

Record Cash Receipts of \$17.45 Million

SKS Technologies Group Limited (ASX: SKS) announces a record \$17.45 million in cash receipts from customers in 4Q22, an increase of 11% from \$15.66 million in 3Q22 and a 60% increase over the previous corresponding period.

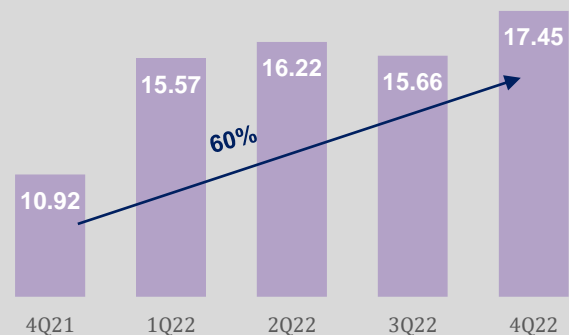
Chief Executive Officer, Matthew Jinks, said, “A further record quarter of cash receipts and a total of almost \$65 million for the year means that we have comfortably exceeded our stated revenue target of \$60 million for FY22. In addition to this, we have completed the year at a revenue run rate in excess of \$90 million against the previously stated \$80 million target for FY23.”

As a result of supply chain delays, there have been timing issues with the raising of some invoices, pushing some cash receipts into the next quarter. These supply chain disruptions have lengthened the period between cash outlays and cash receipts. Product manufacturing and operating costs increased to \$11.8 million from \$9.3 million in the previous quarter as the business upscaled to deliver more activity. Staff costs increased to \$7.1 million from \$6.3 million, reflecting resource growth of 51 people to a total workforce of 325 employees. As a result, net cash from operating activities was negative \$1.55 million.

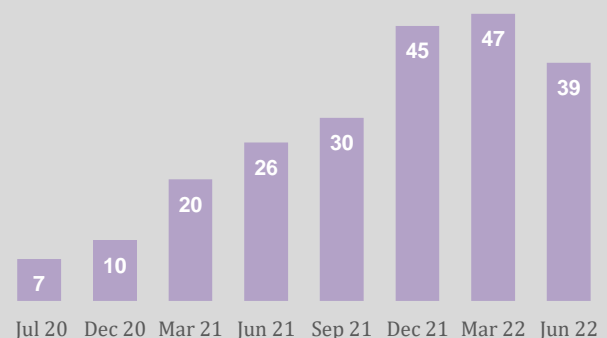
Mr Jinks also said, “Supply chain issues have led to a mismatching of billings and costs, but nevertheless our record billings of \$10 million for the month of June gives us confidence that we will achieve positive cash from operations in the first quarter of the current financial year.”

The order book remains strong and the pipeline of opportunities continues to offer numerous exciting prospects across all sectors and geographical regions.

Cash Receipts from Customers (\$M)



Work on Hand (\$M)



Cashflow from investing was negative \$0.3 million, dominated by ongoing investment in property, plant and equipment required to meet the increased needs of the expanded business activity. Working capital remains at a satisfactory level to support the growth of the business.

Mr Jinks also said, “Over the quarter we have invested heavily in growth, most notably with the opening of an office in the ACT to capitalise on opportunities in the defence and broader government areas. The new ACT office comes off the back of our new office in the Northern Territory that was opened during the previous quarter and new management in Western Australia and Queensland. We believe that the current level of investment in growth will enable greater benefits from economies of scale as revenue continues to grow.”

~ ENDS ~

Approved for release by the Board of SKS Technologies Group

Payments to related parties of the entity and their associates:

Aggregate amount of payments to related parties and their associates included in item 1	\$342,000
Directors' fees and expenses reimbursed paid to directors	\$220,000
Salaries and wages and expenses reimbursed paid to employees who are related to directors	\$122,000

Further Information

Matthew Jinks
Chief Executive Officer
(03) 9289 5000

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")

30 JUNE 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	17,454	64,903
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(11,824)	(40,645)
(c) advertising and marketing	(52)	(230)
(d) leased assets	(157)	(552)
(e) staff costs	(7,147)	(24,493)
(f) administration and corporate costs	(264)	(1,635)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(207)	(527)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	644	1,718
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,553)	(1,461)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(304)	(814)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	(24)	(140)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	20	142
	(c) property, plant and equipment	-	2
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	15	26
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	(293)	(784)

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	(13)	-
3.5	Proceeds from borrowings	19,886	66,115
3.6	Repayment of borrowings	(17,887)	(63,451)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (R&D Tax Repayment to ATO)	(111)	(488)
3.10	Net cash from / (used in) financing activities	1,875	2,176

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11	109
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,553)	(1,461)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(293)	(784)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,875	2,176
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	40	40

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	40	11
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)	40	11

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	342
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	2,664
7.4	Total financing facilities	5,000	2,664
7.5	Unused financing facilities available at quarter end		2,366
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 9.10%) and secured by the accounts receivables ledger.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,553)
8.2	Cash and cash equivalents at quarter end (item 4.6)	40
8.3	Unused finance facilities available at quarter end (item 7.5)	2,336
8.4	Total available funding (item 8.2 + item 8.3)	2,376
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.5
	<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: No. The business expects the net operating cash flows to improve in particular on the back of record billings for the month of June.	
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: No.	

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: The business expects to generate positive cashflow from operations in the September quarter on the back of record June billings. The business also expects to generate cash from operations for all quarters with the exception of March quarter which is impacted by seasonal factors.

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:26/07/2022.....

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.