth is largely being driven by technology innovations, expanding connectivity, growing cloud presence, and increasing data centre investment by large multinational organisations. Growth in the smart building space is being driven by a greater demand for digital services, specifically those associated with social distancing, with touchless technology considered the gold standard. We are pursuing work in both of these areas, which combine the full range of skills and expertise that are already well developed in our business.

In line with our growth strategy, as well as our environmental social governance strategy, we established a new business arm called SKS Indigenous Technologies in August this year. Since inception, we have founded our business on relationships, building strong rapport with customers, suppliers and employees. Now we can extend that commitment to Indigenous people under a more formal structure. The new business embodies both our expansion plans for a wider offering from a larger national footprint as well as our desire to provide opportunities for a broader community, and at least initially, exceed the national Indigenous population proportion in employing first nations people.

By all measures, SKS Technologies has succeeded in realigning and growing the business over the past few years. Yet perhaps the most notable of all of these metrics is our 96% repeat business level. The only way customers will

be drawn back is through strong and productive relationships, and systems and services that beat the market on efficacy and reliability. We have a superior suite of technologies and services, but we also have people who understand the intrinsic value of our offering, and who can package it innovatively to create bespoke solutions. The past few years have drawn out the ingenuity and resourcefulness

of our people in finding new ways to address problems and keep our customers happy, and for that, we applaud their efforts and their success.

On behalf of the Board, I would also like to thank our shareholders for their continued support and belief in our story and plans for the business, and our ability to execute them. Without their support we wouldn't have been able to achieve what we have achieved to date in our business. I thank also our customers and suppliers whose loyalty and co-operation, particularly in more recent times, has been critical in enabling us to achieve the growth we have pursued. They are all part of a supply chain that has proved to be robust and thus highly valuable.

In closing, I believe our business is in an enviable position. While the Australian economy has been significantly tested over the past few years, it has withstood the multiple shocks delivered by Covid with extraordinary resilience. And while we are facing high inflation, increasing interest rates and a higher cost of living, the Reserve Bank of Australia remains relatively positive about the future, given continued strong demand for our exports and the low rate of unemployment. In our marketplace, we continue to experience high demand, something that in light of the pipeline of opportunities, does not appear to be likely to change for some time. We have

now become an essential ingredient in risk management programs across the country and I look forward to keeping you up to date on our continuing growth.

Before I hand over to Matthew, who will take you through the operational performance of the business in FY22, I'd like to thank you all again for joining our meeting this morning, and wish you a safe, healthy and happy Christmas.

Thank you.

Peter Jinks
Executive Chairman