

ASX: SKF

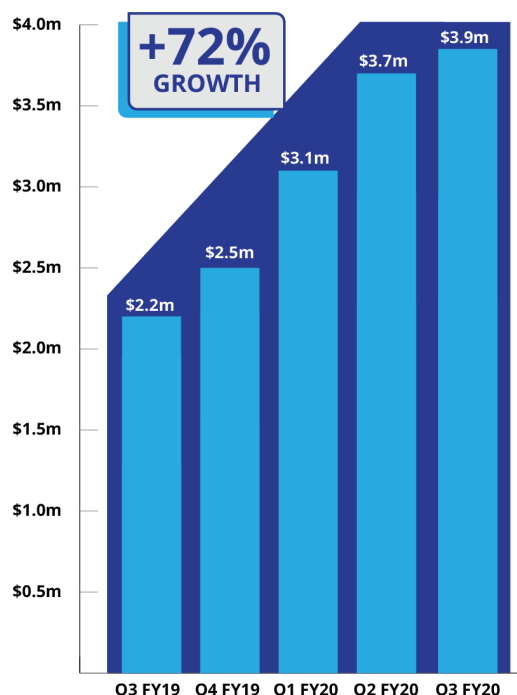
21 April 2020

Skyfii delivers 72% growth in Total Operating Revenues

Q3 FY20 Highlights

- **Total Operating Revenues** for Q3 FY20 of **\$3.9m**, **up 72%** vs Q3 FY19 and **up 4%** on the prior quarter (Q2 FY20), a strong result given the March quarter is the seasonally weaker quarter of the year
- **Recurring Revenues** of **\$2.3m** for Q3 FY20, **up 75%** when compared to Q3 FY19 and remains steady when compared with Q2FY20
- **Annualised Recurring Revenue¹ (ARR)** exited Q3 FY20 at **\$10m**
- **Total Cash Receipts** of **\$3.3m**, **up 7%** on Q2FY20
- **Cash at bank** of **\$2.5m** at the end of the quarter and access to \$2m loan facility, of which \$1.9m remains undrawn
- **Notable international contract wins** secured in the quarter include Christchurch Airport (NZ), QIC (ANZ), HCFG Stadium (EU)
- **Strong exposure to recurring revenues** delivered by Software as a Service subscription fees mitigates the impact of current market conditions. In Q3 FY20 63% of revenue was generated by recurring revenue contracts
- **New Products launched during COVID-19.** The company's team of data scientists and software engineers have developed a range of new analytic products (such as OccupancyNow™), specifically designed to help our customers better manage occupancy, enforce Social Distancing policies and facilitate contact tracing
- The Company continues to respond to current market conditions by actively **reducing its cost footprint to ensure operational flexibility** whilst continuing to provide accurate data insights to our customers
- The Company has recently experienced **an increase in customer inquiries** within the **Municipalities and Grocery verticals** where people counting and customer data insights are in focus
- **Outlook:** The strong Q3 result highlights the global utilisation of Skyfii's people & data intelligence products and the strength and diversity of our customer base. The Company recognises that current market conditions may challenge its track record of quarter on quarter growth momentum in Q4 FY2020, however it remains positive about potential growth from our new products. Despite the uncertain economic conditions SKF affirms that it will **maintain positive EBITDA for FY2020**

— TOTAL OPERATING REVENUES —



¹ Annual Recurring Revenue (ARR) based on contracted recurring revenues as at the end of Q3 FY2020

Commenting on the March quarter results, Skyfii CEO and Managing Director Wayne Arthur said:

"The March quarter has historically been our seasonally low period, given the impact of the Christmas & holiday period on our revenues. It was therefore exceptionally pleasing to see top line revenue growth versus the December quarter, reflecting the continued acceptance and utilisation of our technology and data intelligence products. In addition, to date, we have not had a single enterprise customer request cancellation of our services due to the COVID-19 situation.

With the current macroeconomic & social environment impacting the level of venue activity for some of our customers, others such as Healthcare Facilities, Municipalities, and Grocery outlets are experiencing much higher levels of visitation. Our business model of providing accurate **real-time** data insights to our customers is needed now more than ever to enable them to adequately manage occupancy, resourcing and adhere to new government regulations.

Our team of data scientists & digital marketers are continuing to develop a range of new analytics tools, such as our recent product, OccupancyNow™, which serves to help our customers better manage occupancy, monitor social distancing and contact tracing in stores. This is especially critical for essential businesses such as Grocery stores today and will also be critical for all retail and service retail venues as businesses start to re-open".

Skyfii has always kept a strong focus on cost control and we continue to take appropriate measures to ensure that our cost base is appropriately aligned to market conditions. Our global workforce has mutually agreed to a 20% pay reduction through to July 31 and we have reduced discretionary spend in areas such as contractors. Our cost initiatives are focussed on retaining staff to maintain the appropriate workforce and ensure our business is ready to respond to increased activity levels when market conditions normalise.

Whilst the market uncertainties appear to be extending into Q4 FY20 our strong cash position and balance sheet allow us to continue to operate efficiently and our flexible operating model allows us to scale our business inline with customer demand."

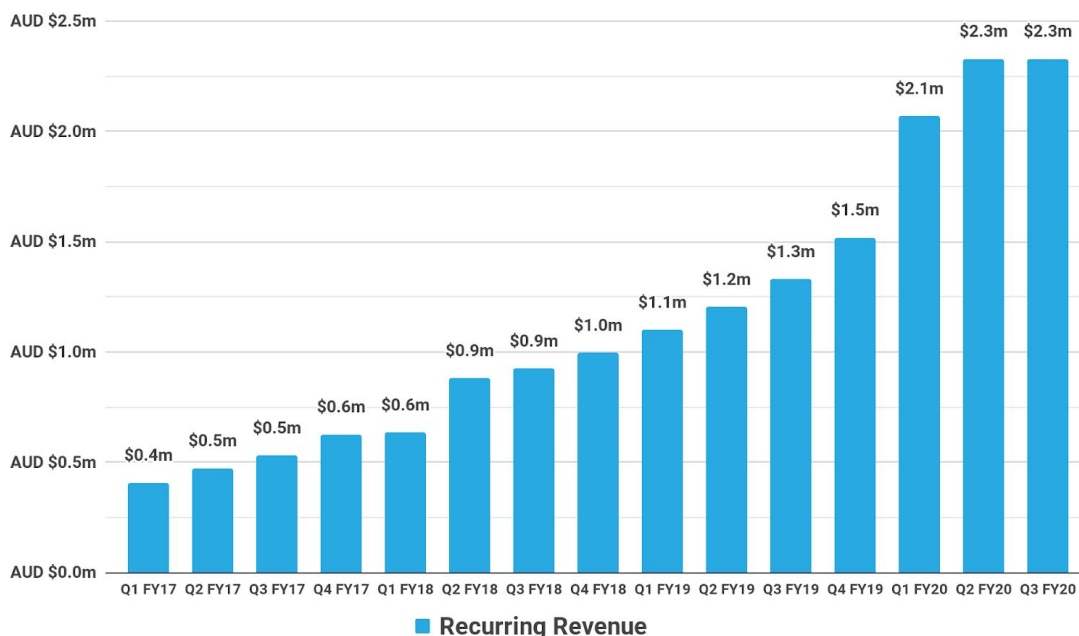
Types of revenues generated by the Skyfii business model:

1. **Recurring Revenues** are generated from ongoing subscription fees for access to Skyfii's 'IO' data intelligence platform. Recurring revenues are charged on a fixed fee per venue per month basis and not volume based on traffic. The majority of our recurring revenues are typically contracted on 3-5 year terms with a monthly subscription fee.
2. **Services Revenues** are generated from the payment of projects undertaken by both Skyfii's Data Consultancy Services (DCS) and Marketing Services (MS) divisions. Revenues generated from Services are received as either recurring or fixed fee projects.
3. **Non-recurring Revenues** are generated from the deployment of hardware, infrastructure, implementations, and upfront setup fees, which underpin recurring revenues, including: Installation of Wireless Access Points, 2D and 3D cameras and People Counting sensors.

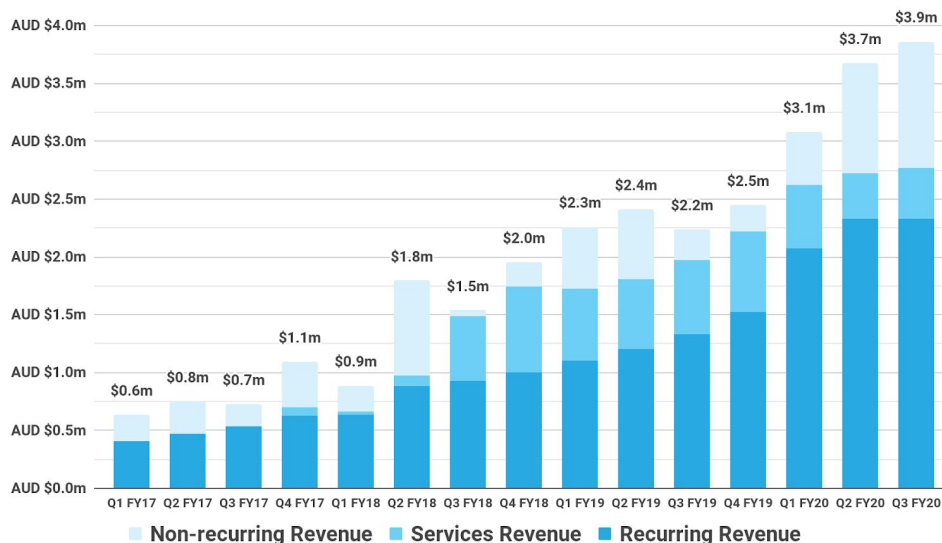
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RECURRING REVENUE - BY QUARTER



TOTAL OPERATING REVENUE - BY QUARTER



Cash position

The Company has a strong balance sheet with a \$2.5m cash balance (as of 31st March 2020) and access to a \$2m loan facility, of which \$1.9m remains undrawn. Skyfii's strong net cash position allows the Company to continue with business as usual activities as well as explore business development opportunities as market conditions stabilise.

Business & Operations Update

Skyfii has a broad customer base of more than 900 customers, in over 10,000 physical venues, across 10+ verticals in 35 countries, which provides a highly diversified revenue source.

Our revenue mix is heavily skewed to Software as a Service recurring revenue, where contracts are initially executed on 3 or 5 year contract terms. The average contract length across the Company's portfolio is approximately 3 years and our customer churn rate has historically been very low (less than 1%).

For the year to date in FY2020, recurring revenue as a proportion of total revenue was > 60%+.

Operational Footprint

35 countries in which SKF operate across 5 continents

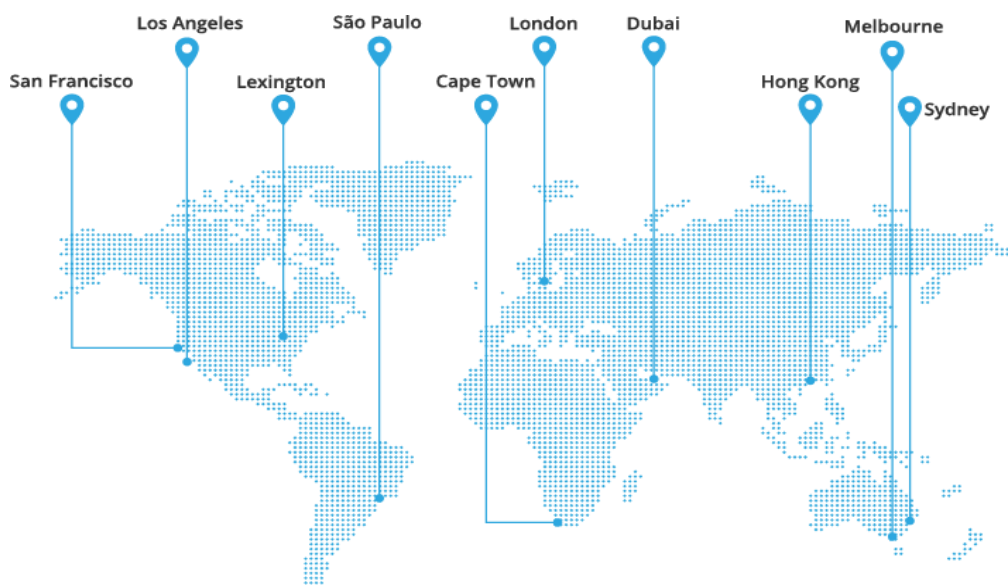
+900 number of customers SKF provide services to across 10,000 physical venues

3 year average contract length

>60 % of revenues generated from recurring revenue streams

\$10m Annualised recurring revenue

47 % of revenue generated from international markets



Current social distancing policies are impacting the visitation levels through many physical venues. Despite these circumstances, the Company has experienced a higher than normal rate of requests from existing and new customers for our people counting services as businesses seek to validate venue data in order to make business-critical decisions.

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For example, our people counting technology and software provides our customers the ability to monitor venue occupancy rates and adhere to Government policies on social distancing. These guidelines are becoming critical and will apply to all public spaces as businesses begin to re-open in each country.

Whilst some of our customers are experiencing lower levels of venue activity, others such as Healthcare facilities, Municipalities, Hardware stores and Grocery outlets are experiencing much higher levels of visitation.

Our team has developed a number of new product offerings which serve to support our existing customers and convert new customers in adhering to government regulations around social distancing and contact tracing.

Skyfii Product Developments & Initiatives

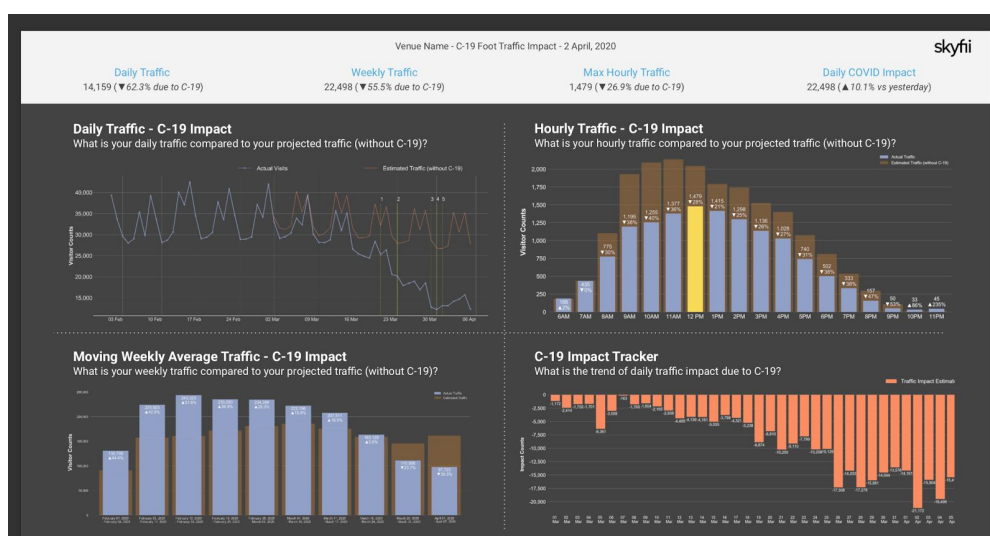
Skyfii's team of software engineers and data scientists have, and are continuing to, develop a range of tools and initiatives to help our customers better understand the impact of COVID-19 and social distancing policies on venue traffic.

Below are **three areas** we have committed focus to assist current customers and also generate new leads.

1. New reporting tools released in response to COVID-19

In response to the COVID-19 crisis, our team of Data Scientists quickly moved to build a predictive reporting tool to measure the daily impact of COVID-19 on physical venues. The report simulates assumed pre COVID-19 baseline venue traffic versus the observed daily impact of COVID-19. The report has achieved good penetration amongst our global customer base.

Example of a report:



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2. Industry Research published for the Retail Property Sector

The Skyfi team in Australia has partnered with leading customer insights firm Brickfields Consulting to help the Australian Retail Property industry better understand and react to changes in shopper sentiment during these challenging market conditions. The partnership includes joint investment in a nationwide survey of 800 Australian shoppers across major metropolitan areas. The results of the survey measure the impact of COVID-19 on shopper sentiment towards where they shop.

The results of the survey have been published online and are free to download.

Category - Research

PREMIUM CONTENT



Shopping Centre News

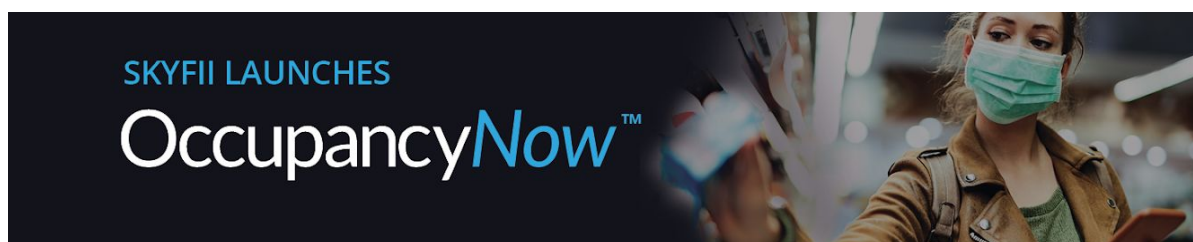
Understanding the impacts of COVID-19 on shopping behaviours

In this 'new world' where things are changing by the hour, omnidata intelligence company Skyfii, has partnered with leading customer insights firm Brickfields...

2 weeks ago Add Comment

Click on research report: <https://skyfii.io/covid-19-retail-report>

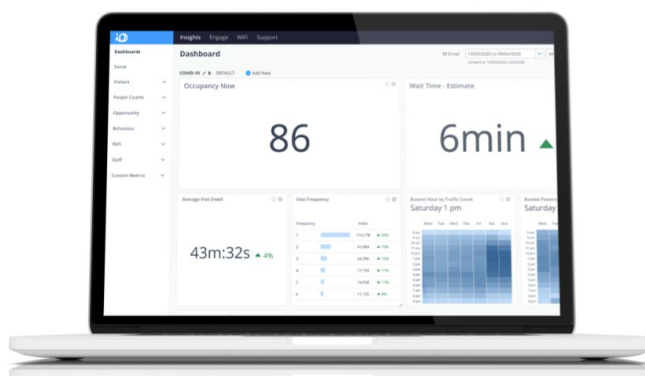
3. OccupancyNow™ from Skyfii



Skyfii has recently launched a new product called Occupancy Now™, which is an automated occupancy and social distancing management solution, based upon our existing Skyfii product and service offering, but specifically designed for the current macro environment.

The management solution allows you to:

1. Maintain safe **occupancy** and **social distancing guidelines**
2. Detect when occupancy counts reach a threshold, and automatically **alert staff**
3. Optimize staffing operations such as **cleaning** and **testing**
4. Facilitate **contact tracing** with Skyfii's analytics and communication tools



Notable contracts signed during the quarter

During the period the Company secured a range of new contract wins across a range of geographies and sectors. The below are a selection of the more notable contract wins:

Christchurch Airport (New Zealand)

Three-year Master Services Agreement signed with a leading New Zealand airport. The contract includes the provision of the Skyfii IO Platform services (SaaS) including IO Connect (Guest WiFi) and IO Insights (data analytics). The rollout is inline with the airports owners Smart Airports strategy.

QIC (Australia)

Australian based shopping centre group QIC has agreed to a further expansion of Skyfii IO platform services to a further 7 shopping centres. The rollout will see the centres deploy Skyfii's IO Connect (Guest WiFi) & IO Connect (People Counting). Upon successful completion, our partnership with QIC will have extended to 16 centres in total.

HCFG Stadium (Europe)

Five-year contract signed to deploy Skyfii's IO Platform services to HCFG Hockey Stadium in Switzerland. The contract includes the provision of Skyfii's IO Connect (Guest WiFi) and IO Insight (Analytics) as a part of the Smart Stadium strategy.

Outlook

Given the current macroeconomic outlook for the remainder of CY20 remains uncertain, the Board and Executive team will continue to take appropriate measures to maintain business continuity whilst continuing to provide accurate data insights to our customers and seek out new business opportunities.

The strong Q3FY20 performance allows the Company to confirm it will maintain a positive full-year operating EBITDA for FY2020. However the Company recognises that our track record of quarter on quarter growth momentum may be challenged in Q4 FY2020.

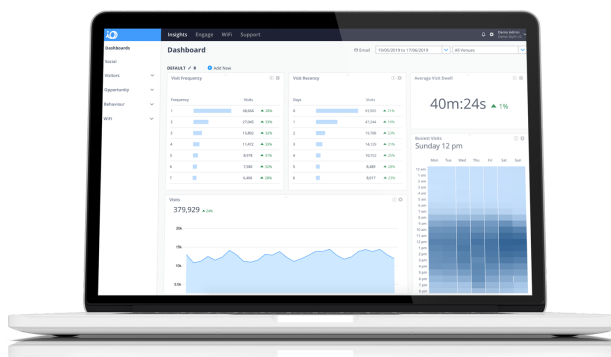
Key areas of focus for Skyfii for the remainder of FY20 include:

- Ongoing development and rollout of new analytic products (such as OccupancyNow), specifically designed to help our customers better deal with the COVID-19 guidelines
- Continue to leveraging our global partnership ecosystem to unlock business development opportunities and new markets
- Ensuring that the Company's cost base is appropriately scaled to market conditions whilst maintaining the flexibility to respond as macroeconomic conditions improve
- Continuing to deliver quality data insights to our customers to support their business decisions
- Generate new business leads within Grocery, Municipalities and Healthcare
- Focus on cash management and maintaining our strong balance sheet position

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About Skyfii



As the world's most trusted omnidata intelligence company, Skyfii collects and analyses billions of data points each month from a range of venue types across five continents.

Our SaaS cloud-based solution, the IO Platform, helps venues visualise, measure, predict, and influence customer behaviour, creating better experiences for their visitors and customers.

The IO Platform provides location and behaviour based communications software and tools to manage guest Wi-Fi, 2D and 3D cameras, people counting technology, weather and social media data across multiple locations.

Skyfii further augments insights generated by the IO Platform with its Data & Marketing Services offering: a team of data science and marketing consultants who help clients effectively gain more value from their data.

This announcement has been approved by Skyfii Limited's CEO.

Learn more at www.skyfii.io

Follow Skyfii updates at <https://au.linkedin.com/company/skyfii>

Media

John Rankin
Chief Operating Officer
P: +61 2 8188 1188
E: john.rankin@skyfii.com
W: www.skyfii.io

Investors

Craig Sainsbury
Market Eye
P: +61 428 550 499
E: craig.sainsbury@marketeye.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Skyfii Limited

ABN

20 009 264 699

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	3,388	9,589
1.2	Payments for ¹		
	(a) research and development	(67)	(112)
	(b) product manufacturing and operating costs	(382)	(2,200)
	(c) advertising and marketing	(89)	(311)
	(d) leased assets	-	-
	(e) staff costs	(2,446)	(5,344)
	(f) administration and corporate costs	(659)	(1,831)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	4
1.5	Interest and other costs of finance paid	(5)	(76)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	1,037
1.9	Net cash from / (used in) operating activities	(259)	756
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(26)	(44)
	(b) businesses (see item 10)	-	(100)
	(c) investments	-	-
	(d) intellectual property ¹	-	(1,191)
	(e) other non-current assets	(1)	(16)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-

¹Cash flows are presented after the capitalisation of employee, contractor, and other expenditure attributable to software development of \$1.191m for the six months to 31 December 2019. The Company capitalised this expenditure as an intangible software development asset in the half year accounts ended 31 December 2019.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
	(a) employee advances	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(27)	(1,351)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	2,250
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	71
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	542
3.6	Repayment of borrowings	(965)	(965)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
	(a) Capital raising costs	-	(149)
3.10	Net cash from / (used in) financing activities	(965)	1,749

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,736	1,330
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(259)	756
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(27)	(1,351)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(965)	1,749
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,485	2,485

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	2,405	2,691
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (see section 8.1)	80	1,045
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,485	3,736

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	96
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

6.1 includes directors' fees and salaries paid in the quarter.

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	35
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

7.1 includes supplier payments made to Simple Machines a company related to CPO, Jason Martin.

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,000	80
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1 \$2 million unsecured loan facility as per ASX announcement 14 May 2019. Lenders include Thorney Technologies Ltd, Jagafii Pty Ltd a company related to Director Jon Adgemis and BMR Securities Pty Ltd. The annual interest rate is 8% pa on funds drawn plus an annual line fee of 2% pa. The initial term of the loan facility matures 31st May 2021.

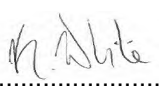
9.	Estimated cash outflows for next quarter ***	\$A'000
9.1	Research and development	(70)
9.2	Product manufacturing and operating costs	(100)
9.3	Advertising and marketing	(50)
9.4	Leased assets	-
9.5	Staff costs	(2,000)
9.6	Administration and corporate costs	(600)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows ***	(2,820)

*** The company is an operating business that generates cash inflows each quarter, including receipts from customers generated from sales. As per reporting requirements of Section 9 in this report, the above summary of anticipated cash outflows including costs of generating forecasted sales for the next quarter ending 30 June 2020, DOES NOT REFLECT ANY ANTICIPATED CASH INFLOWS i.e. it excludes sales receipts from customers.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions \$A'000	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

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.

Sign here: 
(Company secretary)

Date: 21 April 2020

Print name: Koreen White

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.