



# ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

2 December 2021

## Update

Ashley Services Group Limited (ASX: ASH) advise that following the publishing of our Annual Report, we have been corresponding with ASIC as to the extent of our disclosure in the operating and financial review section of our Annual Report relating to our future prospects and any material business risks in that context. In response to ASIC's correspondence, the company provides the following information.

We anticipate favourable conditions in the labour hire market in the current financial year if the risk of lockdowns continues to diminish. This is, however, difficult to predict given the emergence of new COVID-19 variants and possible public health responses to them. In any event, the hard-earned wins achieved, by Action Workforce in particular, during lockdown, where our certainty of supply differentiated us from the majority of our competitors, place us in a favourable position to retain a larger and more highly penetrated customer base into the future. In our approach to the market, we will also look to leverage the credibility generated through our impressive ability to deliver to our customers in challenging times.

Additionally, our continued investment in our candidate- and client-facing technology, including a candidate app, screening and on-boarding tools and client reporting portals, continues to enhance our competitive advantage. This, along with an increased investment in our marketing capability and online (including social media) exposure, will strengthen the position of our labour hire division.

Our construction-exposed labour hire brands should see improving market conditions if lockdown and COVID-19 pressures lessen and we are well placed to pick up market share if this sector ramps up again to full capacity, particularly in the traditional construction sector. Additionally, our exposure to the infrastructure sector in Victoria should continue to provide us with a solid base of activity with possible upside from any increasing private construction project activity.

Training has been relatively stable in terms of revenue over recent years apart from the lift due to the acquisition of The Instruction Company for FY21. As elements of the public health response to COVID-19 have been relaxed, face-to-face classroom training and site-specific placement activity have returned. This would, if sustained, provide favourable conditions for our training division.

As with any organisation, our future prospects may be impacted by risks. The impact may be positive or negative, depending on whether the risks materialise or recede. The following are thought to be the more relevant risks, although it is the view of the directors that none of these specific risks, nor any other potential risks, are of special significance at this point in time.

Changes in the regulatory environment are always a possibility and have the potential to create challenges for our business. This includes federal and state legislation relating to employment and award conditions, and also that relating to employment and training initiatives. With the majority of this legislation being foreshadowed in advance of any implementation, we continue to closely monitor any such changes and their likely implications for our business. This gives us an opportunity to participate in consultation processes and to be well placed to adapt as and when such changes may arise.

Employment market supply and demand tensions create both challenges and opportunities for our business model. Sourcing staff to supply the extra demands being created and the availability of candidates to fill this demand can



create challenges in fulfilment, but the scarcity of suitable workers, in many ways, drives the demand from our customers. Our investment in our marketing capability and technology, both candidate- and client-facing, as outlined above, is being utilised to mitigate risk in this area.

There also remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. It is also difficult to predict the emergence of new variants of concern and the possible public health responses to them. While COVID-19 can create operational challenges for our business, it can also create opportunities for growth, particularly in Action Workforce with its high exposure to the supply chain sector. The COVID-19 situation remains fluid and we continue to monitor it closely.

*This ASX announcement was approved and authorised for release by the Board of Ashley Services Group Limited.*

**For further details:**

Chris McFadden  
Chief Financial Officer/Executive Director/Company Secretary

*Established almost half a century ago as a Labour Hire business in Sydney, Ashley Services Group listed on the Australian Securities Exchange in 2014. Today, it has cemented its position as a prominent national labour hire provider engaging almost 6,000 workers during the peak seasonal period.*