

Positive Operating Cash and Continued Growth

SKS Technologies Group Limited (ASX: SKS) has achieved a net cash surplus from operations of \$0.91 million, which is a \$3.09 million turnaround from 2Q22 and a \$1.10 million turnaround on the previous corresponding period.

Chief Executive Officer, Matthew Jinks, said, “The operating cash flow result is pleasing given Q3 is always impacted by the lower level of activity over the Christmas period. It is also pleasing given the continued level of investment in growth to realise our aggressive organic growth plans.”

Cash receipts were up by 4.7% from \$22.02 million in 2Q23 to \$23.05 million, representing a 47% increase on 3Q22.

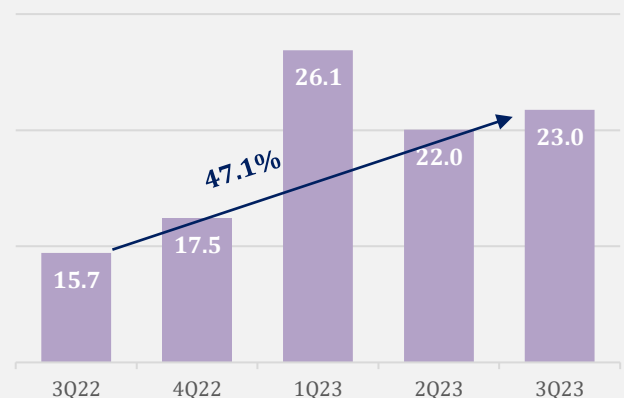
Total cash operating expenses decreased by 8.5% from \$24.21 million in the previous quarter to \$22.14 million, with staff costs reducing by \$1.2 million to \$7.22 million from \$8.43 million in the previous quarter. Much of this reduction was the result of the advancement of holiday pay over the Christmas and New Year period, as noted in the December quarter 4C, as well as lower staffing levels due to the timing of some projects reaching completion and others awaiting commencement.

Cost of sales and operating costs decreased marginally by 2.8% from \$14.59 million in 2Q23 to \$14.18 million in 3Q23 due to the traditional slowing of the industry over January and February.

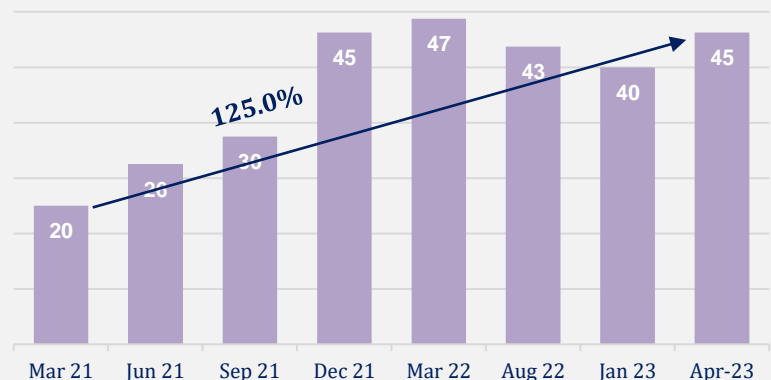
Working capital remains adequate with a combined \$2.25 million of undrawn overdraft funds and cash at bank, after a net reduction of \$1.05 million in overdraft funds drawn over the period.

Mr Jinks also said, “Our aggressive growth plans are underpinned by an exciting pipeline of prospects that will enable us to continue to build our work on hand position, which currently sits at approximately \$45 million.

Cash Receipts from Customers (\$M)



Work on Hand (\$M)



During the quarter, a number of projects were completed, including an audio-visual, electrical and communications fitout for the Federal Department of Home Affairs as well as a major project for the new Australian Federal Police headquarters in Melbourne. Work won during the quarter includes projects in the defence, education and government sectors, and work in the targeted area of data centres is also being secured. The establishment of a data centre team of experts last year is now building revenue for the business in a relatively new space that is rapidly evolving and is slated for strong growth in the short to medium term.

SKS Indigenous Technologies is steadily winning work and the Company is proud to report that the Indigenous employment target of 3% committed to in the market announcement upon establishment of the business in August last year has already been achieved.

“Over the past few years, we have been closely managing the balance between a growing order book and a vibrant pipeline across all market sectors with the significant investment necessary to expand the business to capitalise on these opportunities. This investment has enabled us to expand our geographic footprint to secure work in new markets and build new expertise in the business to extend our package of services, such as the work won and performed by our data centre team. Based on our performance to date, we expect that our FY23 annualised revenue to be in the vicinity of \$90 million,” said Mr Jinks.

~ ENDS ~

Approved for release by the Board of SKS Technologies Group.

Payments to related parties of the entity and their associates:

6.1	Aggregate amount of payments to related parties and their associates included in item 1	\$495,000
	Directors' fees and expenses reimbursed paid to directors	\$173,000
	Salaries and wages and expenses reimbursed paid to employees who are related to directors	\$322,000
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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")

31 MARCH 2023

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	23,046	71,187
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(14,178)	(44,947)
(c) advertising and marketing	(85)	(244)
(d) leased assets	(188)	(621)
(e) staff costs	(7,219)	(22,859)
(f) administration and corporate costs	(314)	(1,730)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(159)	(617)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	554
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	905	725
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(130)	(529)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	(19)

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	-	-
	(c) property, plant and equipment	4	40
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	197	270
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	71	(238)

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	-	(1)
3.5	Proceeds from borrowings	-	42,260
3.6	Repayment of borrowings	(1,048)	(42,158)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(273)
3.9	Other (R&D Tax Repayment to ATO)	(117)	(342)
3.10	Net cash from / (used in) financing activities	(1,165)	(514)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	202	40
4.2	Net cash from / (used in) operating activities (item 1.9 above)	905	725
4.3	Net cash from / (used in) investing activities (item 2.6 above)	71	(238)

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)	(1,165)	(514)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13	13

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	13	202
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)	13	202

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	495
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>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other- Overdraft Facility	5,000	2,767
7.4 Total financing facilities	5,000	2,767
7.5 Unused financing facilities available at quarter end		2,233
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.		
Commonwealth Bank of Australia has provided the overdraft facility which is subject to variable interest rate (currently 6.47%) and secured by a charge over the company.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	905
8.2 Cash and cash equivalents at quarter end (item 4.6)	13
8.3 Unused finance facilities available at quarter end (item 7.5)	2,233
8.4 Total available funding (item 8.2 + item 8.3)	2,246
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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?	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?	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?	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:28/04/2023.....

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.