

Quarterly Activities Report and Appendix 4C

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Quarter ending
June 2022

Quarterly Activities Report

FY22 Cash Flow	Cash Balance	Cash Flow
\$106m	\$5.3m	Positive
In receipts from customers	As of 30 June 2022	for 2 nd Quarter running

HIGHLIGHTS

- ▶ \$106 million in FY22 cash inflows from customers (including GST)
- ▶ Cash balances as at 30 June of \$5.3 million post acquisition and IPO use of funds
- ▶ FY22 fourth quarter is the second cash flow positive quarter running
- ▶ Successful Karratha Machinery Hire acquisition delivers revenue and margin growth
- ▶ Launch of fleet hire business, Tru Fleet, with \$4 million invested in site-ready hire vehicles
- ▶ SSH Group People annual unaudited revenue up 79% on FY21
- ▶ SSH Group Safety annual unaudited revenue up 31% on FY21

SSH Group Ltd. (ASX:SSH) (Company or SSH) is pleased to release its June 2022 Quarterly Activities Report and Appendix 4C. The cash flow and activities report has been prepared on a combined basis as if all SSH entities had operated as one Group for the year and not 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.

JUNE FY22 QUARTER FINANCIAL POSITION

Revenue from Company operations for the quarter totalled \$18.5m. Gross margin for the quarter was 16%, improving on the prior quarter and pushing year-to-date gross margin to 12.7%. The unaudited gross margin improvement follows the expansion and inclusion of equipment rental services in the revenue and operations of the Company.

As of 30 June 2022, the Company had a cash balance of \$5.3m, and access to circa \$2m in working capital and asset financing facilities. The cash balance decreased over the quarter due to the acquisition of Karratha Machinery Hire.

Operational cash flows were positive for the quarter, whilst the year-to-date cash flows remained negative due to the post ASX-listing retirement of several short-term payables.

Capital expenditure for the quarter included the acquisition of Karratha Machinery Hire and the purchase of additional hire fleet vehicles in response to anticipated demand for the Tru Fleet business. This capex was majority-funded via debt facilities.

The Company also has a debtor/receivables funding facility to provide short term cash flows. This facility can be drawn weekly and has a limit of \$12m with available funding linked to the debtor balances of SSH entities.

SSH GROUP AND SUBSIDIARY BUSINESSES



BUSINESS ACTIVITIES



SSH Group People (SSH People)

SSH People delivers labour hire and recruitment services to the construction, civil, and resources markets to meet the defined sets of skills, qualifications, and experience required to fill short term and ongoing vacancies and labour needs on behalf of clients.

SSH People has continued to adapt and grow within a challenging market, overcoming dynamic labour demands and ongoing candidate shortages to expand on existing client relationships and increase market presence.

SSH People delivered strong earnings for the period, with unaudited revenue increasing 79% compared with the reported results for FY21.



SSH Group Safety (SSH Safety)

SSH Safety provides safety, security, and risk management services and personnel to the construction, resources, and government markets.

With the easing of isolation requirements within Western Australia, SSH Safety's supply of physical security services at State operated quarantine facilities was reduced through June 2022 in line with changes to the State of Western Australia's requirements. With no current requirements for physical security services, SSH Safety has ceased delivering these services at State operated quarantine facilities on behalf of WA Department of Health.

During the quarter, SSH Safety was pleased to receive a Contract extension for a further two months. SSH Safety is proud to continue supporting the State of WA with the ongoing delivery of support and ancillary services to the WA Department of Health.

Further, the Group is pleased to note that SSH Safety is on track to deliver a 31% increase in the full year unaudited revenue result compared with the reported results for FY21.



Karratha Machinery Hire (KMH)

During the quarter, the Company moved to execute its growth strategy and expand its operations in the equipment market. On 20 April 2022 SSH announced the acquisition of Karratha Machinery Hire (KMH) for a cash and script settlement.

KMH is a Karratha-based machinery hire specialist delivering a complete dry-hire range of earthmoving and civil equipment. KMH is a complementary and earnings accretive acquisition consistent with the Company strategy, recognised, understood, and accepted by the Company's shareholders to deliver a strong financial outcome.

The acquisition of KMH was settled with SSH Group taking operational control on 16 May 2022. This acquisition is already contributing to the Company's FY22 revenue, with over \$770,000 in sales revenue achieved since acquisition.

The Company is continuing to integrate the KMH business into the SSH Group and is actively building client relationships within both KMH and other Company businesses for sustainable organic growth.



Tru Fleet

The Company established Tru Fleet Pty Ltd (**Tru Fleet**), a dedicated fleet hire business within the equipment rental market. Tru Fleet is positioned in this market to deliver flexible, reliable, site-ready fleet hire services for the Australian resource, civil and construction markets.

Tru Fleet provides a dedicated fleet hire business with \$4 million of site-ready hire vehicles on offer for long-term hire. During the quarter, the Company has been focussed on developing scalable and robust processes and systems to support the Tru Fleet market launch in July 2022.

CORPORATE

Acquisition of Site Services Group of Companies

Site Services Holdings Group of Companies (**SSHG**) was acquired in September 2021 for \$4.1m. This acquisition was funded via the issue of shares in the Company.

The valuation of SSHG was based on the combination of 30 June 2020 and 31 December 2020 trading metrics and did not consider the improved trading performance of SSHG up to the date of acquisition, nor was there any working capital adjustment at acquisition.

In the period since acquisition, from 17 September 2021 to 30 April 2022, SSHG has contributed EBITDA of \$2.23m to the Group results. In addition, SSHG has generated positive cash flows of \$1.2m and has grown the Group's revenue and customer base.

When including the net tangible assets of SSHG on acquisition (\$0.75m) the return on the investment to SSH is 72% over a 7.5-month timeframe.

Acquisition of Karratha Machinery Hire

On 20 April 2022, the Company announced the acquisition of 100% of the assets used to conduct the KMH business from the shareholders of Vacant Holdings Pty Ltd (ACN 009 420 464) for total consideration of \$15,000,000 as follows:

- ▶ \$10,500,000 payable in cash at Completion for the hire equipment (anticipated to be funded via 100% equipment financing); and
- ▶ \$4,500,000 for all other assets being acquired (including goodwill) and payable as follows:
 - \$2,250,000 at Completion payable \$1,687,500 in cash and \$562,500 in shares with each share being issued at the 20-trading day Volume-Weighted Average Price (VWAP) prior to execution of the Agreement;
 - \$2,250,000 on the date 6 months after Completion payable \$1,687,500 in cash and \$562,500 in shares with each share being issued at the 20-trading day VWAP prior to the date 6 months after the date of Completion.

The Company advised that on 11 May 2022 that it had completed the acquisition of KMH. The acquisition was fully funded by a new equipment financing facility and existing cash reserves and marks the starts of a significant growth period for SSH Group in the equipment market.

Change of Registered Office and Principal Place of Business

On 6 May, the Company advised that it had changed its address to:

Suite 8a, Kewdale Central, 137 Kewdale Road, Kewdale, WA 6105

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 \$	Actual Expenditure to date \$
Site Services Holdings Group Operational Expenditure		
Retire extended short-term payables ⁽¹⁾	1,105,000	1,105,000
Reduce short-term debt ⁽²⁾	645,000	645,000
Capital equipment purchases	2,500,000	2,500,000
Site Services Holdings Group Operational Expenditure Sub-Total	4,250,000	4,250,000
Corporate and administration costs	-	-
Costs of the Offers and Acquisition	637,414	429,000
Working capital	1,806,586	2,015,000
Total Funds Allocated	6,694,000	6,694,000

As of 30 June 2022, the Company has fulfilled all “use of funds” commitments outlined in the SSH Group Prospectus.

2. **ASX Listing Rule 4.7C.3:** Payments to related parties of the SSH and their associates during the quarter: \$459,000. 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 Company'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 June quarter.

20 April 2022	Transformative EPS Accretive Equipment Business Acquisition
6 May 2022	Details of Company Address
11 May 2022	Transformational Acquisition Now Completed
26 May 2022	SSHG Acquisition Returns 72% ROI in 7.5 Months
3 June 2022	SSH Group Operational Update June 2022

ABOUT SSH GROUP

SSH Group (ASX:SSH) is an Australian listed company, operating businesses working with the construction, resources, civil, and government market sectors within Australia to deliver a range of safety, people, and equipment services.

Our Businesses

SSH Group is committed to building and acquiring quality businesses with strong foundations, responding to changes in market demand, and improving outcomes for Australian projects and communities.



273 Great Eastern Highway
Belmont, WA 6104

www.sshgroup.com.au/safety



Unit 1, 12 Cowcher Place
Belmont, WA 6104

www.sshgroup.com.au/people



100 Daddow Road
Kewdale, WA 6105

www.trufleet.com.au



Lot 1105 Lambden Rd
Karratha WA 6714

www.karrathamachineryhire.com.au

Further Details

Telephone:

SSH Group Ltd
Registered Office
+61 8 9226 2011
9:00am to 5:00pm (WST)
Monday to Friday

ASX Market Data:

www2.asx.com.au/markets/company/ssh

Post:

Company Secretary
SSH Group Ltd
Suite 8a
Kewdale Central,
137 Kewdale Road,
Kewdale, WA 6105

Investor Portal:

www.sshgroup.com.au/investors-media

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

June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	24,710	106,080
1.2	Payments for		
	research and development		
	product manufacturing and operating costs	(22,082)	(97,612)
	advertising and marketing	(45)	(214)
	leased assets	(59)	(183)
	staff costs	(1,380)	(6,852)
	administration and corporate costs	(353)	(1,414)
1.3	Dividends received (see note 3)		
1.4	Interest received		1
1.5	Interest and other costs of finance paid	(294)	(847)
1.6	Income taxes paid		(33)
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	497	(1,074)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	entities		
	businesses	(1,897)	(1,897)
	property, plant, and equipment	(12,379)	(15,248)
	investments	(2)	(7)
	intellectual property		
	other non-current assets		
2.2	Proceeds from disposal of:		
	entities		
	businesses		
	property, plant, and equipment	143	155
	investments		
	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
2.6	Net cash from / (used in) investing activities	(14,135)	(16,792)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.	Cash flows from financing activities		
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		(564)
3.5	Proceeds from borrowings	13,464	17,256
3.6	Repayment of borrowings	(1,490)	(354)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	11,974	22,588

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,011	625
4.2	Net cash from / (used in) operating activities (item 1.9 above)	497	(1,074)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14,135)	(16,792)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,974	22,588
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,347	5,347

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
5.	Reconciliation of cash and cash equivalents at the end of the quarter to the related items in the accounts (as shown in the consolidated statement of cash flows)		
5.1	Bank balances	5,347	7,011
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,347	7,011

Consolidated statement of cash flows		Current quarter \$'000
6. Payments to related parties of the entity and their associates		
6.1	Aggregate amount of payments to related parties and their associates included in item 1	459
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.

Consolidated statement of cash flows		Total facility at quarter end \$'000	Amount drawn at quarter end \$'000
7. Financing facilities			
	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.		
7.1	Loan and asset finance facilities	16,950	14,950
7.2	Credit standby arrangements	-	-
7.3	Debtor Funding Facility	5,652	5,352
7.4	Total financing facilities	22,602	20,302
7.5	Unused financing facilities available at quarter end		2,300
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.		

Through its Subsidiaries SSH Group Machinery Hire Pty Ltd and Complete Workforce Australia, the Company has drawn loans from NAB, which funded the acquisition of Karratha Machinery Hire during the quarter. The loans are amortising monthly over a five-year period. A \$9m equipment loan is fixed at 5.9%, whilst a \$2m Business markets loan is subject to floating interest rates for the period of the loan.

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 and Nissan Financial services. The Company has access to a further \$2m in facility to fund vehicle acquisitions.

Through its subsidiary Site Services Enterprises Pty Ltd (as trustee of three unit trusts), the Company 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.

Funding is available based on total debtor balances and cannot exceed 80% of the debtors assigned. As at the end of the June quarter the Company had access to an additional \$0.3m in undrawn available funding based on the debtors assigned. The total limit of the facility is \$12m.

Consolidated statement of cash flows		\$'000
8.	Estimated cash available for future operating activities	
8.1	Net cash from / (used in) operating activities (item 1.9)	523
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,347
8.3	Unused finance facilities available at quarter end (item 7.5)	2,300
8.4	Total available funding (item 8.2 + item 8.3)	7,647
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A - Positive net operating cash flow
	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.	
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

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

Date: 27 July 2022

Authorised by: The SSH Group Ltd Board of Directors

Notes

- 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.
- 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.
- 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.
- 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 – e.g., 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".
- 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.