

SICON LIMITED

FY2021 Third Quarter Report

Overview

During the third quarter there has been a significant increase in workloads across all divisions. This has resulted in a good result year to date. Significant investment by both the private and public sector has seen an increase in projects in the market. Whilst this is welcomed the pressure on attracting and retaining good staff is becoming increasingly difficult. Delays in source materials offshore is also becoming a risk we are now having to manage when tendering for projects.

Financial Position

| \$m | YTD Actual | YTD Budget | Variance | Annual Budget | Note |
|--|---------------|---------------|----------|------------------|------|
| Revenue | \$44.3 | \$39.4 | \$4.9 | \$52.4 | 1 |
| Net Profit (pre-tax & amortisation) | \$4.6 | \$2.1 | \$2.5 | \$2.7 | 2 |
| Net Cash Flows | (\$1.44) | \$0.12 | (\$1.32) | \$0.16 | 3 |

Notes

- 1 Revenue is slightly higher than budgeted and this has been mainly due to an increase in project work throughout the Canterbury Region. Margins continue to be tight, but with an increase in availability of work it is expected these will loosen as time pressure start to impact the delivery of projects.
- 2 Net Profit is higher than budgeted, which was reduced in the SOI in April due to Covid-19 uncertainties. Higher net profit has been reflected in all areas of the business. The focus has been on meeting key performance indicators and ensuring a quality product is delivered to help reduce unnecessary rework.
- 3 Cashflow is less than budgeted due to an increase in the dividend and reinvestment into plant in the business.

Key Contracts

No key contracts won over this period.

Business Risks

With the current climate of Covid-19, there is an element of uncertainty that must be factored into our medium and long term outlooks. We have taken a conservative outlook on the company's future while making the most of the opportunities that arise. We will need to continue to invest in staff training and their development to ensure we keep staff and attract talented new employees. The impact of the new water regulator is yet to be determined on the industry.