

ANNUAL GENERAL MEETING

CHAIR'S ADDRESS

23 NOVEMBER 2023

Good morning shareholders and guests and thank you for joining our annual general meeting 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 2023 Annual General Meeting.

Before I begin, 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.

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, Terrence 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.

I would also like to welcome our Eastern Region General Manager, Shane Edmunds, our Western Region General Manager, Sam Nelson and SKS Indigenous Technologies Managing Director, Chris Johnson.

Also attending here today are representatives from BKM Audit Services, Jamin Ong, Pearce Stringer and Darren Simpson.

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Before I begin, I would like to take a short moment to outline why the company went into a trading suspension this morning. You may have noticed yesterday, the company, under its continuous disclosure obligations, announced a significant written confirmation of the intent to be engaged on a major data centre project, with an expected contract value in excess of \$30million. At this point, we are unable to disclose the counterparty to this contract and as such, in line with ASX listing rule 17.3, until such time as this is possible, the ASX requires the Company to halt trading. Our expectation is that this information will be disclosed over the coming week when we are able to do so.

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As I reflect on the past few years, I am struck by the fact that the greatest challenge to the economy in several generations, and indeed to the broader community, has been effectively adapted to, navigated and overcome in ways that could never have been imagined a few short years ago. From the chaos of the initial weeks and months of 2020, when predictions for the near-term were unfathomable, we have emerged knowing that we can withstand these events, and furthermore, that we can learn from doing things differently.

Certainly, SKS Technologies has learnt valuable lessons about creative thinking, problem solving, and innovation that have enabled it to continue prosecuting its ambitious organic growth strategy unabated, all the while building a more robust business that is better prepared for future challenges.

In terms of our 2023 financial performance, we achieved another quantum increase in both revenue and work on hand, which validates our strategy and tightly targeted initiatives to capture growth. Revenue increased by 23.7% to

\$83.27 million, off the back of an 89% revenue increase the previous year, while work on hand continued to increase with work won as a result of those targeted initiatives. Over the past three years, our order book has grown from \$10 million to where it sits today at \$80 million including yesterday's data centre announcement.

While all earnings metrics for the year were positive, the lower EBITDA and before tax profit results of \$2.71 million and \$0.53 million respectively reflect the substantial investment in funding an aggressive strategy for growth. This investment is now largely completed, and we are already seeing the results of it in improved net profit in the first four months of this year.

Over the year our balance sheet was strengthened with a \$3.82 million improvement in operating cash flows, enabling a net reduction in short-term borrowings of \$0.9 million as well as fully retiring the R&D liability of \$0.73 million. Further enhancing the financial position of the business is the recent increase in our CBA financing facilities from \$8 million to \$12 million, which reduces financing costs and enables more efficient use of capital, as well as being a vote of confidence in our future by a major bank. Our ability to secure this significant financing facility is a vote of confidence in our future operations by a major bank and will enable a higher level of growth.

The Board determined to pay an unfranked dividend of 0.2 cents per share, based on the stronger financial position and an assessment of the short-term capital needs of the business as it continues on its planned growth trajectory.

Over the past few years, SKS Technologies has achieved a significant level of compound growth, which is not only notable for its magnitude, but for the

disciplined manner in which we have pursued work and executed on projects. Such rapid growth does not come without risk, and we have been careful to use our resources wisely to ensure the business evolves in a sustainable way.

As mapped out in our strategic plan, we have grown and diversified in many ways. We have expanded our office network to a fully national footprint, with a presence in every state and territory, except Tasmania which is serviced from Victoria. This enables us to capture work in non-traditional market sectors, such as defence and mining, both of which are core targets for our Western Australian, SA and Northern Territory branches.

We have also expanded our market reach and customer base, focusing on winning work from a more diverse clientele, including large end-user customers, as well as those in new market sectors, such as smart buildings and data centres.

In addition, we have expanded our systems and services offering by recruiting specialist teams to extend and enhance our core capabilities. Initially, these teams focused on the large body of work required to operate in some of these new spaces, including the completion of comprehensive onboarding processes, as well as specific certifications and accreditations.

One of these areas is the rapidly growing data centre sector, and in the last few days, we have received written confirmation of the intent to be engaged for a data centre contract with a project value expected to be in excess of \$30 million. Our strategy of building on our existing technical expertise in audio visual systems, and expanding into fully integrated technology systems that offer organisations greater efficiency and transparency in the systems that underpin their operations, has facilitated enormous inroads into our expansion. We're

also securing other substantial contracts as a result of these initiatives, validating the strategy and the significant investment we've made to win these sorts of contracts.

Essentially, we have built on the base we already had, developing it further with additional capability and capacity to extract more value from it for a wider market coverage. The Board will continue to work closely with management to convert our vision, values and strategy into reality, and steer the business into its next chapter.

Aiding our expansion has been the success of SKS Indigenous Technologies which was established in August last year. Having gained the necessary Supply Nation accreditation, the business unit achieved numerous milestones, including reaching the initial target of 3% indigenous employment to match the national ratio of Indigenous Australians against the overall Australian population.

Having won and completed projects in its first year, it ended the year with an order book of \$10 million.

While the challenges thrown up by the pandemic have largely dissipated, we are continually mindful in our operations, and in the execution of our strategy, of the dominant headwinds in the wider operating environment that are being faced by businesses everywhere. Inflationary pressures, which have triggered higher interest rates and cost of capital; geopolitical tensions, which are creating volatility in the global economy; and higher living costs have all contributed to a higher level of commercial uncertainty. However, commentary more recently has focused on lower growth rates after our economy regained strength earlier in the year and avoided slipping into negative growth.

Despite these challenges, the pipeline for potential work has not wavered and demand for our systems and services has not abated as we help customers optimise the potential of converged technologies across their businesses. In the last few months alone, we have secured a significant increase in work in hand across both traditional market sectors as well as in the more recently targeted sectors, and, given the current pipeline, we expect this level of activity to continue for the short to medium term.

The Board believes that the business is now founded on a robust operating platform from which to continue building earnings under the current organic growth strategy. On that basis, we are targeting revenue for the current year in excess of \$100 million.

In closing, on behalf of the Board, I'd like to thank our employees for their commitment, loyalty and hard work. The rapid and vast growth in our business can only be achieved with a team who share the vision and want the business to succeed. I also want to thank our shareholders, who through their continued support for the business, have also underpinned our growth. We do not take your support for granted.

I also acknowledge the strong relationships that we have with our customers and suppliers, which have been more critical than ever over the past three to four years. Our business is founded on mutual trust, respect and integrity with all our stakeholders, and I believe this ethos has been a critical aspect of the growth and success of the business today.

I will now hand over to Matthew, our CEO, to take you through the financial and operational performance of the business in more detail. Thank you again for

joining us today, and we wish you all a happy, healthy and safe festive season, and a prosperous 2024.

Thank you.

Peter Jinks
Executive Chairman