

ASX: SKF

22 July 2020

Skyfii delivers 72% growth in Recurring Revenues

FY20 Full Year Highlights

- **Total Operating Revenues** of **\$13.5m**, up **44%** vs FY19
- **Recurring Revenues** of **\$8.8m**, up **72%** vs FY19
- **Operating EBITDA** of **\$2.0m**, up **129%** vs FY19
- **Annualised Recurring Revenue¹ (ARR)** exited Q4 FY20 at **\$10m**
- **Cash at bank of \$2.1m** at the end of FY20 with access to a \$2m loan facility, of which \$1.9m remains undrawn

Q4 FY20 Highlights

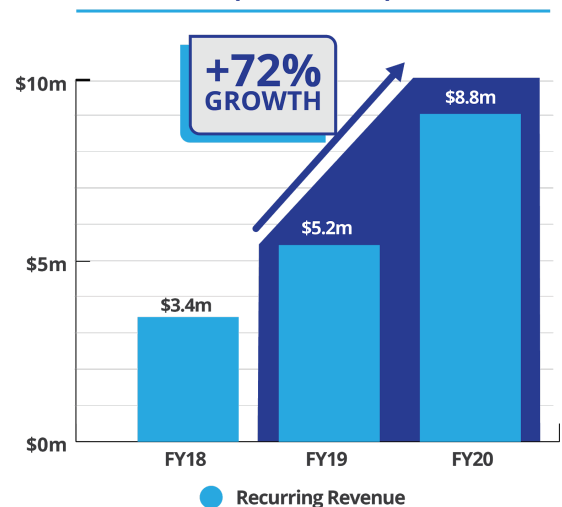
Skyfii delivered a strong Q4 FY20 considering the impact of COVID-19 on the global economy:

- Q4 FY20 **Total Operating Revenues** of **\$2.8m**, up **16%** vs Q4 FY19 (down 27% vs Q3 FY20)
- Q4 FY20 **Recurring Revenues** of **\$2.1m**, up **38%** vs Q4 FY19 (down 9% vs Q3 FY20), a direct result of customer suspensions due to COVID-19
- **Total Cash Receipts** of **\$3.0m**, down **12%** on Q3FY20
- **Notable Contract win:** During the quarter, a Major Retail Property REIT committed in Australia to deploy across 21 shopping centres
- **Post-quarter end:** Signed a Major Grocery Outlet Operator, North America. The Company successfully converted its first large OccupancyNow™ customer, a large multinational grocery chain with locations across the USA and Europe.

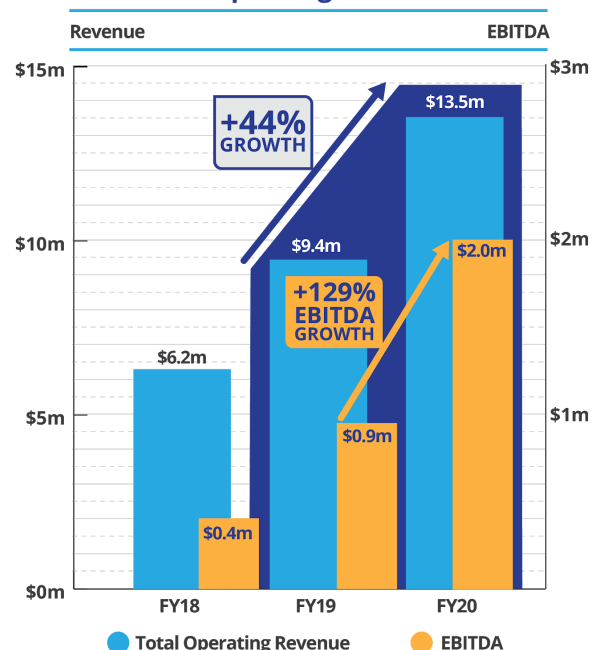
Outlook

- With improving global business sentiment, the recent signing of a large OccupancyNow™ customer, increasing incoming customer enquiries and a very strong pipeline, Skyfii is confident that FY21 will deliver another year of significant double-digit revenue growth.
- The Company also expects to deliver another strong, positive Operating EBITDA result for the full year FY21.

**Recurring Revenue
(YoY Growth)**



**Total Operating Revenue
& Operating EBITDA**



¹ Annual Recurring Revenue (ARR) based on contracted recurring revenues as at the end of Q4 FY2020 inclusive of suspended services as a result of COVID-19

Commenting on the June quarter and full year results, Skyfii CEO and Managing Director Wayne Arthur said:

"Reflecting on our performance for the full year FY20, the Company has delivered an outstanding result with Total Operating Revenues up 44% and Recurring Revenues up an impressive 72% versus FY19. The solid revenue performance carried through to our bottom line where we delivered an Operating EBITDA of \$2m, up 129% when compared to FY19.

Whilst COVID-19 presented challenging trading conditions during the June quarter, which included a small number of our customers requesting service suspensions. I am proud of how we have supported our customers through this period. Our range of people counting technologies has helped customers better manage occupancy, monitor social distancing and facilitate contact tracing in their venues, which has helped businesses either stay open or reopen safely.

Skyfii's ability to continually develop its business is testament to the Company's strong and profitable operating model, a broad diversity across verticals and geographies and the value our customers place in our technology to assist them in making business critical decisions.

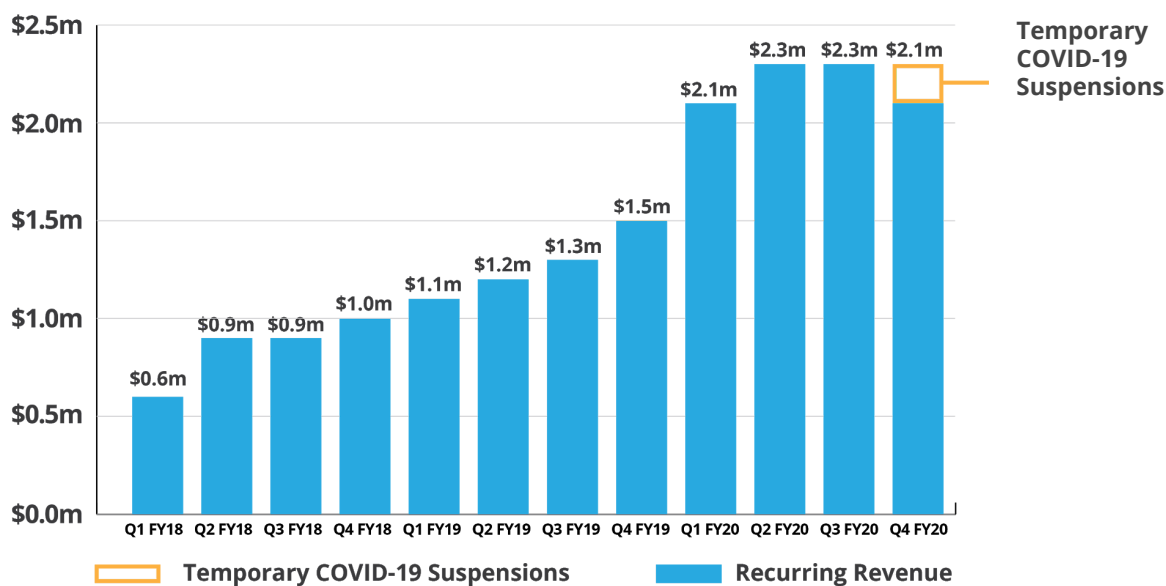
Following the launch of OccupancyNow™ in April of this year, I am also extremely pleased to announce that post the end of the June quarter, OccupancyNow™ delivered a number of new contract wins, most notably with a large multi-national grocery chain with operations across Europe and North America.

With recent contract wins, an influx of customer enquiries and the reversal of the majority of the customer suspensions experienced in the June quarter, the Company has started FY21 with significant revenue momentum and we expect to continue to deliver strong revenue and Operating EBITDA growth through the remainder of the year".

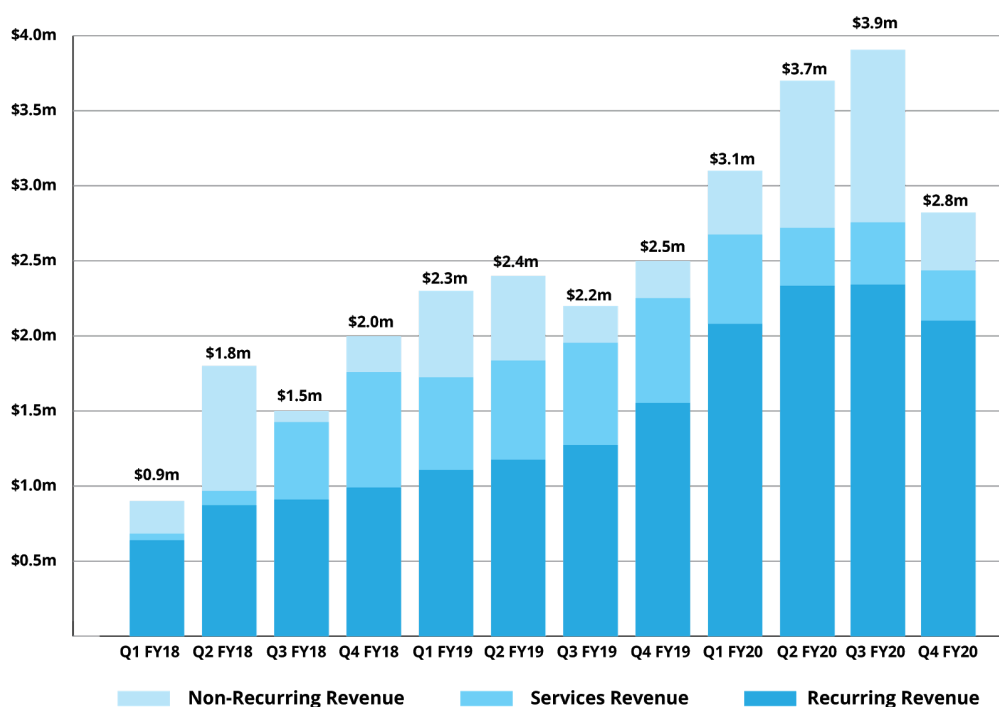
Types of revenues generated by the Skyfii business model:

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, People Counting sensors and Artificial Intelligence cameras that monitor pedestrian, car and bicycle traffic.

Recurring Revenue - By Quarter



Total Operating Revenue - By Quarter



Cash position

The Company maintained a very strong balance sheet with a \$2.1m cash balance (as at 30th June 2020) with additional 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, whilst positioning it to continue to explore new business development opportunities as market conditions stabilise.

Business & Operations Update

COVID-19 presented a unique operating environment for our business in Q4 FY20. Skyfii implemented a number of measures to safeguard its financial position and balance sheet whilst continuing to deliver a range of business and technology development activities.

- During the June quarter, operating costs were reduced by \$1.5m on an annualised basis, representing a 14% overall reduction
- The company introduced a 20% salary reduction across all regions and all employees (including management and the board of directors) for the period of April- July
- The company experienced no material changes in customer payment terms during the period and we continue to focus on improving our working capital position
- During the quarter, the company enrolled in a number of the government stimulus programs made available in Australia and the United States. The company was successful in securing Job Keeper and the SBA Forgivable Loan in the United States.
- The impact of COVID-19 resulted in some temporary customer revenue suspensions which were in the order of \$0.2m (approximately 9% of Q4 FY20 recurring revenues)
- The Company did not lose any material customers and it has begun to see the majority of the temporary suspensions begin to return to the revenue line in 1HFY21

Notable contracts wins

Major Shopping Centre REIT (Australia)

During the quarter, Skyfii was awarded a competitive tender to deploy its People Counting Solution across 21 shopping centres on a three-year term. The contract includes the deployment of infrastructure and the IO platform services to measure portfolio wide traffic to the centres. The deployment will be carried out during the period of August - November 2020.

Major Grocery Outlet Operator (North America)

Post quarter end, Skyfii converted its first large OccupancyNow™ customer, a large multinational grocery chain with locations across the USA and Europe.

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Product Development

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 manage the effects of COVID-19 and to equip businesses with the necessary tools to manage occupancy, monitor social distancing and facilitate contact tracing to allow venues to reopen safely.

OccupancyNow™**An Automated Occupancy
and Social Distancing
Management Solution**

OccupancyNow™ from Skyfii

During the quarter, Skyfii launched a new product called OccupancyNow™, which is an automated occupancy and social distancing management solution, based upon our existing Skyfii product and service offering with features specifically designed to help venues to operate their venues safely.

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



Outlook

Despite the uncertainties of the impact of COVID-19 on global macroeconomic conditions, Skyfii remains a highly relevant product and technology offering for all public spaces and physical venues as they seek to reopen their operations safely.

Our global data shows a steady increase in customer venue traffic as signs of a gradual return to life in the current climate. With continued caution being applied in all regions due to the recent rise in COVID-19 cases, Skyfii's data capture & analytics are becoming ever more critical in allowing businesses to understand their customers behaviour. This data allows them to make critical business operating decisions and provide the public with confidence to return to public spaces in safe, clean and effectively managed environments.

The increasing demand from businesses to understand venue activity has led to a significant increase in the number of incoming enquiries about Skyfii's product offering. With recent new contract wins, particularly in the US market, an increase in customer enquiries globally and the return of revenues from several of the temporary customer suspensions experienced in the June quarter, the Company has started FY21 with significant momentum.

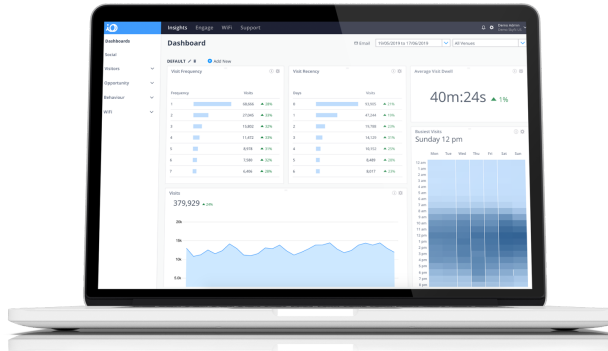
As business activity continues to normalise post COVID-19, the key areas of focus for Skyfii's management team during FY21 include:

- Increased investment into Marketing activities to continue to drive quality leads across all markets
- Significant focus on key verticals including Grocery, Corporate offices, Universities, Schools and Municipalities
- Ongoing development and rollout of new analytic products (such as *OccupancyNow™*), to drive new revenue streams
- Specific focus on driving growth within our People Counting product and service offering across ANZ, UK and USA
- Focus on cash management and maintaining our strong balance sheet position
- Continuing to pursue highly complementary accretive acquisitions to drive further growth and broaden our offering to current and new customers

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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>

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Skyfii Limited

ABN

20 009 264 699

Quarter ended ("current quarter")

30 June 2020

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	2,973	12,563
1.2 Payments for		
(a) research and development	(20)	(132)
(b) product manufacturing and operating costs	(1,657)	(3,858)
(c) advertising and marketing	(47)	(358)
(d) leased assets	-	-
(e) staff costs	(1,242)	(6,585)
(f) administration and corporate costs	(484)	(2,315)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	4
1.5 Interest and other costs of finance paid	(15)	(91)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	120	1,157
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(372)	385
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	(100)
(c) property, plant and equipment	-	(44)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) intellectual property ¹	-	(1,191)
	(f) other non-current assets	1	(15)
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		
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	1	(1,350)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,250
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	71
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	542
3.6	Repayment of borrowings	-	(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	-	1,749

¹ Cashflows are presented after the capitalisation of employee, contractor, and other expenditure attributable to software development of \$1.19m for the six months to 31 December 2019. The Company expects to capitalise additional employee, contractor and other expenditure of approximately \$1.1m as an intangible software development asset for the remainder of the full year ended 30 June 2020.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,485	1,330
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(372)	385
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	(1,350)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,749
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,114	2,114

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	2,034	2,405
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	80	80
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,114	2,485

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1*
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

10

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

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

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	2,000	80
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	2,000	80

7.5 **Unused financing facilities available at quarter end** 1,920

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.

7.1 \$2million 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 funds drawn plus an annual line fee of 2% pa. The initial term of the loan facility matures 31st May 2021.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(400)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,114
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,920
8.4 Total available funding (Item 8.2 + Item 8.3)	4,034
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	10.1

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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:

- 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:

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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: 22nd July 2020

Authorised by: By the Board

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.