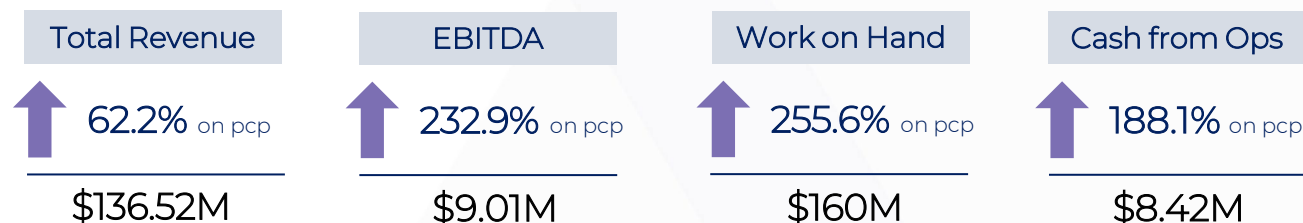


Strategy Validated with 10.5 Times NPAT on FY23

FY24 Highlights



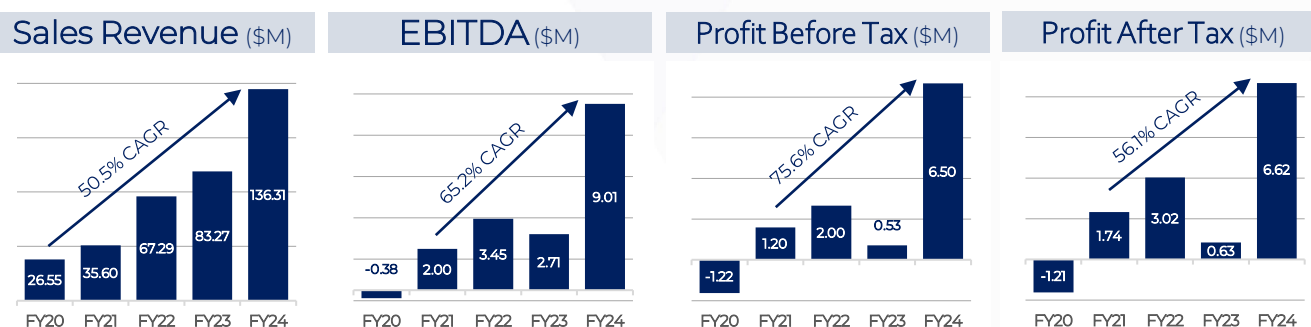
SKS Technologies Group Limited (ASX: SKS) has achieved an **after-tax profit** of \$6.62 million, representing a **10.5 times** multiple on FY23 NPAT of \$0.63 million. The stellar FY24 performance saw significant increases in all earnings metrics and an operational performance driven by several substantial contract wins in targeted market sectors.

Chief Executive Officer, Matthew Jinks, said, "Several years ago, we took decisive action to redirect the trajectory of the business, investing in the resources and systems necessary to properly execute our entry into market sectors that we defined as attractive for numerous reasons. This approach meant that while we grew our revenue significantly and quickly, we also increased our cost base over those years as we established a presence in our target sectors and began to scale up to fit that cost base. The FY24 results are a substantive indication of the success of this strategy with further gains to come as we continue to expand into our current cost base."

Record financial results

Sales revenue for the year grew by 63.7% to \$136.31 million, slightly above the revised FY24 revenue target of \$130 million in July this year. Beginning the year with a \$45 million work on hand base, the business won and completed a considerable level of new work during the year to reach this level of revenue, including the first of the large data centre contracts, a \$30+ million contract to supply and install electrical systems for an international hyperscale data centre operator.

Of the major cost increases for the year, raw materials, consumables and logistics increased by 54.4% to \$72.34 million and employee benefits increased by 61.1% to \$51.26 million. These cost



increases reflect the increased business development and project execution resources, and raw materials to support the planned growth across the business. The current cost base is expected to support growth in excess of the \$200 million revenue target with margins preserved.

In line with the revenue increase, profit before tax increased by a multiple of 12.3 times to \$6.50 million while profit after tax increased by 10.5 times to \$6.62 million. A final fully franked dividend of 1 cent per share has been declared.

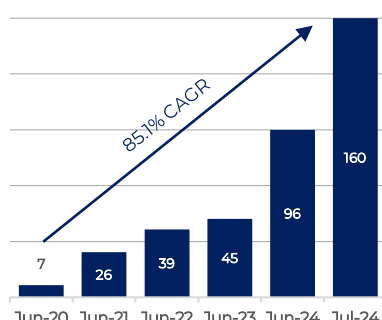
The balance sheet was enhanced by strong cash performance, driven by high cash flows generated from operations, rising by 188.1% over the year to \$8.42 million. Similarly, net cash flows turned around by \$3.39 million, boosting working capital by a multiple of 49.3 times to support the ongoing growth requirements.

The business holds no long-term debt, using short-term bank facilities to cover its daily funding requirements. These CBA bank facilities totalling \$8 million were first approved in September 2022 and have been increased twice since then to \$14.5 million.

Exceptional operational performance

During the year, work on hand grew to another record level at 30 June 2024 of \$96 million. Another major data centre contract secured in early July boosted the order book to \$160 million. Since the \$7 million of work on hand at June 2020, the order book has experienced quantum increases every year with a compound annual growth rate of 85.1%.

Work on hand (\$M)



There were also a number of significant contract wins, including:

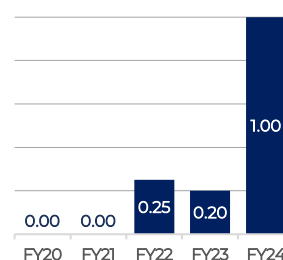
- a \$30+ million contract for a new data centre in November
- \$11 million of defence contracts in May, and
- a \$90 million contract for a data centre, announced in July.

SKS Technologies has now built two substantial data centre teams with extensive commercial and technical knowledge that enables it to continue building its reputation for excellence in the sector.

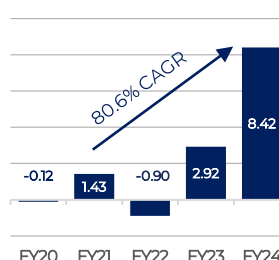
Operational performance was strong in all geographic regions with increased work in the mining and resources sector in Western Australia, new defence work won in the Northern Territory, a strong diversified performance in both the Queensland and South Australian operations, and new management in the New South Wales branch.

There has also been some success in converting state-based customer accounts into national accounts for projects across multiple states, and further work is being done to expand this sales channel. A case in point is a national rollout project undertaken for a major food retailer during

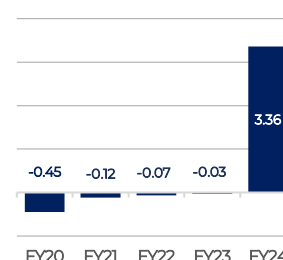
Dividend (cents)



Cash from ops (\$M)



Net cash flows (\$M)



the year. Work performed for large businesses generally requires much preparation with specific registrations, training and certifications necessary in order to begin the first project. To this end, such processes have been undertaken as part of the re-investment in growth in FY22 and FY23, and projects for these large organisations can now be performed.

SKS Indigenous Technologies

Much was achieved in the SKS Indigenous Technologies business also with a solid level of work won and performed during the year for corporate and government organisations across Victoria, South Australia, the Northern Territory and Western Australia. At the end of the year, work on hand sat at \$11.5 million, and Indigenous employment was at 4% with 21 Indigenous apprentices, one being a female Indigenous apprentice. While the business has a commercial purpose, it also has enormous value in supporting Indigenous communities with employment, training and career advancement opportunities, and has a specific aim to attract Indigenous women to work in its operations.

Strategy bears fruit

After divesting non-core businesses, SKS Technologies reviewed its core offering for a wider set of applications and sectors, packaging up its skills and expertise to capture large, attractive opportunities with high calibre players in the data centre sector. The defence sector was also identified as an attractive sector for SKS Technologies' systems and services with large capital outlays earmarked in budget papers for upgrades to base facilities around Australia. With the achievement of work on hand and project completion levels in those targeted sectors over the past few years, attention is drawn to the objectives and initiatives that will build on this progress.

A strategic review by the Board has now established a revised strategy that concentrates on a two-pronged approach by consolidating the operating platform to facilitate excellent execution and close financial oversight as well as continued organic growth with a commitment to revenue diversification. While the FY24 sales revenue outside of data centre revenue shows a 26.5% increase in revenue from work won and completed in SKS Technologies' traditional sectors, the large contracts recently won will undoubtedly skew the results in the current financial year towards a concentration of data centre revenue. The success of the strategy is pleasing, however, the intention is to capture the best quality work, in terms of the economics and risk profile, while concurrently aiming for a diverse revenue base, either by geography, by sector, or by customer type. The company also remains open to assessing the value of opportunistic acquisitions as they arise.

Outlook

Australia continues to demonstrate its resilience, defying negative growth predictions quarter after quarter, albeit with lower rates of economic growth. Inflation has peaked but remains high, while commodities and other exports remain strong and unemployment holds at a relatively low level. Despite the flatness of our economic position, the pipeline of potential work for SKS is considerable with \$354 million of work currently in the tender process. Therefore, with SKS Technologies' track record in winning and completing work, combined with the necessary focus on consolidating and enhancing the operational platform, the next major revenue milestone sits around the \$200 million mark.

Mr Jinks also said, "While we've taken the business into the next realm in terms of work levels and earnings, we remain focused on embedding the next level of internal infrastructure to support excellence in execution, consolidate the growth we have achieved to date, minimise business risk, and instil a continuous improvement and rigorous safety culture across all SKS Technologies locations.

“Our strengthened financial position and solid operational base, in a broad market with high and increasing levels of demand, set us up well to achieve the next level of growth.”

~ ENDS ~

Approved for release by the Board of SKS Technologies Group

Webinar details:

SKS Technologies will host its FY24 results webinar on Tuesday, 20 August 2024 10:30am – 11:15am AEST via the following link:

Details of the call are as follows:

Zoom Link:

<https://us06web.zoom.us/j/89047656324?pwd=EUJCOJLaxKYcMymHPIjKGib9HjHDVs.1>

Meeting ID: 890 4765 6324

Passcode: 826090

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• +61 8 6119 3900 Australia

• +61 8 7150 1149 Australia

• +61 2 8015 6011 Australia

Meeting ID: 890 4765 6324

Passcode: 826090

Find your local number: <https://us06web.zoom.us/j/89047656324?pwd=EUJCOJLaxKYcMymHPIjKGib9HjHDVs.1>

Further Information

Matthew Jinks
Chief Executive Officer
(03) 9289 5000

About SKS Technologies Group Limited (ASX: SKS)

SKS Technologies Group specialises in the design and installation of electrical, audio visual, and communication networking solutions across Australia, serving the full spectrum of industry sectors, including data centres, defence, mining, health, retail and commercial buildings. SKS Technologies' mission is to create sustainable and profitable business growth by focusing on delivery capabilities and integration synergies across its regions and divisions.

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