

Organic Growth Delivers Another Sound Cash Performance

SKS Technologies Group Limited (ASX: SKS) continues to achieve healthy cash receipts from customers, with \$23.25 million in the final quarter of FY23 and an increase in net cashflows from operating activities of \$1.33 million.

Chief Executive Officer, Matthew Jinks, said, “Despite some trepidation about the future stability of the Australian economy, demand for SKS Technologies’ services and systems across multiple markets has not diminished. This is evidenced by our continued strong performance in cash receipts from customers and increased operating cashflows.

“The increased operating cash flow result is pleasing given the ongoing investment necessary to support the significant acceleration of the Company over the past few years.”

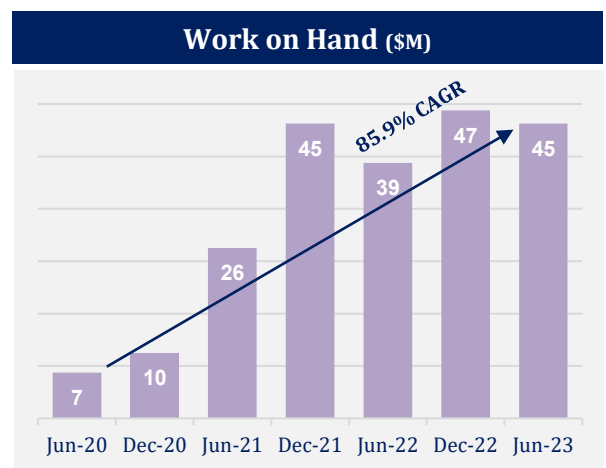
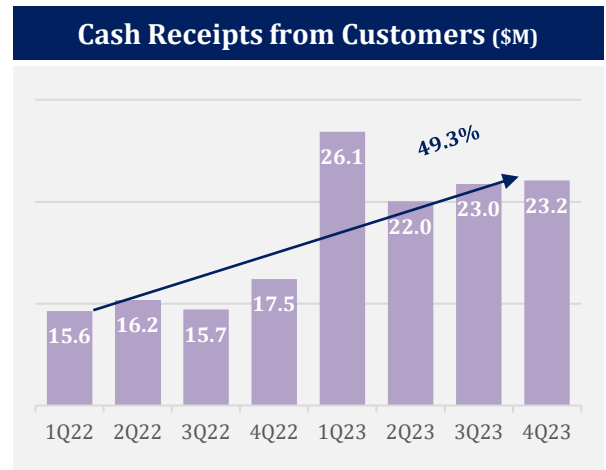
Cash receipts were consistent with 3Q23 at \$23.25 million and up from \$17.45 million in the previous corresponding period, representing a 33.2% increase.

Over the past two years, cash receipts have increased by 49.3%, reflecting the business’ ability to win work and generate income at increasingly higher rates.

Cashflows from operations increased by 46.7% from \$0.91 million in 3Q23 to \$1.33 million, enabling the significant reduction of \$1.01 million in the overdraft facility during the quarter, as well as fully retiring the legacy R&D liability with a final payment of \$0.21 million.

Total cash operating expenses were also consistent with the previous quarter at \$22.13 million. Product manufacturing and operating costs decreased by \$1.28 million to \$12.90 million, representing a 9.1% reduction on 3Q23. Staff costs increased by \$1.12 million to \$8.34 million, due to an additional pay cycle in the quarter compared with the previous quarter as well as a temporary increase in labour to support work for which payment will be received in the future. Financing facilities remain sufficient with \$3.25 million of total funding available.

Work on hand remains at recent historical levels despite faster rates of completion, and has increased 85.9% per annum since the beginning of FY21. In the last year, the business has turned its focus to new complementary market segments, such as data centres, and specialist work for the defence sector. As a result, several large blue-chip companies, including large banks and global IT corporations, have become customers, further validating the quality of the SKS Technologies’ offering. Despite these new clients and a significant increase in revenue,



we are still experiencing a 73% repeat business rate.

Projects completed during the quarter include a multi-site audio visual project for the Department of Transport, as well as a major electrical and communication refurbishment project for Mercedes Benz.

New work secured during the quarter includes a multi-level office refurbishment for Aware Superannuation, a large-scale communication networking installation for defence located in South Australia and a multi-site audio-visual refurbishment for a major Australian bank.

“The significant growth of SKS Technologies over the past few years has been driven by an organic growth strategy that has optimised our expertise in the convergence of technology to solve the specific requirements of each customer. Over that time, we have developed new market segments, new ways of securing end-user work with a blue-ribbon customer base, and recruited specialist teams to deliver the sophisticated systems and technologies to those clients. This growth has required a commensurate level of investment in our future, and we are confident that our business will achieve its medium-term financial and operational objectives. For FY23, revenue is expected to come in slightly lower than the initially forecasted \$90 million, but will still reflect another year of significant growth,” said Mr Jinks.

~ 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	\$403,000
Directors' fees and expenses reimbursed paid to directors	\$204,000
Salaries and wages and expenses reimbursed paid to employees who are related to directors	\$199,000
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")

30 JUNE 2023

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	23,247	94,435
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(12,894)	(57,841)
(c) advertising and marketing	(69)	(313)
(d) leased assets	(249)	(870)
(e) staff costs	(8,336)	(31,194)
(f) administration and corporate costs	(393)	(2,124)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(184)	(802)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	206	759
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,328	2,052
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(134)	(662)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	(19)

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	-	-
	(c) property, plant and equipment	15	55
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	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	(119)	(356)

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	(1,006)	(43,164)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(273)
3.9	Other (R&D liability Repayment to ATO)	(207)	(549)
3.10	Net cash from / (used in) financing activities	(1,213)	(1,727)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13	40
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,328	2,052
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(119)	(356)

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)	(1,213)	(1,727)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	9	9

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	9	13
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)	9	13

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	403
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- Overdraft Facility	5,000	1,761
7.4 Total financing facilities	5,000	1,761
7.5 Unused financing facilities available at quarter end		3,239
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.	<div style="border: 1px solid black; padding: 5px;"> <p>Commonwealth Bank of Australia has provided the overdraft facility which is subject to variable interest rate (currently 6.97%) and secured by a charge over the company.</p> </div>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,328
8.2 Cash and cash equivalents at quarter end (item 4.6)	9
8.3 Unused finance facilities available at quarter end (item 7.5)	3,239
8.4 Total available funding (item 8.2 + item 8.3)	3,248
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?	<div style="border: 1px solid black; padding: 5px;"> <p>N/A</p> </div>
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?	<div style="border: 1px solid black; padding: 5px;"> <p>N/A</p> </div>
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?	<div style="border: 1px solid black; padding: 5px;"> <p>N/A</p> </div>
<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:26/07/2023.....

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.