

Annual General Meeting



Chair's Address

21 November 2024

Good morning shareholders and guests, and thank you for joining us today. My name is Peter Jinks, and I am the Chair of the SKS Technologies Group Limited Board. I'd like to welcome you all to the 2024 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, present and emerging.

Given we have a quorum, I now declare the meeting open.

I'll begin by introducing my fellow board members. With me today I have Executive Director, Greg Jinks, Non-Executive Director, Terrence Grigg, and our new non-executive director, Antoinette Truda who began her non-executive role with us in May this year and has been a welcome addition to our board with her broad experience in both executive and non-executive roles.

Also with us today are our Chief Executive Officer and Joint Company Secretary, Matthew Jinks, and our Chief Financial Officer and Joint Company Secretary, Gary Beaton.

And, of course, we also have our auditors from BKM Audit Services, Kevin Adams, Tim Kelleher and Jamin Ong.

As many of you will no doubt be aware, FY24 was a pivotal year for SKS as the rewards that we had been working towards for the past five years materialised, and the significant year-on-year revenue increases flowed to the bottom line. For a number of years, our revenue grew year-on-year in quantum leaps. At the same time, we were prosecuting an aggressive organic growth strategy and the cost of this investment in building a solid operating base meant that the benefits of the higher revenue did not translate into commensurate profits.

One of the most notable aspects of our success is in the close attention to capital allocation over these earlier growth years and the judicious decisions with overall resourcing of increasingly larger-value projects and an aggressive debt reduction schedule. This rigorous approach is now firmly built into our operating platform, underpinning our strategy for continued concurrent consolidation and growth.

I am pleased to say that the balance sheet has been strengthened by our growth as well as by frequent bank facility increases. We are now in the fortunate position where revenue and net cash flow growth have significantly boosted working capital, and we have zero long-term debt.

In August 2022, the Board felt that with the near-doubling of revenue from \$35.6 million to \$67.3 million, the business had

matured to the point where it could seek bank facilities to support its ambitious growth plans at a more competitive cost. In the two years since that time, those facilities have increased three times, beginning at a combined value of \$8 million and reaching \$21 million in September this year. This endorsement that we have received from a major bank has been an important factor in our ability to secure larger and more complex projects, and has been instrumental in our accelerated growth.

The increased strength of the balance sheet is reflected in the 341% growth in Net Tangible Assets from \$1.92 million in FY23 to \$8.46 million in FY24, while Net Tangible Assets per share increased more than four times from 1.8 cents in FY23 to 7.6 cents in FY24.

Based on the FY24 performance, the Board has determined to pay a dividend of 1 cent per share fully franked in recognition of the commitment to return value to its shareholders.

While the dividends paid over the past few years have remained modest, they reflect the position of a business that faces considerable growth opportunities.

Given our \$260 million sales revenue target for the current financial year, which represents a doubling of revenue off the back of a 61% revenue increase the previous year, it's clear that the business is set to continue expanding its compound growth rate. This means that as we grow, we need to bed down the more

sophisticated processes and structures required of a larger and more complex business.

Thus, core tenets of our strategic plan focus on diversifying revenue and capturing the opportunities that come with decarbonisation and electrification, while simultaneously focusing on maintaining margins, controlling costs, allocating resources prudently and continuously developing the platform necessary to support the business in performing at an optimum level.

The opportunities, outside of the expansive data centre market, also remain abundant, and there is an ongoing focus on winning work in our traditional market sectors. Revenue diversification will be pursued via expansion in the states as well as by building work across all market sectors and across all product and service offerings.

As the broader marketplace becomes more and more focused on electrification and decarbonisation, the demand for energy-efficient electrical systems, smart grids and sustainable energy solutions will increase, bringing new opportunities in connecting to those new technologies and maintaining their uninterrupted operation. Demand for more advanced communication networks and AV technologies to support remote work practices, smart buildings and more efficient infrastructure will also provide ongoing avenues for longer-term growth as the business adapts to remain ahead of these emerging technologies.

As the business has grown, there has been a greater need for a broader governance framework. Much work has been undertaken to develop and institute the systems, processes and compliance that come with a larger entity. Over this period, where work has been won at rapid rates off increasingly large bases, we have retained our focus on risk and compliance across the organisation. Every project undergoes a risk assessment, from its commencement and throughout until completion, with mitigation measures taken where needed along the way. In addition, the Board prioritises ethical business practices, sustainability goals, and compliance with evolving corporate governance regulations.

As I mentioned a few minutes ago, Antionette Truda joined our Board earlier this year, bringing a valuable level of expertise to the table. Antoinette has experience as a non-executive and executive director in roles in real estate, consumer and business banking, strategy and corporate advisory, and online retail. She augments the Board's skill set and brings a different perspective, gained through relevant experience in different sectors to board discussions and decisions.

While a cautious optimism about our economy persists, renewable energy, sustainability initiatives and technology are projected to experience growth. And these are the areas in which we can capitalise on strong imperatives to shift away from past, unsustainable practices. In all of our market sectors, the pipeline remains very buoyant, and with the push to reach net-zero

emissions by 2050, we do not expect that to change in the medium-term at the very least.

Combined with this strong work base into the future, the outlook for our business remains very positive, with an operating platform, cost base and balance sheet that can support our growth trajectory. On that basis, the Board is confident that SKS Technologies can achieve revenue of approximately \$260 million with before-tax profit of \$17 million in FY25.

Both the Board and management strongly believe that SKS Technologies' rapid growth is largely attributable to its long-established and extensive business and industry ecosystem. This network has meant that customers and suppliers have become employees, and employees have become customers or suppliers, often returning to SKS later in their careers. These strong and dependable relationships have melded to form a formidable competitive advantage that sets us apart in the industry in its uniqueness and its difficulty to emulate. These relationships have formed the backbone of the company, and the basis for partnerships, potential acquisition targets, new business, and industry intelligence.

Therefore, on behalf of the Board, I want to acknowledge the dedication of an amazing team of people who go above and beyond in their day-to-day endeavours, and thank each of them for their valuable part in making our business perform at the level we always believed it could. Their expertise and commitment to fulfill customer requirements in a manner that is above

expectation is unerring. They have brought the strategic planning of the Board and management to life and are a substantial reason that we have achieved what we have today.

I also want to thank our investors. To those shareholders who have invested in SKS Technologies for some years, we thank you for your patience and commitment to our story. To those who have joined more recently, we are also grateful for your confidence in our future. The business is certainly well-placed to continue on its current growth path and deliver the returns it should.

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 our AGM today, and we wish you all a happy, healthy and safe festive season, and a prosperous 2025.

Thank you.

Peter Jinks
Executive Chairman