

QUARTERLY ACTIVITIES REPORT - DECEMBER 2021

Continued Revenue Growth & Strong December FY22 financial performance

Highlights

- ▶ December FY22 Quarter unaudited revenue was \$27m, up 62% on the comparative FY21 quarter.
- ▶ Unaudited revenue for the December 21 Half Year was \$51m, up 85% on the prior half year.
- ▶ SSH Group's unaudited revenue for the 2021 calendar year is circa ~\$90M up 140% on the comparative 2020 calendar year.
- ▶ FY22 order book organic growth continues to remain extremely strong and now stands @ 90% of FY21 revenue with ~6 months remaining the financial year.
- ▶ Cash position of \$6.9m at the end of the quarter.
- ▶ SSH Group secures new contracts and contract extensions
- ▶ SSH Group repays all non-core short-term debt
- ▶ SSH Group is actively reviewing potential acquisitions which are complementary to its existing portfolios and services.

SSH Group Ltd. (ASX:SSH) (**Company** or **SSH**) is pleased to release its December 2021 quarterly activities report and Appendix 4C. The cashflow and activities report has been prepared on a combined basis as if all 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). This follows the Accounting Standards which require that the acquisition be treated as a reverse takeover.



New Contracts and Contract Extensions

► Webuild Group / NRW Joint Venture

On 2nd December 2021 the Company advised that it had extended its relationship with the global construction contractor Webuild Group (formerly Salini Impregilo) working on its \$1.86 billion Forrestfield Airport Link Joint Venture with NRW. The further 4-month extension follows the extension of the contract for site access control and security services within the Safety Division. The contract originally signed in September 2018, has been increased by a further \$2.7m and the total contract value now stands at \$10.3m.

As part of the contract extension with the SSH Safety Division, the SSH Group has also executed a supply agreement for the provision of labour hire to the JV with the SSH Group's People Division. The SSH People Division will initially supply labourers, scaffolders, and riggers to the Forrestfield Airport Link project with additional resources to be provided to meet the project requirements between now and completion.

► Multiplex Construction

The Company is also pleased to continue providing services to long standing client, Multiplex. The contract for the exclusive supply of site access control and security services at the Joondalup Hospital (WA) expansion has been signed. The initial contract value of \$1m will be serviced over a 2-year period. SSH advised in January 2022 it has been awarded another contract with Multiplex Construction valued at \$0.9m for security and equipment services.

SSH's provision of services to Multiplex has been continuous over a number of years and various projects, including the provision of services to the upgrade of the recently launched Karrinyup Shopping Centre. Since project inception in November 2018 SSH has provided over 43,855-man hours and grossed over \$3.3m.

► City of Stirling

The Company successfully won a tender with the City of Stirling relating to the provision of security services to complement the existing internal security service for the City. The contract is for an initial term of two (2) years with an extension option of one (1) year. Revenue under the contract is governed by a schedule of rates on an as required basis with no minimum contract value. Due to the nature of the contract, the Company is not able at this stage to assess the material impact of the agreement on its securities and will advise the market in due course in this regard.

Retirement of Short-Term Debt and Payables

During the quarter the Company successfully repaid the balance of all ATO payment plans that were agreed to during the 2020 and 2021 financial years.

The repayment of these balances now completes the retirement of all short-term debt/payables as noted in the Group's prospectus and further strengthens the liquidity position of the Company.

December FY22 Quarter Financial Position

Revenue from operations for the quarter totalled \$27m. The December Quarter FY22 revenue increased by 65% vs previous corresponding period, included both the Safety and People divisions contributing significant growth. The revenue was in line with expectations and continues the growth seen in the September quarter.

Revenue for the half year now stands at \$51m which is an 85% increase on the prior period.

Margin for the quarter improved on the prior period and now stands at 10% YTD, this additional margin has led to improved EBITDA (3.5% of revenue) and positive NPAT being recorded by the SSH Group for the quarter and the December Half Year.

As of 31 December 2021, the SSH Group had a cash balance of \$6.9m, and access to \$2m in facilities with its working capital provider. The cash balance increased over the quarter including the repayment of the non-core short term debt. Operational cashflows were, as expected due to strong revenue growth, negative for the quarter. Additionally significant debtor receipts were collected post EOM December due the Christmas Holiday period delaying several client payment runs.

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.

The Company is able to offset this short term cashflow deficit from operations with the use of a working capital facility held with Scottish Pacific and secured against outstanding Debtor balances (monies owed to SSH entities). This facility which can be drawn weekly and has a facility limit of \$12m with available funding linked to the Debtor balances. The structure of the facility allows sufficient headroom for growth. As at 31 December the facility was drawn to \$5.7m with \$2m of immediately available funding (based on the Debtor book of \$11m). The use of the facility is disclosed as a financing cashflow.

With the People and Safety divisions performing strongly, the Company moved to execute its divisional strategy and ramp up the Equipment Division including the establishment of an equipment yard in Western Australia. Whilst revenue from the Equipment Division is not a significant contributor to the year-to-date result, the Company is excited to lay the foundations of the Equipment division and will look to update the market in due course with further developments.

Geographical Expansion

SSH Group has achieved another key milestone in its interstate expansion growth strategy, having secured a recently announced operating licence for its People Division in Queensland and Northern Territory Security Agent Licence in its Safety Division, it is pleased to advise it has been granted a Security Agent Licence for South Australia, which is aiding the Company's national licence and accreditation strategy with operating licences for its Safety Division. The Company is currently awaiting granting of its operating licences for the Safety Division in Queensland and New South Wales.

Acquisitions

SSH is actively reviewing acquisition opportunities which complement its existing customer and service portfolios. The Company is targeting cash-flow positive businesses that are scalable and earnings accretive.

Corporate

On 25 November 2021 SSH held its first Annual General Meeting. All resolutions were carried on a poll.

The Company announced on 15 November 2021 that it had established a Share Sale Facility for holders of Unmarketable Parcels of shares in the Company (Facility). The ASX Listing Rules define “Unmarketable Parcel” as one with a market value of less than A\$500.

The Facility was open to all shareholders holding 1,961 or less shares in the Company, based on the closing price on the ASX of \$0.255 the day before 12 November 2021 (Record Date). SSH provided the Facility to enable Unmarketable Parcels to be sold without the shareholder incurring any brokerage or handling costs. In accordance with the ASX Listing Rules and SSH’s constitution, a copy of the letter and Share Retention Form was sent to eligible shareholders.

Shareholders with an Unmarketable Parcel were not obliged to sell their shares. Eligible shareholders who wanted to participate in the Facility and have their shares sold by SSH did not need to take any action.

The closing date for receipt of Share Retention Forms was 28 December 2021 and a total of 260,077 ordinary shares from 1,704 unmarketable parcel holders will be sold. The sale process will be finalised in due course.

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 \$
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	500,000	-
Site Services Holdings Group Operational Expenditure Sub-Total	2,250,000	1,745,000
Costs of the Offers and Acquisition	637,414	429,000
Working capital	903,293	903,293
TOTAL Funds Allocated	3,790,707	3,082,293

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.

About SSH Group Ltd.

The company provides a comprehensive range of integrated services to an array of Australian industries, projects, and communities.

For more information, please contact:

By telephone:

Matthew Foy
Company Secretary

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9:00am to 5:00pm (WST)
Monday to Friday

By post:

Attn: Company Secretary

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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")

December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	29,576	53,526
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(27,555)	(50,907)
(c) advertising and marketing	(88)	(115)
(d) leased assets	(64)	(127)
(e) staff costs	(1,897)	(2,847)
(f) administration and corporate costs	(322)	(445)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(159)	(331)
1.6 Income taxes paid	(7)	(7)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(516)	(1,253)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(79)	(88)
(d) investments		



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) intellectual property		
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	12	12
	(d) investments		
	(e) intellectual property		
	(f) 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	(67)	129

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	(18)	(429)
3.5	Proceeds from borrowings	2,009	3,104
3.6	Repayment of borrowings	(1,128)	(1,557)
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	863	7,368

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,589	625
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(516)	(1,253)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(67)	129
4.4	Net cash from / (used in) financing activities (item 3.10 above)	863	7,368
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,869	6,869

5.	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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,869	6,589
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)	6,869	6,589

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
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	-
<i>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.</i>		

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	7,790	5,745
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	592	592
7.4	Total financing facilities	8,382	6,337
7.5	Unused financing facilities available at quarter end		2,045
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. 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. 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. 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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(516)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,869
8.3	Unused finance facilities available at quarter end (item 7.5)	2,045
8.4	Total available funding (item 8.2 + item 8.3)	8,914
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	17 Qtr's
	<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>	
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

- 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:31 January 2022.....



Authorised by:

Daniel Cowley-Cooper
Managing Director

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.