

## Ongoing Investment in Growth Delivers Record Cash Receipts

**SKS Technologies Group Limited (ASX: SKS)** announces further record cash receipts from customers in 1Q23 of \$26.12 million, a 49.7% increase over the \$17.45 million achieved in the previous quarter and a 67.8% increase over the previous corresponding period.

Chief Executive Officer, Matthew Jinks, said, “We continue to achieve record increases in cash receipts as we execute our aggressive organic growth plans. This result is a solid base from which to build our stated revenue target of \$90 million for FY23.”

As outlined in the previous 4C announcement in July this year, the business experienced some supply chain disruptions that delayed the issuance of invoices and hence pushed out cash receipts into the current quarter. These delays meant that cash receipts of approximately \$1.6million were delayed until 1Q23.

Direct operating outlays totalled \$16.18 million compared with \$11.82 million in the previous corresponding period, which represents an increase of 36.9%.

Net cash from operating activities turned around by \$3.56 million to a \$2 million surplus in this quarter, as foreshadowed in July 2022.

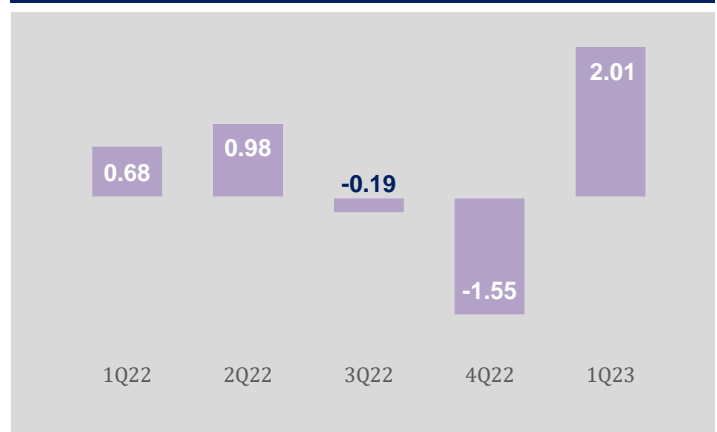
Work on hand remains stable at in excess of approximately \$40 million, which is notable when considered against the rapid increases in work won and completed over the past few years. Similarly, the pipeline of opportunities remains buoyant with no indication of slowing despite economic indicators suggesting a softening in confidence.

Net cash flow for the quarter was \$0.17 million, after the business made net repayments of borrowings of \$1.64 million. Working capital remains sufficient to meet the demands of a growing business. The new bank facilities that were announced in late September will bring greater strength and flexibility to working capital resources. The \$5 million overdraft facility offers a more economical and efficient form of financing than the previous invoice financing arrangements. Furthermore, the \$3 million bank guarantee facility will enable the return of cash security related to performance as current projects are completed and completion of new projects are guaranteed using bank guarantees rather than cash.

**Cash Receipts from Customers (\$M)**



**Cash Flow from Operations (\$M)**



Mr Jinks also said, “While the pandemic threw up many challenges for our business, it also forced businesses across the spectrum of industry to recognise the critical nature of the technologies and services that we can integrate and offer as a package to reduce business continuity risk as well as increasing productivity. Indeed, organisations all needed AV and IT systems and services before the pandemic. But since that time, the perception of their intrinsic worth to an organisation that must keep its communications flowing, its data safe and its building management operating efficiently, has been magnified. Our growth plans focus on optimising these opportunities, and we intend to keep investing in appropriate resources to maintain and build on the significant organic growth momentum we have achieved to date.”

~ 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	\$303,000
Directors’ fees and expenses reimbursed paid to directors	\$167,000
Salaries and wages and expenses reimbursed paid to employees who are related to directors	\$136,000

#### 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 SEPTEMBER 2022

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (03 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		26,120	26,120
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(16,183)	(16,183)
(c) advertising and marketing		(66)	(66)
(d) leased assets		(232)	(232)
(e) staff costs		(7,214)	(7,214)
(f) administration and corporate costs		(563)	(563)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(209)	(209)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		353	353
1.8 Other (provide details if material)		-	-
<b>1.9 Net cash from / (used in) operating activities</b>		<b>2,006</b>	<b>2,006</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(g) entities		-	-
(h) businesses		-	-
(i) property, plant and equipment		(196)	(196)
(j) investments		-	-
(k) intellectual property		-	-
(l) other non-current assets		(19)	(19)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (03 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	14	14
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>(201)</b>	<b>(201)</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	(1)	(1)
3.5	Proceeds from borrowings	23,976	23,976
3.6	Repayment of borrowings	(25,502)	(25,502)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (R&D Tax Repayment to ATO)	(112)	(112)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(1,639)</b>	<b>(1,639)</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	40	40
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,006	2,006
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(201)	(201)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (03 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,639)	(1,639)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>206</b>	<b>206</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	206	40
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>206</b>	<b>40</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	303
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>		

<b>7.</b>	<b>Financing facilities</b> <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>	<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	5,000	1,139
7.4	<b>Total financing facilities</b>	5,000	1,139
7.5	<b>Unused financing facilities available at quarter end</b>		3,861
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 11.10%) and secured by the accounts receivables ledger.		

<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)	2,006
8.2	Cash and cash equivalents at quarter end (item 4.6)	206
8.3	Unused finance facilities available at quarter end (item 7.5)	3,861
8.4	Total available funding (item 8.2 + item 8.3)	4,067
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?	
	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: .....27/10/2022.....

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.