

# Quarterly Activity Report & Appendix 4C

ASX Release

29 January 2021

## Encouraging Performance after Stage 4 Lockdown

### 2Q21 Highlights

**\$0.489M**

Operating Cash Flow

**\$0.438M**

Net Cash Flow

**Continued  
profitability**

**Strong order book**

**SKS Technologies Group Limited (ASX: SKS)** is pleased to report continued positive cash flows despite the impact of the stage 4 lockdown in Victoria from early August to late October 2020, with net cash increasing from \$0.61 million at the beginning of the quarter to \$1.05 million at 31 December. This represents a 71% increase.

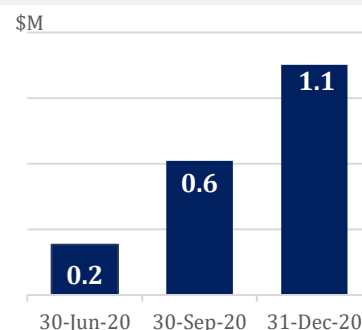
Receipts from customers were \$7.43 million, down from \$8.80 million in the previous quarter, as a result of reduced activity under the extended period of stage 4 lockdown in Victoria. This decrease was mirrored by a similar decrease in cash operating costs from \$5.32 million in 1Q21 to \$4.31 million in 2Q21. Consequently, cash from operating activities was \$0.49 million, down from \$1.02 million in 1Q21.

Work on hand remains at a historically high level, with new work being won at a rate commensurate with work being completed. New work is also being won across the full breadth of sectors in which the business operates.

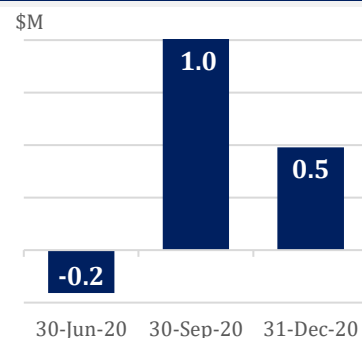
Managing Director and Executive Chairman, Peter Jinks, said "We're pleased to have achieved another profitable quarter with solid cash performance, in spite of difficult COVID-driven circumstances."

"Our extensive efforts to restructure and strengthen the business during FY20 are generating clear benefits in a sector that is constantly evolving, particularly in the context of the recent and ongoing pandemic. Given COVID has only hastened the convergence of AV and IT, we remain excited about our prospects as a business that can harness these technologies to create communication ecosystems that enable real-time interaction and collaboration. We remain optimistic about the sectors in which we operate and with our newly strengthened business, we are now actively focused on our growth trajectory," he said.

#### Cash at Bank



#### Cash from Operations



~ ENDS ~

Approved for release by the Board of SKS Technologies Group

**Further Information**

Peter Jinks  
Managing Director and Executive Chairman  
(03) 9289 5000

**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 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7,429	16,229
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,392)	(9,709)
(c) advertising and marketing	(16)	(54)
(d) leased assets	(126)	(249)
(e) staff costs	(2,590)	(5,177)
(f) administration and corporate costs	(329)	(751)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	(21)	(78)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	534	1299
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>489</b>	<b>1,511</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(25)	(28)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(8)	(33)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	104	1,022
	(c) property, plant and equipment	9	9
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	7	7
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>87</b>	<b>977</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	7,578	14,288
3.6	Repayment of borrowings	(7,578)	(15,689)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (R&D Tax Repayment to ATO)	(138)	(263)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(138)</b>	<b>(1,665)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	614	229
4.2	Net cash from / (used in) operating activities (item 1.9 above)	489	1,511
4.3	Net cash from / (used in) investing activities (item 2.6 above)	87	977

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(138)	(1,665)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,052</b>	<b>1,052</b>

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	1,052	1,052
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,052</b>	<b>1,052</b>

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	198
	\$A'000	
	Directors fees & expense reimbursements paid to directors	125
	Salaries & wages & expense reimbursements paid to employees who are related to directors	73
	Total	198
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other- Invoice Financing Facility	3,000	-
7.4	<b>Total financing facilities</b>	3,000	-
7.5	<b>Unused financing facilities available at quarter end</b>		3,000
7.6	<p>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> <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>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	489
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,052
8.3	Unused finance facilities available at quarter end (item 7.5)	3,000
8.4	Total available funding (item 8.2 + item 8.3)	4,052
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	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?	
	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: .....29/01/2021.....

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.