

# **Quarterly Activities Report & Appendix 4C March 2022**

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**SSH GROUP LIMITED**  
**29 APR 2022**

## QUARTERLY ACTIVITIES REPORT & APPENDIX 4C – MARCH 2022

### Strong Profit & Revenue Growth Continuing FY22 financial performance

#### Highlights

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- ▶ March FY22 Quarter unaudited SSH Group revenue was \$26m, up 41% on PCP 2021
- ▶ **YTD \$78m revenue already exceeds FY21 full year result of \$70m, with FY22 quarter 4 remaining**
- ▶ Positive PBT and EBITDA for the Quarter of \$251k and \$585k respectively, SSH YTD EBITDA already equivalent to FY 21 full year result with one quarter remaining
- ▶ SSH ended the Quarter with \$7m cash at bank and improved NTA, demonstrating the Group's continued focus on capital management
- ▶ SSH Group's debtor ledger has grown and sits at \$14.6m at the end of the quarter, up 33% on December quarter
- ▶ SSH continued strong growth and earnings is funded via cashflows, and the short-term deficit in operational cashflow is expected and actively managed by SSH using a working capital facility to offset inconsistency in the timing of inflows and outflows
- ▶ SSH secured a two-month contract extension with the WA Department of Health
- ▶ Acquisition of Karratha Machinery Hire to deliver a step change in revenue & margin growth of the SSH Equipment Division, announced post quarter end

SSH Group Ltd. (ASX:SSH) (**Company** or **SSH**) is pleased to release its March 2022 quarterly activities report and Appendix 4C. The cashflow and activities report has been prepared on a combined basis as if all of the SSH entities had operated as one Group for the year to date and not just from the date of acquisition of the SSHG entities (8 September 2021). This follows the Accounting Standards which require that the acquisition be treated as a reverse takeover.

#### March FY22 Quarter Financial Position

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Revenue from operations for the quarter totalled \$26m. The SSH Group's Safety Division contributed \$21.4m while the SSH People Division contributed \$4.5m, with \$0.1m of Revenue attributable to the fledgling SSH Equipment Division. The foundations of the Equipment business segment have been firmly established and further development of the divisional business plan is underway including the significant acquisition of Karratha Machinery Hire (KMH) as announced on 20 April 2022<sup>2</sup>.

The March Quarter FY22 revenue increased by 42% vs the previous corresponding period, with both the Safety and People divisions contributing significant growth. Quarterly revenue was in line with expectations and continues the growth seen in the prior quarter.

Revenue for the 9 months YTD 22 now stands at \$78m which is already an 11% increase on the full 12 months of FY21 with one quarter remaining until the end of FY22.

Margin for the quarter was 12% improved on the prior period and now stands at 11% YTD. The margin improvement has led to an increased EBITDA for the quarter of \$585k, taking YTD EBITDA to \$2.3m (3% Revenue) in line with FY21. Profit Before Tax (PBT) for the quarter was \$285k with YTD PBT (excluding one off listing costs) totalling \$1.4m.

As of 31 March 2022, the SSH Group had a cash balance of \$7.1m, and access to circa \$2m in working capital facilities. The cash balance increased by 2.9% over the quarter.

In line with expectation, operational cashflows are negative for the YTD as a result of continuing strong revenue growth. 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 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 and will reflect in the bottom line.

Due to the focus on growth and earnings engages in standard industry practice by using a working capital facility held with Scottish Pacific and secured against outstanding Debtor balances (monies owed to SSH), meaning SSH can offset this short term cashflow deficit from operations. This facility which can be drawn weekly and has a facility limit of \$12m with available funding linked to the Debtor balances of SSH. The structure of the facility allows sufficient headroom for growth. As of 31 March, the facility was drawn to \$6.4m, based on the Debtor book of \$14.6m the group has only funded 43.9% of all debtor balances. The use of the facility is disclosed as a financing cashflow.

## DIVISIONAL ACTIVITIES

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### People Division

SSH Group operates across multiple market sectors, providing both labour hire services and recruitment and placement services to meet a defined set of skill, qualification, and experience requirements on behalf of clients.

No new activities reported in the quarter. The People Division delivered strong earnings for the period, growing 15% on the prior quarter.

### Safety Division

SSH Group provides security consulting, services, and personnel; road safety management, planning, and personnel; and crisis support services across all portfolios.

On 10 March 2022 the Company advised that it had extended its contract with the WA Department of Health (**DoH**) for a further 2 months<sup>1</sup>. SSH is still engaged under the original terms of the contract, being awarded supplier to the DoH panel arrangement for the provision of security services with no fixed quantity of works guaranteed during the engaged period.

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<sup>1</sup> ASX Announcement 10 March 2022 – SSH Group Ltd - Contract Extension

## Equipment Division

SSH Group provides long-term vehicle hire services to multiple market sectors, with a standard fleet of vehicles available for rapid deployment, and an extensive fit-out network to support unique requirements for each client. SSH Group also provides machinery hire services to our Civil, Construction, and Resources market sectors with a suite of complimentary products and full mine-spec, low hour, late model equipment.

The Company moved to execute its divisional strategy and ramp up the Equipment Division. On 20 April 2022 SSH announced the acquisition of Karratha Machinery Hire (KMH) for a cash and script settlement<sup>2</sup> (**Acquisition**). It is expected the Acquisition of KMH will settle in the June quarter and contribute to the earnings for that quarter. Approximately \$67k was incurred by the Company on due diligence and deposits related to this Acquisition during the quarter.

## CORPORATE

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### Unmarketable Parcel Sale Facility

During the quarter, the Company advised that it had completed the sale of the unmarketable parcels under the Facility<sup>3</sup>.

The Closing Date for the receipt of share sale facility forms was 5:00pm (AWST) on 29 December 2021.

A total of 63 of shareholders elected to retain their unmarketable parcels.

Pursuant to the terms of the Facility, the shares of 1,704 shareholders who did not respond or who elected not to retain their shares and held unmarketable parcels as at 5:00pm (AWST) 11 November 2021 were sold.

These holdings total 260,077 shares. These shares were sold at a price of \$0.235 on 24 March 2022.

Consideration due to the holders of unmarketable parcels which were sold under the Facility has been despatched. All costs associated with the sale of the unmarketable parcels were borne by the Company.

Following the completion of the Facility, the Company had 540 shareholders, representing a reduction of approximately 75%, providing significant administrative cost savings to the Group.

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<sup>2</sup> ASX Announcement 20 April 2022 - Transformative EPS Accretive Equipment Business Acquisition

<sup>3</sup> ASX Announcement 29 March 2022 - Completion of Unmarketable Parcel Sale Facility

## Escrow

During the quarter the Company advised that, on 18 February 2022, the following securities were released from ASX escrow<sup>4</sup>:

Securities	Restriction period ends
885,414 Fully paid ordinary shares	18 February 2022
2,833,332 Unlisted options exercisable at \$0.25 exp. 18/02/2024	18 February 2022

## Additional Information

The SSH Group provides the following additional information relating to expenditure during the quarter and since listing:

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	1,105,000
Reduce short-term debt <sup>(2)</sup>	645,000	645,000
Capital equipment purchases	500,000	-
<b><i>Site Services Holdings Group Operational Expenditure Sub-Total</i></b>	<b><i>2,250,000</i></b>	<b><i>1,745,000</i></b>
Corporate and administration costs	-	-
Costs of the Offers and Acquisition	637,414	429,000

<sup>4</sup> ASX Announcement 11 February 2022 – Notification of Release of Securities from Escrow

Working capital	903,293	903,293
<b>TOTAL Funds Allocated</b>	<b>3,790,707</b>	<b>3,082,293</b>

2. ASX Listing Rule 4.7C.3: Payments to related parties of the SSH and their associates during the quarter: \$223,000. 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.

## ASX Announcements

This Quarterly Activities Report contains information reported in the following announcements released during the March quarter.

- 11 February 2022 – Notification of Release of Securities from Escrow
- 10 March 2022 – SSH Group Ltd - Contract Extension
- 29 March 2022 - Completion of Unmarketable Parcel Sale Facility
- 20 April 2022 - Transformative EPS Accretive Equipment Business Acquisition

## ABOUT SSH GROUP LTD.

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:

Matthew Foy

Company Secretary

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9:00am to 5:00pm (AWST)

Monday to Friday

By post:

Attn: Company Secretary

SSH Group Ltd

Unit 1, 12 Cowcher Place,

Belmont

WA 6104.



## Appendix 4C

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

#### Name of entity

SSH Group Limited

#### ABN

79 140 110 130

#### Quarter ended ("current quarter")

March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	25,704	74,463
1.2	Payments for research and development product manufacturing and operating costs advertising and marketing leased assets staff costs administration and corporate costs	(23,132) (53) (66) (1,647) (518)	(67,773) (169) (180) (4,401) (2,321)
1.3	Dividends received (see note 3)		
1.4	Interest received		1
1.5	Interest and other costs of finance paid	(198)	(553)
1.6	Income taxes paid	(21)	(29)
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>69</b>	<b>(962)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for: (a) entities businesses property, plant and equipment investments intellectual property other non-current assets	(368) (67)	(442) (67)
2.2	Proceeds from disposal of:		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
(a) entities businesses			
property, plant and equipment investments			12
intellectual property 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
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(435)</b>		<b>(292)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	(14)	(564)
3.5 Proceeds from borrowings	710	3,511
3.6 Repayment of borrowings	(7)	(1,557)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>689</b>	<b>7,640</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	6,689	625
4.2	Net cash from / (used in) operating activities (item 1.9 above)	68	(962)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(435)	(292)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	689	7,640
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>7,011</b>	<b>7,011</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7,011	6,869
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>7,011</b>	<b>6,869</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	223
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.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	8,350	6,450
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	1,458	1,458
7.4	<b>Total financing facilities</b>	9,808	7,908
7.5	<b>Unused financing facilities available at quarter end</b>		1,900
7.6	<p>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> <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.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	68
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,011
8.3	Unused finance facilities available at quarter end (item 7.5)	1,900
8.4	Total available funding (item 8.2 + item 8.3)	8,911
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A operating c/flow positive
	<p><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></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p>	

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 April 2022

Authorised by: The Board

## 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.