

# QUARTERLY ACTIVITIES REPORT - SEPTEMBER 2021

## Successful acquisition, ASX listing and strong September FY22 financial performance

### Highlights

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- ▶ First acquisition, being Site Services Holdings Group of companies (**SSHG**) completed.
- ▶ SSH Group Ltd (**SSH**) raised \$6,250,000 in successful IPO culminating in listing on the ASX on 17 September 2021.
- ▶ SSHG founders Daniel Cowley-Cooper and Stefan Finney appointed to the Board as Managing Director and Executive Director.
- ▶ SSHG has reported significant growth of ~360% in FY21 audited revenue of \$70.5m vs FY20 audited revenue of \$15.3M.
- ▶ September FY22 Quarter revenue for the SSHG entities was \$25m, up 122% on the comparative FY21 quarter.
- ▶ SSH ended the Quarter with \$6.5m cash at bank and improved NTA.
- ▶ SSH has commenced interstate expansion of its People Division with the granting of an operating licence for Queensland.
- ▶ SSH is actively reviewing potential acquisitions which are complementary to the Company's existing portfolios and services.

SSH Group Ltd. (ASX:SSH) (**Company** or **SSH**) is pleased to release its September 2021 quarterly activities report and Appendix 4C. The cashflow and activities report has been prepared on a combined basis as if all entities had operated as one Group for the entire quarter and not just from the date of acquisition of the SSHG entities. This follows ASX guidance and following Accounting Standards treatment that the acquisition is to be accounted for as a reverse takeover.

During the quarter the Company successfully completed the acquisition of the Site Services Holdings group of companies and listed on the ASX following an oversubscribed IPO raising \$6,250,000.



## \$6,250,000 Raised in Successful IPO

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During the quarter the Company successfully raised \$6,250,000 (before costs) via an IPO and listed on the ASX on 17 September 2021 following the acquisition of the Site Services Holdings group of companies (**Acquisition**). Contemporaneously with the Acquisition, SSHG founders Daniel Cowley-Cooper and Stefan Finney were appointed to the Board of the Company as Managing Director and Executive Director respectively.

## Geographical Expansion

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- ▶ SSH has secured an operating licence for its People Division to support interstate expansion into Queensland.
- ▶ SSH has also applied for operating licences for its Safety Division in South Australia, Northern Territory, and Queensland.
- ▶ This interstate licencing and registration process represents a key milestone in SSH Group Ltd's geographical expansion strategy.

## Organic Growth Initiatives

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- ▶ SSH is nearing completion of a talent acquisition program targeted at increasing key operational leadership positions within the SSH Group Ltd.
- ▶ These key roles will provide increased capability and capacity across the organisation to support and guide the Company's accelerated organic growth program.

## Acquisitions

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- ▶ SSH is actively reviewing acquisition opportunities which complement its existing customer and service portfolios. The Company is targeting cash-flow positive businesses that are scalable and earnings accretive.

## September FY22 Quarter Financial Position

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Revenue from operations for the quarter totalled \$25m. The Group's Safety Division contributed \$22m while the People Division contributed \$3m. Whilst no revenue was attributable to the Equipment Division during the quarter, the foundations of this business segment have been established and further development of the divisional business plan is underway.

The September FY22 revenue increased by 122% vs previous corresponding period, included both the Safety and People divisions contributing significant growth. The revenue was in line with expectations and continues the growth seen in FY21.

Margin for the quarter was consistent with the prior period and led to positive EBITDA and NPAT being recorded by the Group for the quarter.

As of 30 September 2021, the Group's had a cash balance of \$6.5m, an increase from year-end balance of \$5.9m largely due the proceeds of the IPO net of costs and debt reduction. Operational cashflows were negative of the quarter which was expected & in line with the Group's growth targets.

Due to the high percentage of payroll costs in the Group's operating expenditure the timing of outflows is short term and often weekly vs receipts some 15 – 45 days later. As the SSH grows the payroll costs will increase in the short term with collections to follow. Once growth is stabilised the timing of outflows and inflows will be inline and normalised.

The Group is able to offset this short term cashflow deficit from operations with the use of a working capital facility held with Scottish Pacific and secured against outstanding accounts receivable (monies owed to SSHG). This facility which can be drawn weekly and has a facility limit of \$12m, however available funding is linked to the Debtor balances of the group. The structure of the facility allows sufficient headroom for growth. As at 30 September the facility was drawn to \$3.7m with \$2m of immediately available funding (based on the debtor book). The use of the facility is disclosed as a financing cashflow.



In addition, the Group provides the following additional information relating to expenditure during the quarter:

1. ASX Listing Rule 4.7C.2: The quarter was included in a period covered by a “use of funds” statement following the SSH’s admission to the Official List of ASX on 17 September 2021. Pursuant to listing rule 1.1 condition 3, a comparison of the entity’s actual expenditure on the individual items in the “use of funds” statement in the prospectus since the date of admission against the estimated expenditure on those items in the “use of funds” is set out below:

Use of Funds	Prospectus Year 1 \$	Actual Expenditure to date \$
<b>Site Services Holdings Group Operational Expenditure</b>		
Retire extended short-term payables <sup>(1)</sup>	1,105,000	-
Reduce short-term debt <sup>(2)</sup>	645,000	429,000
Capital equipment purchases	500,000	-
<b>Site Services Holdings Group Operational Expenditure Sub-Total</b>	<b>2,250,000</b>	<b>429,000</b>
Corporate and administration costs	-	-
Costs of the Offers and Acquisition	637,414	411,000
Working capital	903,293	903,293
<b>TOTAL Funds Allocated</b>	<b>3,790,707</b>	<b>1,743,293</b>

2. ASX Listing Rule 4.7C.3: Payments to related parties of the SSH and their associates during the quarter: \$142,000. These payments relate to executive and non-executive directors’ fees and remuneration payments for executive directors as per the Executive Service Agreements.

This announcement has been authorised in accordance with the SSH’s published continuous disclosure policy and approved for release by the Board of SSH Group Ltd.

## About SSH Group Ltd.

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SSH Group Ltd. provides a range of safety, people, and equipment services, including security, labour hire, and road safety services, to construction, resources, civil and government portfolios within Australia.

For more information, please contact:

By telephone:

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9:00am to 5:00pm (WST)  
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By post:

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WA 6104.



## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity		
SSH Group Limited		
ABN		Quarter ended ("current quarter")
79 140 110 130		September 2021
Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	23,950	23,950
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(23,853)	(23,853)
(c) advertising and marketing	(27)	(27)
(d) leased assets	(63)	(63)
(e) staff costs	(449)	(449)
(f) administration and corporate costs	(123)	(123)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(172)	(172)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(737)</b>	<b>(737)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(9)	(9)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(e) intellectual property		
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	205	205
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>196</b>	<b>196</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,250	6,250
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(411)	(411)
3.5	Proceeds from borrowings	1,095	1,095
3.6	Repayment of borrowings	(429)	(429)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>6,505</b>	<b>6,505</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	625	625
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(737)	(737)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	196	196
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,506	6,505
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,589</b>	<b>6,589</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,589	6,589
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,589</b>	<b>6,589</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	142
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	5,773	3,773
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	328	328
7.4	<b>Total financing facilities</b>	6,101	4,101
7.5	<b>Unused financing facilities available at quarter end</b>		2,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>The Company through its subsidiary Site Services Enterprises Pty Ltd (as trustee of 3 unit trusts) has an agreement with Scottish Pacific Finance Pty Ltd for the assignment of all trade receivables owed by its customers, for the provision of funding (Debtor funding facility). The agreement secures the debtors to Scottish Pacific Finance Pty Ltd. Interest charges are variable linked to BBSY rates plus an agreed margin.</p> <p>Funding is available is based on total debtor balances and cannot exceed 80% of the debtors assigned. As at the end of September the Company had access to an additional \$2m in undrawn available funding based on the debtors assigned. The total limit of the facility is \$12m.</p> <p>The Company has a number of finance lease/hire purchase agreements, secured only over light vehicles funded. Interest charges are fixed at the time of entry into the arrangement. The facility is provided by Toyota Financial Services Limited.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(737)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,589
8.3	Unused finance facilities available at quarter end (item 7.5)	2,000
8.4	Total available funding (item 8.2 + item 8.3)	8,589
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	11 Qtr's
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	



8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021.....

Authorised by  :  
.....  
Daniel Cowley-Cooper Managing Director

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

