

Investment in Growth Delivers Strong Operating Cash Surplus

SKS Technologies Group Limited (ASX: SKS) is pleased to report an operating cash surplus of \$2.94 million for the December quarter, which represents a more than sevenfold increase on the previous quarter and a turnaround of \$5.12 million on the previous corresponding period. The strong cash performance has enabled full repayment of the outstanding overdraft amount and a net cash balance of \$0.9 million as at 31 December.

The operating cash surplus has been driven by a further significant increase in receipts from customers of 21.1% to \$32.51 million from \$26.83 million in the September quarter, and a 47.6% increase from \$22.01 million at the end of December 2022.

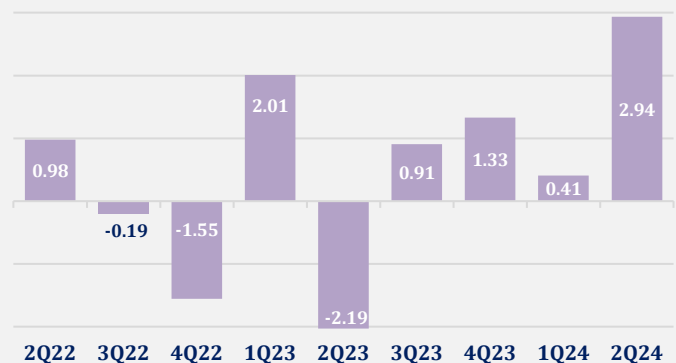
Chief Executive Officer, Matthew Jinks, said “This outstanding performance is based on increased operational activity with new work continually being won often at higher than historical contract levels. It also reflects the intent of our strategy to diversify the business by targeting high value, growth market sectors, such as data centres, which are expected to remain buoyant for some time.”

Cash operating outlays increased by 11.8% from \$26.44 million in 1Q23 to \$29.57 million in the December quarter to fund the increasingly higher volume of work. The majority of increased cash outlays is due to an increase in labour costs of \$2.51 million to \$10.87 million to support the increased work on hand position. Working capital remains adequate with \$5.00 million of undrawn funds in the overdraft in addition to existing cash resources.

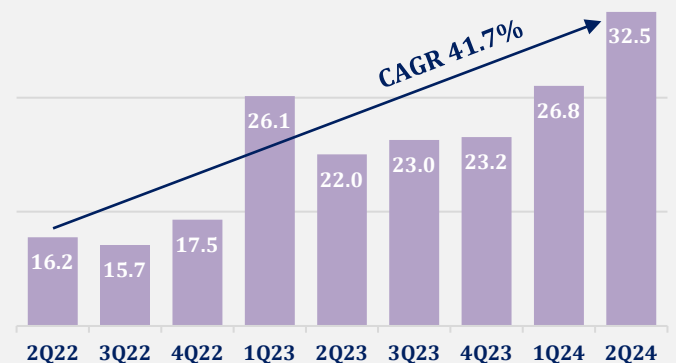
The demand from market sectors in which the business operates shows no sign of abating, with work on hand experiencing a quantum increase to \$93 million with the awarding of some major contracts during the quarter as announced to the market in November last year.

Projects secured during the quarter include a large data centre in Victoria, a major Defence communications project in the Northern Territory won by SKS Indigenous Technologies, and a significant communications, audio visual

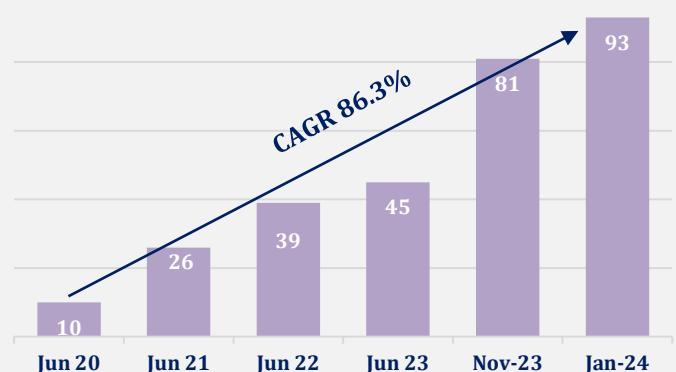
Cash Flow from Operations (\$M)



Cash Receipts from Customers (\$M)



Work on Hand (\$M)



and electrical fitout project for Australia Post in Victoria.

During the period, major projects completed include a sizeable communications project for a Defence base in South Australia, an audio visual fit out for the Australian Energy Market Operator (AEMO) in Victoria and a Koorie Heritage Trust fitout, secured by SKS Indigenous Technologies, also in Victoria. The calibre of its client base and the high level of repeat business at SKS Technologies reflects the quality of its work and the strong relationships it forms with its clients.

Mr Jinks also said, "The business has gained further momentum in FY24 with continually increasing levels of work on hand off already high bases, and rapidly expanding levels of work being won in new regions and new sectors. These regions and sectors were a key element of our strategy that has guided our expansion with the precision and flexibility that comes with a mapped and targeted approach to growth.

~ 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	\$444,000
Directors' fees and expenses reimbursed paid to directors	\$173,000
Salaries and wages and expenses reimbursed paid to employees who are related to directors	\$272,000
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 DECEMBER 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (06 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	32,508	59,341
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(17,673)	(34,758)
(c) advertising and marketing	(140)	(242)
(d) leased assets	(219)	(458)
(e) staff costs	(10,871)	(19,230)
(f) administration and corporate costs	(520)	(1,001)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(152)	(327)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2	14
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	2,935	3,339
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(380)	(486)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (06 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	17
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	(380)	(469)

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	-	-
3.6	Repayment of borrowings	(1,449)	(1,761)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(219)	(219)
3.9	Other (R&D liability Repayment to ATO)	-	-
3.10	Net cash from / (used in) financing activities	(1,668)	(1,981)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11	9
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,935	3,339
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(380)	(469)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (06 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,668)	(1,981)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	898	898

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	898	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)	898	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	444
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.</i> <i>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	-
7.4	Total financing facilities	5,000	-
7.5	Unused financing facilities available at quarter end		5,000
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 7.22%) 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)	2,935
8.2	Cash and cash equivalents at quarter end (item 4.6)	898
8.3	Unused finance facilities available at quarter end (item 7.5)	5,000
8.4	Total available funding (item 8.2 + item 8.3)	5,898
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:31/01/2024.....

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.