

## Quarterly Activity Report & Appendix 4C

### Continued Growth Foreshadows Targeted \$60M Annualised Revenue

SKS Technologies Group Limited (ASX: SKS) announces a significant increase in cash receipts from customers offset by increased materials and employment costs associated with increased growth across all market sectors.

Receipts from customers increased by 42.6% compared with the June quarter, up from \$10.9 million to \$15.6 million. This result included the first full quarter contribution from the recently acquired APEC Technologies business and is also on top of a 44% increase in receipts from customers in 4Q21, showing solid compound growth in the business.

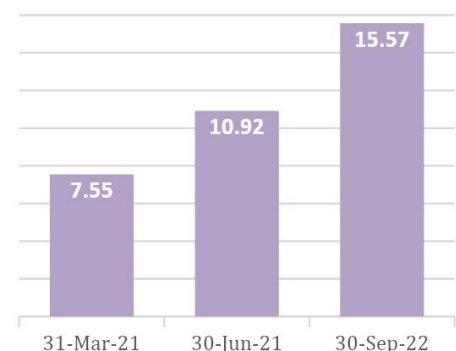
**Chief Executive Officer, Matthew Jinks, said** “This level of income indicates that we are well and truly on track to achieve our stated revenue target of \$60 million per annum. Equally, our order book has continued to grow ahead of our rate of

project completion and the pipeline of opportunities in our marketplace continues to offer numerous exciting prospects as the economy comes out of covid-driven hibernation.”

As a consequence of our growth trajectory, operations and employment expenditures have increased markedly. Operating and materials costs increased from \$5.6 million in 4Q21 to \$10.6 million in 1Q22, partly due to the full quarter contribution of APEC projects and also due to the ordinary course of business where the schedules on a number of projects have required budgeted outlays. A portion of these expenditures will convert to record billings and strong cash flow in October. With respect to employment costs, FTEs have grown by 21 to 149 people over the quarter to support the delivery of increased workloads. As a result of these activities, cash flow from operations was negative \$0.68 million for the quarter.

Cashflow from investing was negative \$0.14 million, dominated by \$0.10 million in office fit-out for the new premises. This fit-out cost is in addition to the \$0.31 million of fit-out costs in the previous quarter. The majority of this combined cost is expected to be refinanced in 2Q22 and thus we anticipate a cash injection of approximately \$0.4 million in the current quarter.

**Cash Receipts from Customers (\$M)**



During the period, the existing invoice financing facility was increased from \$3 million to \$5 million to fund continually expanding growth and \$0.85 million was drawn down to fund current project activity.

In terms of planned acquisitive growth, SKS Technologies continues to work on new opportunities with its IT acquisition target, Integrated Solutions Group Queensland, and both parties remain committed to the purchase.

**Mr Jinks said,** “We’re optimistic about the future, with the rapid development of digital workplaces and facilities driving demand for our capabilities and opening up greater scope to diversify revenue streams. One of the lasting impacts of the Covid pandemic will be that we will now interact differently across the full spectrum of human activity and our business is in a prime position to capitalise on this fundamental and lasting change.”

~ ENDS ~

Approved for release by the Board of SKS Technologies Group

Payments to related parties of the entity and their associates:

Directors’ fees and expenses reimbursed paid to directors	\$158,000
Salaries and wages and expenses reimbursed paid to employees who are related to directors	\$119,000
Aggregate amount of payments to related parties and their associates included in item 1	\$277,000
Aggregate amount of payments to related parties and their associates included in item 2	-

<b>Further Information</b>	Matthew Jinks Chief Executive Officer (03) 9289 5000
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**SKS Technologies** delivers advanced technology through digital transformation via creative design and installation of converged AV/IT, electrical and communication networking solutions nationally.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

SKS TECHNOLOGIES GROUP LIMITED

**ABN**

24 004 554 929

**Quarter ended ("current quarter")**

30 SEPTEMBER 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (03 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	15,566	15,566
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(10,571)	(10,571)
(c) advertising and marketing	(31)	(31)
(d) leased assets	(116)	(116)
(e) staff costs	(4,907)	(4,907)
(f) administration and corporate costs	(550)	(550)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(100)	(100)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (NECA Wage Subsidy)	31	31
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(678)</b>	<b>(678)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(104)	(104)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(59)	(59)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (03 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	20	20
	(c) property, plant and equipment	2	2
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(141)</b>	<b>(141)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	14,784	14,784
3.6	Repayment of borrowings	(13,932)	(13,932)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (R&D Tax Repayment to ATO)	(125)	(125)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>727</b>	<b>727</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	109	109
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(678)	(678)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(141)	(141)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (03 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	727	727
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>17</b>	<b>17</b>

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	17	109
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>17</b>	<b>109</b>

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	277
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>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other- Invoice Financing Facility	5,000	852
7.4	<b>Total financing facilities</b>	5,000	-
7.5	<b>Unused financing facilities available at quarter end</b>		4,148
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.		
	Cash Flow Finance has provided the invoice financing facility which is subject to variable interest rate (currently 8.85%) and secured by the accounts receivables ledger.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(678)
8.2	Cash and cash equivalents at quarter end (item 4.6)	17
8.3	Unused finance facilities available at quarter end (item 7.5)	4,148
8.4	Total available funding (item 8.2 + item 8.3)	4,165
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	6
	<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	
	<i>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.</i>	

## 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: .....26/10/2021.....

Authorised by: .....By the Board.....  
(Name of body or officer authorising release – see note 4)

## 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.