

Quarterly Activity Report & Appendix 4C

SKS Technologies Group Limited (ASX: SKS), Australia's only publicly listed company providing fully integrated end to end technology solutions nationwide is pleased to update the market on its quarterly cash flow and business activity report for the quarter ended 31 March 2022 (Q3 FY22).

Key Highlights

- Cash receipts of \$15.7m for Q3 FY22, a pcg growth rate of 107% versus Q3 FY21
- Strong work on hand position of \$47m compared with \$20m the pcg
- Revenue for Q3 FY22 of \$16.9m compared with \$7.9m for Q3 FY21, an increase of 114%.
- \$4.3m of undrawn facilities at the end of the quarter
- Strong growth nationally, with expanded presence into Northern Territory
- Appointment of experienced industry professionals to pursue vertical specific strategies and increase national presence
- Continued focus on the development of innovative technologies to support our recurring revenue model direct to end user

Quarterly Activities Overview

SKS Technologies Group continues to pursue its business strategy of organic growth, focusing on growing our national presence and expanding our technology offering. A focus for the quarter has been on securing ongoing service and maintenance contracts, evolving from the transactional type client relationships to recurring work with long-term client engagements.

The Company's seasonal low in December and January impacted overall cash performance across the March quarter, consistent with typical working capital fluctuations. The increase in operating costs is also a result of increased contract wins, stemming from the appointment of experienced professionals across the quarter and continued national expansion.

Corporate Overview

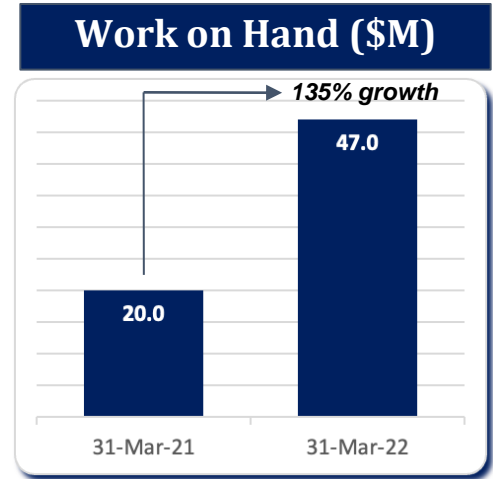
Continued revenue growth has improved operational cash flow by 83% to negative \$0.2m for Q3 FY22, up from negative \$1.2m Q3 FY21.

The March quarter saw a large rise in sales receipts, up 107% to \$15.7m compared to the prior corresponding period of \$7.5m. This is a result of SKS Technologies Group’s continued execution on its organic growth strategy and expansion including their new Darwin office which brings with it increased capacity to meet rising demands from the Defence sector.

The Company continues to build on its strong work on hand position and saw a growth of 135% to \$47m for Q3 FY22, compared with \$20m the pcp.

Strategy and Outlook

The Company’s Board is confident in the ongoing organic growth strategy and is focused on growing the recurring revenue stream on client contracts over the next quarter and beyond.



Chief Executive Officer, Matthew Jinks, commented: “We are delighted to report continued strong momentum this quarter with cash receipts continuing to grow, alongside our strong work on hand position. This shows that SKS Technologies Group is delivering on our strategy to become a leading end to end technology provider. It all bodes well for the future, especially given the new wave of innovation we’re looking to bring to the market leveraging our industry experiences, key relationships and national presence we’ve been so diligently building in recent years”.

~ 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	\$128,000
Salaries and wages and expenses reimbursed paid to employees who are related to directors	\$113,000
Aggregate amount of payments to related parties and their associates included in item 1	\$241,000
Aggregate amount of payments to related parties and their associates included in item 2	-

Further Information	Matthew Jinks Chief Executive Officer (03) 9289 5000
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About SKS Technologies Group Limited (ASX: SKS)

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")

31 MARCH 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (09 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15,662	47,449
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(9,317)	(28,822)
(c) advertising and marketing	(80)	(177)
(d) leased assets	(142)	(396)
(e) staff costs	(6,328)	(17,346)
(f) administration and corporate costs	(470)	(1,357)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(120)	(320)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	602	1,074
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(193)	105
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(168)	(509)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	(56)	(115)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (09 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	41	122
	(c) property, plant and equipment	-	2
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	2	10
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(181)	(490)

3.	Cash flows from financing activities		
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	16,163	46,228
3.6	Repayment of borrowings	(15,707)	(45,564)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (R&D Tax Repayment to ATO)	(123)	(377)
3.10	Net cash from / (used in) financing activities	(333)	287

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	52	109
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(193)	105
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(181)	(490)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (09 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	333	287
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	11	11

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	11	52
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)	11	52

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	241
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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other- Invoice Financing Facility	5,000	665
7.4 Total financing facilities	5,000	665
7.5 Unused financing facilities available at quarter end		4,335
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.	<p>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.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(193)
8.2 Cash and cash equivalents at quarter end (item 4.6)	11
8.3 Unused finance facilities available at quarter end (item 7.5)	4,335
8.4 Total available funding (item 8.2 + item 8.3)	4,347
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	23
<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:27/04/2022.....

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.