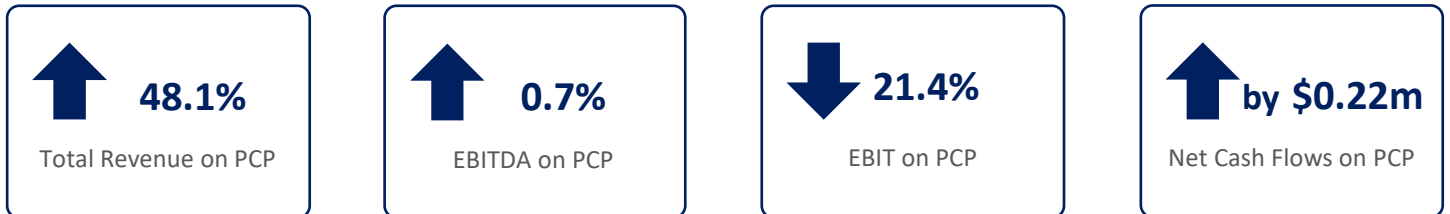


## Continued Investment in Rapid Organic Growth

### 1H23 Highlights



SKS Technologies Group Limited (ASX: SKS) is on track to achieve its aggressive growth targets with another significant revenue increase of 48.1% compared with the previous corresponding period, whilst continuing to fund further expansion plans from internal resources.

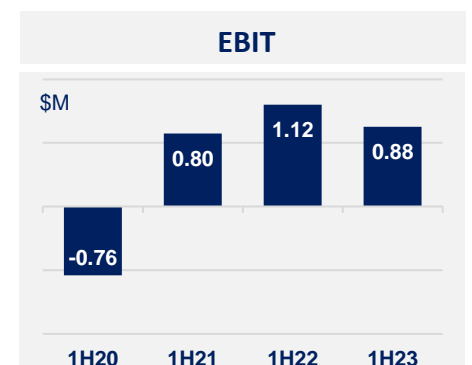
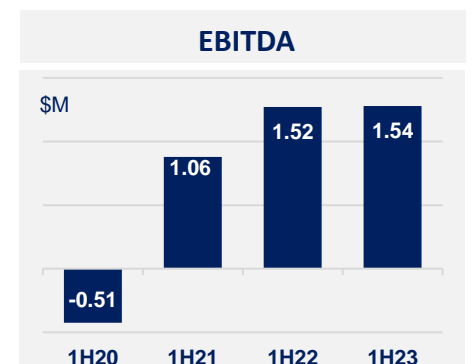
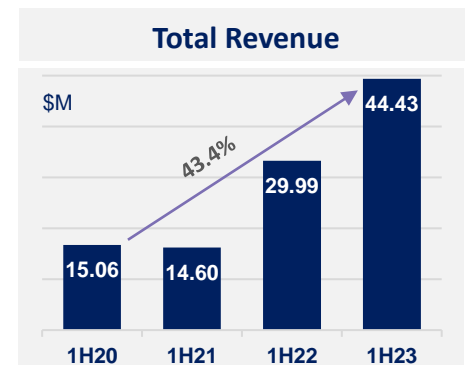
Chief Executive Officer, Matthew Jinks, said, “We have been able to implement an ambitious organic growth strategy funded largely by cash flows. With the new CBA debt, which came into effect in November 2022, combined with a fully national footprint of facilities, SKS Technologies is rapidly transforming itself into a mid-sized, integrated provider of technologies across key markets that are industry agnostic and critical to business development and continuity.”

In Australia, the economic landscape has been dominated by supply chain issues and workforce shortages. Nevertheless, SKS Technologies has remained an employer of choice and managed the necessary recruitment of skilled workers to support the increased demand without issue. Equally, the longer lead times that previously delayed project completions have largely receded, having worked their way through the system. Any residual challenges associated with supply chain constraints can generally be mitigated with alternate or substitute products without compromise to the quality of the project.

### Financial Performance

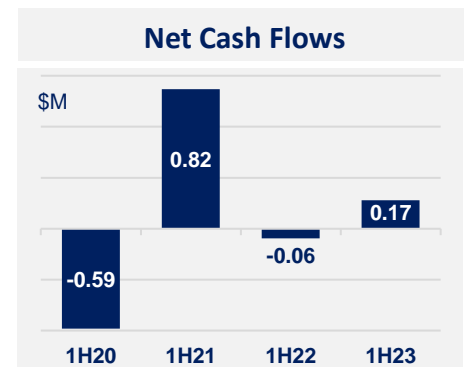
Total revenue increased by 48.1% from \$29.99 million in 1H22 to \$44.43 million in 1H23. This increase is also off the back of an 86.5% revenue increase in FY22 over FY21 and shows the strength of the business’s demand as it consistently builds on a higher base. The four year first half compound annual growth rate is 43.4%.

EBITDA was marginally higher in 1H23 at \$1.54 million compared with \$1.52 million in the previous corresponding period. EBIT was \$0.88 million compared with \$1.12 million at the December 21 half. Profit before tax was \$0.41 million compared with \$0.93 million in the previous corresponding period. Profit after tax was \$0.41 million compared with \$1.35 million at the December 21 half, which included a tax benefit of \$0.42 million. More than half of this decrease in profit is a result of increased depreciation and amortisation, and higher finance costs associated with the significant investment in the Companies expansion, and costs of the invoice financing facility.



The new banking arrangements, which took effect late last year, will enable lower ongoing finance charges, which will flow directly to bottom-line profit.

Net cash flows were positive for the half, with \$0.17 million compared with -\$0.06 in 1H22. Cash flows from operations was \$0.26 million compared with \$0.55 million in 1H22, reflecting a decrease of \$0.29 million largely due to a \$0.14 million increase in interest paid. Cash receipts from customers increased by 51.1% to \$48.04 million while payments to suppliers and employees increased marginally more at 51.9% to \$47.87 million, as the necessary resources are employed to support the significant growth and future prospects of the business.

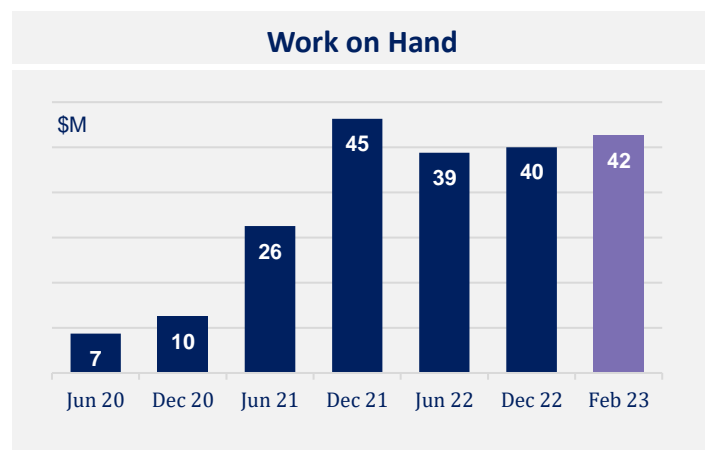


The level of working capital continues to recover, with an almost half a million dollar improvement between 1H23 and the previous corresponding period.

During the half the company secured a \$5 million overdraft facility and a \$3 million bank guarantee facility under an agreement with the Commonwealth Bank. This new facility, which became operational in December last year, replaces the previous, more expensive invoice financing arrangements and is a more flexible and efficient means of funding the rapid growth in operations.

## Operational Performance

A key indicator of the business’s short to medium term growth trajectory is the health of the order book in terms of size as well as continual replenishment as work is completed. Despite the quantum increases in revenue achieved by the business over the past few years, with an ever-expanding workforce to undertake the rapidly growing workload, work on hand has remained stable over the past year, with the rate at which new work is won tracking the rate of work completed. Furthermore, the pipeline of opportunities remains considerable, spread across key industry sectors and geographic markets.



Over the past few years, the business has progressively invested in a national network of SKS Technologies branches, and now has a presence in every state and territory, except Tasmania, which can be serviced from Victoria. These state-based operations are now starting to gain momentum, generating higher volumes of sales and promoting the business at the regional level. During the half, we also made substantial inroads with our Defence and government engagement, with processes for the requisite certifications, accreditations and security clearances to operate in that space well underway. Furthermore, some major suppliers to the Defence sector were onboarded as SKS Technologies customers, providing accelerated proliferation in the sector and an alternate avenue to market.

The business’s diversification into providing and maintaining converged networks in intelligent buildings, as set out in the strategic plan, is progressing with the first project recently secured in South Australia, while the specialist data centre team, established to pursue work in the rapidly expanding, multi-billion dollar data centre market, has also secured multiple projects in both Victoria and New South Wales.

In August last year, SKS Indigenous Technologies was established based on a strong commercial and social rationale, and is currently pursuing numerous opportunities for Indigenous solutions across a range of sectors. While the business is a profit-for-purpose organisation, it also contributes on a social level, providing opportunities for Indigenous Australians to gain an education, and develop skills and qualifications through employment and commercial activity.

## Outlook

Mr Jinks also said, “Despite the mix of economic pressures facing Australian businesses, such as inflation, labour shortages and wage increases, increasing interest rates and higher cost of capital, to name a few, demand for our systems and services continues unabated. SKS Technologies’ first-half performance, the strength of its work on hand position combined with the size and quality of the pipeline, and a lower finance cost base with the newly secured bank debt provide the business with a secure platform to support the thriving demand for the SKS Technologies value proposition.

“The Board is confident that its revenue target is achievable, with sales revenue in 1H23 indicating that the business is on track to achieve its \$90 million revenue forecast in the current financial year, which represents a 30.2% increase from total revenue in FY22. That being said, the Board also understands that the ongoing investment in its aggressive organic growth strategy will impact the Companies’ short term earnings, however is confident that this will create higher earnings in the medium to longer term.”

~ ENDS ~

Approved for release by the Board of SKS Technologies Group.

### Further Information

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Chief Executive Officer  
(03) 9289 5000

## About SKS Technologies Group Limited (ASX: SKS)

SKS Technologies delivers advanced technology through digital transformation via creative design and installation of converged AV/IT, electrical and communication networking solutions with a presence in every state and territory.