

## Skyfii delivers 25% growth in Recurring Revenues as demand for people counting technology grows

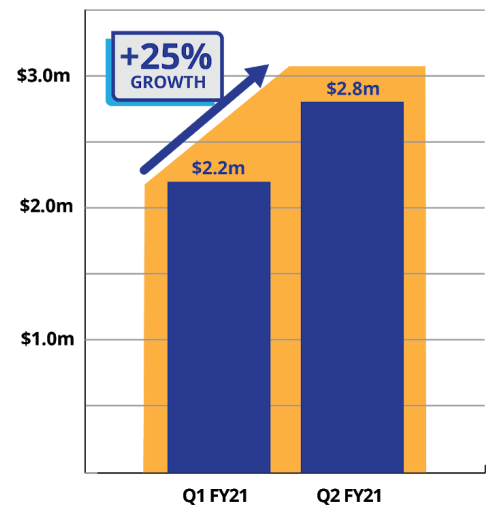
### Q2 FY21 Highlights

- **Recurring Revenues for Q2 FY21 of \$2.8m, up 25% vs Q1 FY21** (inclusive of the Blix acquisition)
- **Total Operating Revenues for Q2 FY21 of \$4.0m, up 15% on the prior quarter** (Q1 FY21)
- **1H FY21 Operating EBITDA of \$1.5m**, representing a **13% increase** when compared to 2H FY20
- **Annualised Recurring Revenue (ARR)** exited Q2 FY21 at **\$11.5m**
- **Total Cash Receipts of \$3.4m, up 10%** on Q2 FY20
- **Cash at bank of \$3.4m** (as at 31st December 2020) **up 27%** on **Q1 FY21**, with additional access to a \$2m loan facility, of which \$1.5m remains undrawn
- **Blix acquisition**, completed 14th September 2020, has delivered new business wins with **Asics, Good Feet & Jo Mercer** retail apparel brands
- **Strategic partnership with Boingo** delivered a five year deal with Metro Washington Airports Authority (USA)
- **Strong North America growth** securing new contracts with Omaha Zoo, Retail Business Services, Mark Anthony Group & Trent University
- **Strong customer retention** with key renewals completed with David Jones (AU), The Kooples (FRA), McArthurGlen Retail Outlets (UK), SFMOMA (USA); JCPM Group (BZL), Nuffield Health (UK); AB Nordiska Kompaniet (EU)

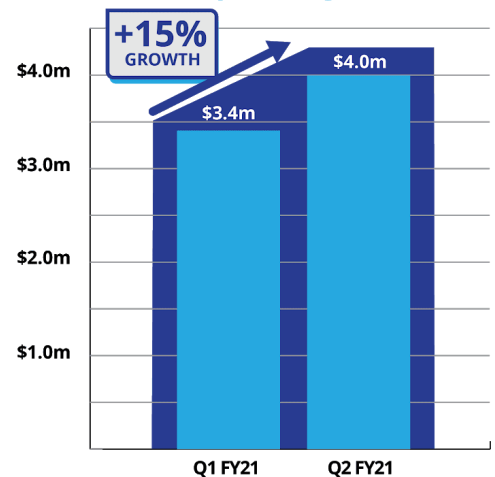
### Outlook

- Skyfii continues to prove itself as an increasingly relevant product and technology offering for public spaces and physical venues as they seek to operate their businesses more safely
- Skyfii has delivered a record quarterly performance and continues to retain & renew contracts with its key customers, deliver new customer contracts in all regions, maintain strong revenue growth and deliver Operating EBITDA profitability
- The Company expects to continue to deliver double digit revenue growth and another strong positive Operating EBITDA result for the full year FY21

#### Recurring Revenue



#### Total Operating Revenue



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

*"The December quarter delivered another consecutive period of growth for the company. Skyfii has started the FY21 year with strong momentum having delivered double-digit revenue growth in both the September and December quarters. Importantly the Company also continues its trend of positive Operating EBITDA growth. This highlights the strong underlying business performance and growing demand for Skyfii's products and services globally.*

*Whilst the impact of COVID-19 continues to impact economies globally, the growing demand for venues to understand and analyse their customers behaviour is driving new growth opportunities and markets for our products.*

*Over the quarter we saw significant growth within our North America operations, delivering six new customer contracts across multiple verticals, with a strong focus on our OccupancyNow™ solution, as businesses seek to implement long-term operational changes to ensure safety and security in their environments.*

*In addition to the new customer wins, we retained and extended our relationship with a range of customers across the globe including David Jones, The Kooples, McArthurGlen Retail Outlets, SFMOMA, JCPM Group and Nuffield Health.*

*Our acquisition of Blix (announced in September) is contributing meaningfully to our performance, delivering 13% recurring revenue growth during the quarter. We have also begun to market the Blix offering into our US, UK, European and Middle Eastern business operations and have built a pipeline of new opportunities within the SMB and mid market enterprise business segment, in those markets.*

*As the impacts of social distancing policies require venues to have a greater understanding of their occupancy rates Skyfii's ability to capture, monitor and analyse billions of data points each month will continue to lead to increasing uptake of our technology. We begin the 2H FY21 in a strong manner having delivered double-digit growth in both total operating revenue and Operating EBITDA across the 1H FY21. With growing customer engagement and a strong growth pipeline, we are confident that we will continue to deliver strong and profitable revenue growth throughout the remainder of FY21".*



## Types of revenues generated by the Skyfii business model:

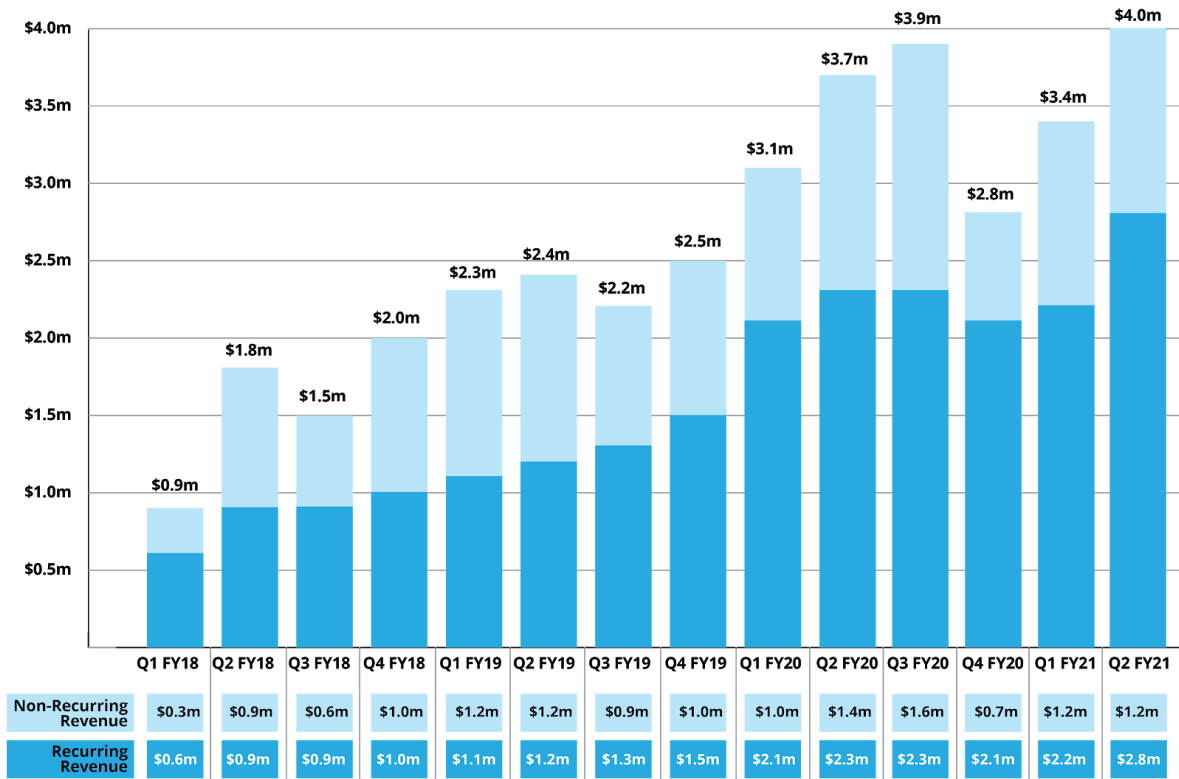
How Skyfii generates revenues can be summarised as follows:

1. **Revenue Revenues** - revenues 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 a venue's footfall. The majority of our recurring revenues are typically contracted on 3-5 year terms on a monthly subscription fee.
2. **Non-recurring revenues** - revenues generated from a combination of professional services generated by our data and marketing services team, the deployment of hardware, infrastructure, implementations, and upfront setup fees, which underpin recurring revenues. This includes the installation of Wireless Access Points, 2D and 3D cameras, People Counting sensors and Artificial Intelligence (AI) cameras that monitor pedestrian, car and bicycle traffic and IoT sensors that detect building, room, desk occupancy and climate monitoring.

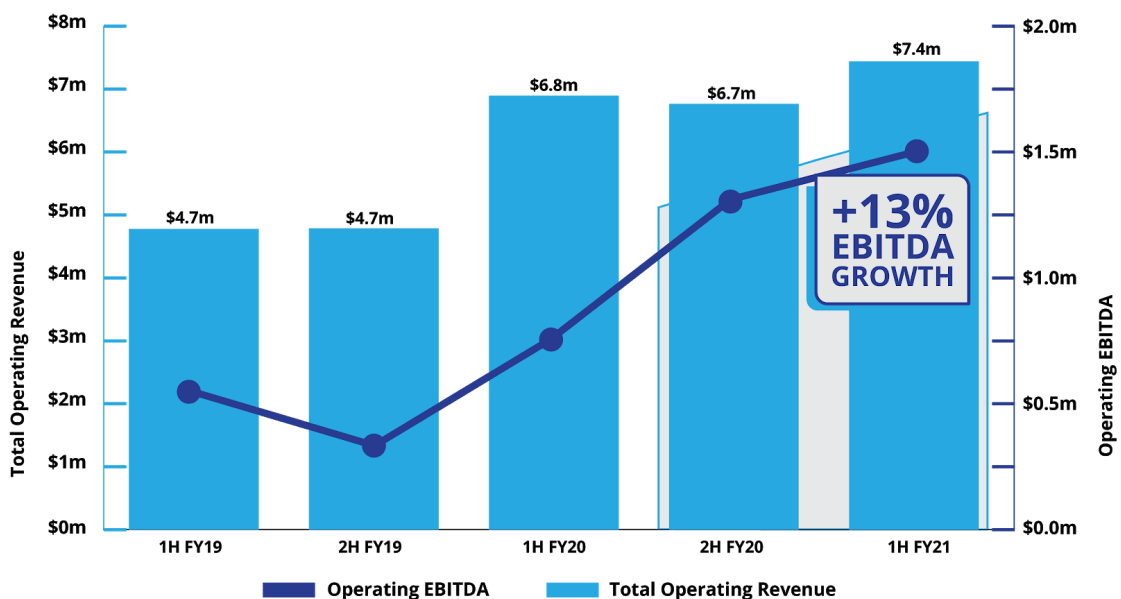
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### Quarterly Revenue



### Total Operating Revenue & Operating EBITDA



Operating EBITDA is defined as earnings inclusive of R&D tax incentive grant and before tax, depreciation, amortisation, non-cash share based payments and acquisition costs

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## Cash position

The Company maintained a strong balance sheet with a \$3.4m cash balance (as at 31st December 2020) and in addition has access to a \$2m loan facility, of which \$1.5m remains undrawn.

During the quarter, Skyfii received \$0.98m from the Australian Tax Office under the research and development (R&D) tax incentive program for the financial year ending 30th June 2020. The R&D tax incentive program provides a tax offset for the costs of carrying out eligible research and development activities.

The Company remains well positioned to continue to develop new business opportunities as market conditions trend more positively.

## Integration of Blix Acquisition

Following the acquisition of Blix ([Skyfii completes acquisition of Blix](#)) in September 2020, we are pleased to confirm the integration of the team and technology platform into Skyfii's global operations has progressed well. Blix's highly complementary technology solution has provided our sales team with a more expansive product and service offering which alongside our IO Platform covers all market segments. The sales team has already secured a number of key deals with notable fashion and apparel operators such as Asics, Good Feet and Jo Mercer and has built a strong sales pipeline across all Skyfii regions.

Blix provides our growing customer base with an affordable 'plug and play' technology solution that incorporates the Blix CountSmart™ technology which helps customers measure foot traffic, sales conversion, manage staff rostering and overall business efficiency for small and medium format, high value retail outlets and auto dealerships.

## Notable contracts wins

### **Skyfii deploys services to Metro Washington Airports Authority (North America)**

In partnership with Boingo, Skyfii services will be delivered to Metro Washington Airport Authority on a five year contract term. The agreement will see the airport deploy Skyfii's IO Connect and IO Insight services at Dulles International and Reagan National airports.

### **Skyfii renews department store chain David Jones on extended three year term (AUS)**

Skyfii renews David Jones Australia for a new three year term. Skyfii services will continue to measure footfall, staff rostering and sales conversion to help improve the performance of Australia's leading department store chain. In November, Skyfii successfully deployed the OccupancyNow™ solution to help the retailer monitor occupancy levels over the busy Christmas and holiday sale period.

### **Skyfii signs agreement with Omaha's Henry Doorly Zoo and Aquarium (North America)**

Skyfii has signed a five year Master Services Agreement with the Omaha's Henry Doorly Zoo & Aquarium in the USA. They are known for housing the world's largest indoor desert and are consistently ranked in the top five zoos globally. The contract includes the provision of the Skyfii IO Platform services (SaaS) including

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IO Connect (Guest WiFi & People Counters), IO Insights (data analytics) and IO Engage (marketing content delivery).

#### **Skyfii renews Nuffield Health (UK)**

Nuffield Health has agreed to a three year extension of their contract. As the UK's largest healthcare charity, Nuffield Health is utilising Skyfii's product suite across a portfolio of their hospitals, fitness & wellbeing clubs and healthcare clinics. The renewed contract includes Skyfii's IO Connect (Guest WiFi) and IO Insights (data analytics) products.

#### **Skyfii extends partnership with RBS (North America)**

In Q1 FY21, Skyfii announced an initial eighteen month contract to roll out its OccupancyNow™ solution across seventeen supermarkets in North America through RBS. During Q2 FY21 this contract was extended to include an additional thirty-six supermarkets bringing the total number of stores under contract to fifty-three.

#### **Skyfii signs agreement with Trent University (Canada)**

Trent University, a public liberal arts university based in Canada, has agreed to an initial one year contract term. They will be deploying Skyfii's OccupancyNow™ toolkit which also includes: IO Connect (Guest WiFi), IO Insights (analytics) and IO Engage (content delivery).

## Industry Acknowledgement

#### **Skyfii shortlisted as CRN Fast 50 company 2020**

For the fourth year running, Skyfii has secured a place in CRN Fast50 fastest growing technology companies. Skyfii's revenue growth of 52% during FY 2020 earned the company a spot at #40 in the CRN Fast50 this year. Click here to find out more [skyfii-crn-fast50-2020](#).

#### **Skyfii joins Property Council of Australia Committee**

Joining the Property Council of Australia Committee comes with a myriad of benefits. Firstly, it allows Skyfii the opportunity to partner with the Property Council Academy on their Retail Property Industry Diploma and Data Driven Insights Courses for 2021. This opportunity will assist our customers within the property industry and support the future of property industry education. Skyfii's COO, John Rankin will act as the Company's nominee on the committee. Click here to find out more [Skyfii partners with the Property Council Academy](#).

## Outlook

Skyfii is becoming an increasingly relevant product and technology offering for all public spaces and physical venues as they seek to operate their businesses more safely in the new era. Skyfii's data capture & analytics are becoming increasingly more critical and relevant in allowing businesses to understand their customers behaviour in order to make critical operating decisions and provide the public with confidence to return to public spaces in safe, clean and effectively managed environments. As business activity continues to normalise post COVID-19, the key areas of focus for Skyfii's management team during FY21 include:

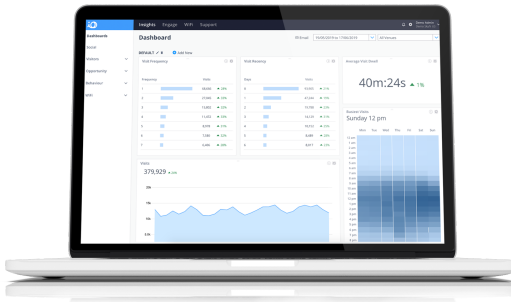
- Continued investment into marketing activities to drive quality leads across all markets
- Significant focus on key verticals including Grocery, Corporate offices, Universities, Schools and Municipalities

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- Drive the extension of the technology platform secured via the Blix acquisition into offshore markets focussed on small and mid-market customers
- Ongoing development and rollout of new products (such as *OccupancyNow™*) to continue to drive new revenue streams
- Specific focus on driving growth within our people counting product and service offering across ANZ, UK and USA
- Continued focus on cash management and maintaining a strong balance sheet position
- Continuing to pursue highly complementary accretive acquisitions to drive further growth and broaden our offering to current and new customers

## 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, AI cameras for objection detection, IoT sensors, weather, sales 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 harness more value from their data.

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

Learn more at [www.skyfii.io](http://www.skyfii.io) or follow Skyfii updates at <https://au.linkedin.com/company/skyfii>

### Media

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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")**

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,363	7,137
1.2 Payments for <sup>1</sup>		
(a) research and development	(11)	(22)
(b) product manufacturing and operating costs	(1,863)	(3,026)
(c) advertising and marketing	(221)	(254)
(d) leased assets	-	-
(e) staff costs	(1,435)	(2,684)
(f) administration and corporate costs	(522)	(1,106)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	11
1.5 Interest and other costs of finance paid	(14)	(24)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	982	982
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>290</b>	<b>1,014</b>

<sup>1</sup> Cash flows are presented before the capitalisation of employee, contractor and other expenditure attributable to software development of approximately \$1.14m for the six months to 31 December 2020. The Company expects to capitalise this expenditure as an intangible software development asset in the half year accounts ended 31 December 2020.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses <sup>2</sup>	-	(150)
	(c) property, plant and equipment	(13)	(15)
	(d) investments	-	-
	(e) intellectual property <sup>3</sup>	-	-
	(f) other non-current assets	-	-
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	5	5
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>(8)</b>	<b>(160)</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	443	443
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

<sup>2</sup> On 16 September, the Company announced the acquisition of Blix with an upfront cash consideration of \$300,000. \$150,000 has been paid on completion with the remainder payable in Q3 FY21.



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.9	Other (provide details if material) (a) Capital raising costs	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>443</b>	<b>443</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	2,687	2,114
4.2	Net cash from / (used in) operating activities (item 1.9 above)	290	1,014
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(160)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	443	443
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,411</b>	<b>3,411</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	2,888	2,607
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	523	80
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,411</b>	<b>2,687</b>

**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

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

7. <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	2,000	523
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>2,000</b>	<b>523</b>

7.5 **Unused financing facilities available at quarter end** 1,477

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 31<sup>st</sup> May 2021.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	290
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,411
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,477
8.4 Total available funding (Item 8.2 + Item 8.3)	4,888
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	Not applicable. The Company has positive operating cashflows for this quarter.

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

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:

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:

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:

## 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: 19 January 2021

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.