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skyfii

annual  
report

| 2021

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Skyfii Limited

ABN 20 009 264 699

Financial report for the year ended 30 June 2021

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## Chairman's Letter

Dear Shareholders,

On behalf of your Board of Directors, I am pleased to present you Skyfii's annual report for the financial year 2021 (FY21). Importantly, Skyfii continued its upward progress during the year despite the ongoing impact of COVID-19 on the operating environment. The Company achieved significant growth in revenue through several notable contract wins across regions and two highly complementary acquisitions that saw the Company expand its leading suite of omnidata intelligence products and services.

Skyfii's product offering has become ever more relevant to physical venues and public spaces around the world as they continue to navigate the ongoing challenges posed by COVID-19. Skyfii's data analytics and venue monitoring solutions have enabled businesses to provide a safer environment for customers and staff, and to achieve an improved understanding of their customer's behaviour, enabling better informed decision making on operational matters. In addition, Skyfii's tools have provided the public with confidence to return to safe, clean and effectively managed public places.

### Continued growth driven by organic and acquisition initiatives

Skyfii's strategic focus in FY21 continued to be the delivery of recurring revenue growth via a combination of organic growth, and accretive and highly complementary targeted acquisitions.

Skyfii continued to expand its customer base over the period across verticals, including the Omaha Zoo, Trent University and Metro Washington Airports Authority. The Company also renewed and extended contracts with many notable existing clients and customer churn continued to be negligible - a testament to the outstanding customer satisfaction within Skyfii's client base.

The acquisition of Blix is helping Skyfii penetrate the lucrative automotive industry with several notable business opportunities in negotiation. The Blix customer base is largely spread across Australia and New Zealand with a growing number of customers across North America and parts of Asia. 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.

In April 2021, Skyfii acquired CrowdVision, a computer vision and AI driven video analytics company, with offices in the US and Europe, focused on airports, stadiums, transportation hubs and large-scale resort hotels and casinos. The acquisition of CrowdVision will further strengthen Skyfii's position as the market leading provider of data driven venue analytics. The acquisition reinforces our strategic focus of delivering recurring revenue growth via a combination of organic growth and accretive and highly complementary targeted acquisitions.

The equity placement to fund the acquisition of CrowdVision and our future growth was the largest in our Company's history. We were delighted by the support we have received for the Placement and I would like to thank our new shareholders for their confidence and existing investors for their continued support of the Company. Beneficially, the Placement has left the company in a very sound position in terms of cash reserves, critical in these uncertain times even for a company which continues to operate as successfully as Skyfii.

### Our people

Following the acquisition of Blix and CrowdVision, Skyfii has been focused on integrating the businesses and people into the Company. The integration of the teams and technologies is already well advanced. The Blix and CrowdVision employees have been warmly welcomed into the Skyfii business and an outreach campaign is successfully underway with each company's customer base.

At the end of May 2021, we farewelled Jon Adgemis as Non-Executive Director. Jon had been closely associated with the company before the IPO, has provided valuable ongoing support from the time of listing, joining the Board as a Director in September 2018. Amongst a broad range of contributions, his insights and expertise across M&A and capital markets, in particular, have been of great value to the Company. I would like to thank Jon for his contribution to Skyfii over the years.

Recently announced on 23 August 2021, the Board are pleased to appoint two new Directors, Kirsty Rankin as non-executive director and John Rankin (no relation to Kirsty Rankin) as executive director. We are delighted to welcome Kirsty and John to the Board of Skyfii. As we continue to grow our business worldwide, these changes to the composition of the Company's Board will ensure we have the right skill set, diversity of experience and corporate governance capabilities to execute on our continuing and successful rate of growth. Kirsty's deep skill set in digital marketing and offshore experience broadens the already wide range of skills and experience exhibited by our current directors. John, as part of the executive leadership team, has vast experience of our business and customers and his inclusion on the Board will ensure we retain the right balance of executive and non-executive experience.

In conjunction with the appointment of Ms Rankin and Mr Rankin, Lincoln Brown has decided to step down as a non-executive director of the Company. Mr Lincoln Brown joined the Board of Skyfii in 2018 part of the Company's acquisition of US based, Causley. Mr Brown brought significant experience in mobile technology, data science and AI/machine learning and has been valuable in expanding the Company's presence in the USA. I would like to thank Lincoln for his efforts and wish him well in his future endeavours.

### Starting the year in a strong position

Skyfii remains in a strong position to continue to benefit from an ongoing focus on safe operation of venues and public spaces around the world. The recent innovations and complementary acquisitions have further strengthened Skyfii's position as a global leader in venue analytics. I would like to thank the entire Skyfii team for their commitment and hard work during another challenging period. I would also like to thank our shareholders for your continued support. I look forward to meeting you at our Annual General Meeting in November 2021.



Yours faithfully,

**Andrew Johnson**  
Chairman, Non-Executive Director

## CEO's Letter

### Dear Shareholders,

I am pleased to report that Skyfii delivered another year of continued success and strong growth in FY21. The strength of our business model and the relevance of our product and service offering has been evident over the past year as businesses around the world continue to focus on safe, efficient and compliant operation of their venues and public places.

Our underlying business performance has remained strong despite the continued impact of COVID-19 on global macroeconomic conditions. Skyfii delivered double digit growth across all key financial metrics in FY21, and we built a strong pipeline of business opportunities which will see us continue to accelerate growth in FY22 and beyond.

In addition to strong organic growth, we also strengthened our position as the leading global provider of data capture & analytics solutions through highly complementary strategic acquisitions.

### Strategic acquisitions broaden Skyfii's offering and extend presence in key verticals

In September 2020, Skyfii completed the acquisition of Blix, an Australian based venue analytics business servicing small and medium format retail venues. The acquisition diversified Skyfii's existing product service range with a cost-effective venue analytics offering specifically catering for small to medium sized venues. At the time of the acquisition, Blix's customer base included approximately 50 blue chip customers including Porsche, Volkswagen, Country Road Group, Chanel and Swarovski, and we have since delivered new business wins with Asics, Good Feet and Jo Mercer. Leveraging Skyfii's global footprint, we believe there is a significant opportunity to roll out Blix's technology offshore, and we are marketing Blix's offering across North America and EMEA with a strong pipeline of new business opportunities.

In April 2021, we announced the acquisition of CrowdVision, a company which provides intelligent computer vision technology to airports, stadiums, transportation hubs and large-scale resort hotels and casinos. The acquisition significantly advances Skyfii's computer vision capabilities, enabling the Company to offer this advanced technology to our current customer base.

The CrowdVision acquisition highlights Skyfii's ability to identify, progress and execute on strategic and value accretive transactions and provides Skyfii with a market leading presence in the global airport vertical. Some of the key investment highlights include:

- **Advanced Technology:** Scalable and modular multi-sensor data capture and analysis platform with powerful AI/ML technologies of Computer Vision and LiDAR streaming
- **Attractive Financial Profile:** High percentage of software as a service (SaaS) revenues on long term contracts
- **Blue Chip Customer Base:** Market leader in US Airports vertical with 13 out of the top 30 airports under contract, with high barriers to entry. Key airport clients include JFK, Heathrow, Narita, Chicago O'Hare, Miami and Adelaide airports as well as United and Delta Airlines.
- **Key Partnerships:** The only Transportation Security Administration (TSA) approved supplier for the US airport sector; Go to Market (GTM) partnership with Verizon
- **Large Total Addressable Market (TAM):** Large unaddressed TAM + Opportunity to lever product into new verticals such as Stadiums, Casinos, Rail/Transit hubs
- **Strong Talent:** Highly skilled management, engineering, and sales teams with diverse experience and strong industry connections

In addition, Skyfii can now introduce its broader product portfolio to CrowdVision's blue-chip customers, which include major airports such as JFK, Heathrow and Chicago O'Hare and we believe the synergies between the two businesses will open up significant new business development opportunities, further accelerating Skyfii's growth.

### Conversion of pipeline delivering new contract wins and partnerships

Skyfii has continued its strong track record of winning new customers and renewing contracts with existing key customers. Some notable contracts and partnerships converted during FY21 included:

- Strategic partnership with NASDAQ listed WiFi-provider Boingo to act as a reseller of Skyfii's full suite of IO products and services
- A five-year contract with Metro Washington Airports Authority through the Boingo partnership
- Renewed contracts with David Jones (AU), The Kooples (FRA), McArthurGlen Retail Outlets (UK), SFMOMA (USA), JCPM Group (BZL), Nuffield Health (UK) and AB Nordiska Companiet (EU)
- Five-year master service agreement with Omaha's Henry Doorly Zoo and Aquarium, including a provision for IO Connect, IO Insights and IO Engage.
- An initial one-year contract with Trent University to deploy OccupancyNow™, IO Connect, IO Insights and IO Engage
- Extended partnership with RBS to include an additional 36 supermarkets bringing the total number of grocery stores under contract to 53

### New product launches address the need for increased real-time venue monitoring

Skyfii's software development team and data scientists have continued to focus their efforts on product releases that encompasses both machine learning and artificial intelligence, particularly in the area of computer vision for video analytics in light of the increased focus on real-time venue monitoring.

Notable products releases delivered during the year included:

- **OccupancyNow™** to help measure and maintain safe occupancy and social distancing guidelines;
- **Stop & Go** allows venues to manage occupancy limits in real time; provides customers a simple indicator of when it is safe to enter a space;
- **Mask Detection** identifies whether customers and staff are wearing masks; alerts and prompts sent out as required;
- **Artificial Intelligence HVAC Optimisation**, integrates with HVAC systems to provide predictive analytics around occupancy levels and visitor behaviour to optimise energy consumption, save money and improve the carbon footprint for buildings.

In addition, Skyfii has partnered with BrainBox AI to drive increased energy and HVAC savings for Skyfii's commercial and corporate real estate customers through the analysis of real time visitor behaviour patterns.

### Strong financial result delivered

Skyfii's total operating revenue (excl. CrowdVision) grew 12% to \$15.1m and recurring revenues were up 21% at \$10.7m reflecting continued strong momentum in the business. Total operating revenue, including 12 weeks of contribution from Crowdvision, was \$15.9m and total recurring revenues inclusive of CrowdVision were \$11.3m. Operating EBITDA of \$1.64m was down 22% vs FY20 but in line with expectations and incorporating working capital investment into CrowdVision.

Importantly we concluded the year with an annualised recurring revenue run rate of \$14.0m, up over 40% versus FY20, further demonstrating the continued demand for our products and services.

### Strong financial position enables Skyfii to pursue attractive growth opportunities

Skyfii maintained a strong balance sheet throughout the year, finishing with a net cash position of \$8.6m at the end of June 2021. In addition to the cash at bank, Skyfii has access to a \$2m loan facility which remains fully undrawn.

In April 2021, Skyfii completed a \$10.0m Placement to institutional and sophisticated investors at an offer price of \$0.165. In addition, Skyfii raised an additional \$0.7m via a SPP at the same offer price. Proceeds from the capital raise were predominantly used to fund the acquisition and growth of CrowdVision, with the remainder of the funds earmarked for future business opportunities.

### Well positioned to benefit from continued focus on safe operation of venues and public spaces

Skyfii has commenced the new financial year in a strong position with a strong pipeline of new business opportunities. Understanding customer behaviour and movement continues to be a crucial part of operating venues and public spaces safely and efficiently, and Skyfii is well placed to benefit from the increased demand with its leading range of venue analytic tools. FY22 will be a year of investment for the Company as we look to accelerate revenue growth and further scale our operations internationally. We expect to deliver our strongest revenue growth year in FY22, with significant operating leverage becoming evident in FY23 and beyond.

Key areas of focus for the Skyfii team in FY22 will include:

- Continued investment into marketing activities to drive growth across all markets and products;
- Increased investment into Sales, Support and Services headcount to drive additional revenue growth in all regions;
- Focus on near-term conversion across CrowdVision and Skyfii sales pipelines;
- Further focus on other key verticals including Grocery, Corporate Offices, Retail, Retail Property, Universities, Schools and Municipalities;
- Expansion of our reach into the UAE region;
- Full integration of the CrowdVision technology solution into the Skyfii offering and retirement of the legacy platform
- Continuing to pursue highly complementary accretive acquisitions to drive further growth and broaden our offering to current and new customers

I would like to thank our Board of Directors and the entire Skyfii team for their hard work and resilience during FY21 and I would also like to thank our new and existing shareholders for their continued support.

Yours faithfully,



**Wayne Arthur**

CEO and Executive Director

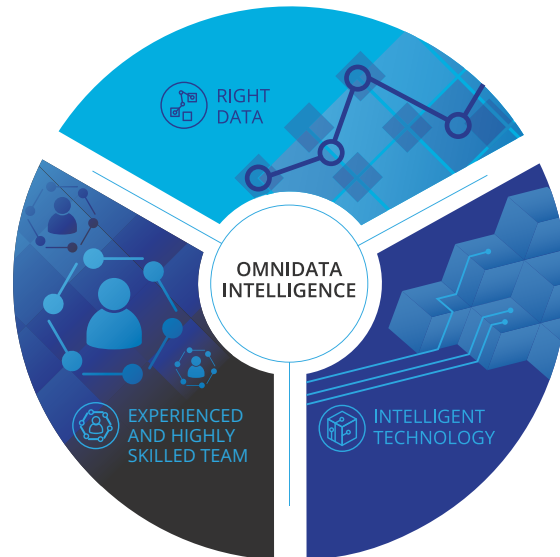


## Review of Operations

### Skyfii Business Overview

Skyfii is a global omnidata intelligence company which is transforming the way organisations collect, analyse and extract value from data. We exist to help physical venues use data to better understand visitor behaviour and improve experiences.

Physical venues need access to data and insights if they are going to operate successfully. However, many businesses don't have the resources or in-house capability to make use of this data. Skyfii's omnidata intelligence approach helps provide actionable insights reliably and securely.



#### 1. RIGHT DATA

Skyfii IO supports data collection and analysis from a growing number of data sources, many of which are already present within physical spaces today. This consolidation of data provides venues the ability to build a holistic view of the visitor experience and the factors that influence it. The scope, scale and integrity of our data allows our customers to maximize their client engagement and satisfaction

The practice of omnidata intelligence means combining 3 key elements;

1. *The right data*
2. *Intelligent technology*
3. *Experienced and highly skilled team*



Beacons



Survey Responses



Advertising Networks



ERP



CRM & Marketing



Web



Infrared



Cameras



Weather



Mobile



POS



People Counters



Social



Wi-Fi

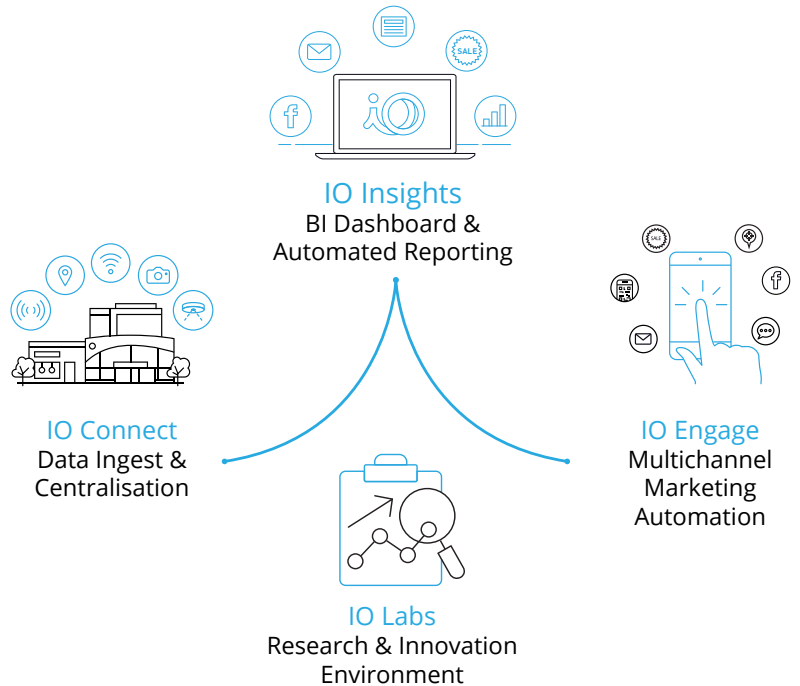




## 2. INTELLIGENT TECHNOLOGY

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

- IO Connect automates the collection, storage and processing of data from a wide variety of sources including: WiFi, Cameras, Video Analytics, CCTV, LiDAR, CRM systems, Survey, BLE / Mobile Apps, Weather, POS / Sales, Point of Sale systems, & ERP / Accounting and Finance platforms
- IO Insights automates the reporting of data collected in real time providing tangible insights such as visitor counts, dwell time metrics, traffic flow analysis and sales conversion
- IO Engage provides marketing tools to deliver & automate content across a number of channels including: Email, SMS, Mobile Push, WiFi Captive Portal and OOH Digital Screens
- IO Labs is a research and innovation environment where Skyfii's data science & strategy teams build the products of tomorrow and support more custom client needs
- Our SaaS product offering is modular, thereby allowing our customers the flexibility to 'start small' and grow with us



## 3. EXPERIENCED AND HIGHLY SKILLED TEAM

Our business offers more than just data. Skyfii's expert data scientists, strategists, and marketers develop customised solutions designed around your venue's unique needs. We service our customers in the following areas:

- Digital and Data Strategy • Data Science
- Digital Marketing • Customer Success

Our people and technology ensure that our solutions are customised to allow physical venues to optimise the experience of the venue for their customers.

## Review of Operations continued

### Our Key Strengths

#### A Reliable, Highly scalable, Robust Platform

Skyfii's technology is deployed in some of the most demanding locations around the world. Our highly-available architecture securely and reliably collects data, processes insights, and delivers real-time reporting. We store data securely in ISO 27001, SOC III, PCI DSS-certified data. Data is kept within jurisdictional boundaries and is transmitted and stored using multiple levels of encryption that employ the industry's most secure algorithms, such as 256-bit AES.

#### Partnership Philosophy

The world is complex and can only be fully understood through a collaboration of ideas, technologies, and people. We work with others in an open, agile and sharing manner and exceed the expectations of our customers, team, industry, and stakeholders.

#### World-Class Team

We have assembled a highly experienced team in the fields of technology, data, security, marketing, commercial and property. From Board and Executive level through development, engineering, operations and accounts, we've built an ambitious, progressive, and agile culture.

#### Market Leading Suite of Products

We have built a best-in-class suite of products designed specifically for workplaces. Ease of use, architectural flexibility, and efficient integration are key attributes that underpin the platform. Most importantly, we have a development team focused on the continual evolution and improvement of our technology.

#### Data Consultancy & Marketing Services

A key part of the Skyfii offering is our Data Consultancy & Marketing Services team. Experts in the analysis and fusion of behavioural and digital data, this team has extensive experience in data engineering and architecture, spatial analysis, computer vision, machine learning, predictive modelling and decision engines.

### Key Product Development Initiatives in FY21

Our team of data scientists & digital marketers continue to develop a range of new analytics tools, such as our recent product offering, OccupancyNow™, which serves to help our customers better manage occupancy, monitor social distancing and contact tracing in venues. 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 safely.



#### OccupancyNow™ from Skyfii

In response to the COVID-19 outbreak, and at the end of the prior year, 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 our customers 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

### Data Privacy

Skyfii treats data production, privacy, and security very seriously. How data is collected, stored, and used is of the utmost importance to our business, including supporting our customers' compliance with relevant jurisdictional privacy legislation such as the General Data Protection Regulation (GDPR) within the EU or California Consumer Privacy Act (CCPA) within the USA.

Skyfii also takes a number of steps to ensure our data remains secure at every stage. This includes storing data securely in ISO 27001, SOC III, PCI DSS certified data centres. Data is kept within jurisdictional boundaries. Data is transmitted and stored using multiple levels of encryption that enforce the industry's most secure algorithms, such as 256 bit AES.

### Business and Operations update

#### Customer Base & Business Continuity

The impact of COVID-19 presented some challenging trading conditions in FY21. However, our underlying business performance has remained strong despite the continued impact of COVID-19 on global macroeconomic conditions as we retained all of our key clients during the period, built our growth pipeline and managed our financial position. The impact of COVID-19 has provided a strong macro-tailwind for our business delivering a significant opportunity to accelerate our growth efforts. The increasing global focus on venue density, crowd management and occupancy are driving elevated interest in our people counting & venue analytic products. We are taking advantage of this increased demand to fast track our growth initiatives by investing in our people, our products, and our channel partnerships. The investment will drive an increased pipeline of opportunities, particularly internationally, delivering a step change in our recurring revenue base.

### Key Verticals and New Customer Contracts

The company continued to successfully diversify its addressable market during FY21 - accelerating growth in new target verticals whilst extending its penetration in established verticals. This diversification resulted in an extensive number of new contract wins, in new and exciting verticals, announced throughout the financial year.

## Notable Contract Wins in FY21

### Q1 FY21

#### Strategic Partnership with Boingo (North America)

During the quarter, Skyfii announced it had signed a strategic partnership with NASDAQ listed WiFi service provider Boingo (NASDAQ:WIFI). The partnership will equip Boingo to resell the full suite of Skyfii's IO products and services. Boingo has a vast footprint of DAS, WiFi and small cell networks across North America and Europe and is one of the largest providers of indoor Wireless networks reaching more than a billion people globally.

### Q2 FY21

#### 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.

#### David Jones (APAC)

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.

#### Omaha's Henry Doorly Zoo and Aquarium (North America)

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

#### Nuffield Health (EMEA)

Nuffield Health 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.

#### Retail Business Solutions (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.

#### Trent University (Canada)

Trent University, a public liberal arts university based in Canada, 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).

### Q3 FY21

#### CEARA (Brazil)

3-year contract with CEARA in Brazil for Connect. Guest WiFi will be deployed across their ten airports.

#### ShopCore Properties (North America)

Skyfii signed a 3-year agreement with ShopCore Properties in North America. The contract includes the provision of Skyfii's IO Connect (WiFi), IO Insights and IO Engage products.

#### Nando's Chickenland Canada (North America)

Skyfii extended our global partnership with Nando's signing a 3-year agreement with Nando's Canada. The contract includes the provision of IO Connect (WiFi), IO Insight & IO Engage. This increases our presence with Nando's globally and further strengthens our QSR vertical.

#### Hancock Regional Hospital (North America)

Skyfii signed a 3-year agreement with Hancock Regional Hospital in North America for IO Connect (WiFi), IO Insight & IO Engage. Hancock will be using Skyfii's suite of products across five of their healthcare facilities to inform occupants about their vaccination procedures.

#### Norwich City Football Club (EMEA)

Skyfii signed a 3-year agreement with Norwich City FC in the UK for IO Connect (WiFi) and IO Insight. This contract represents our growing presence in the stadium vertical.

#### Rolling Hills Casino Resort (North America)

Skyfii signed a 3-year contract with Rolling Hills Casino Resort in North America for IO Connect (People Counters), IO Insight. The Casino will specifically be using OccupancyNow™ to manage patron occupancy levels for health and safety.

### Q4 FY21

#### GPT Group (APAC)

Skyfii extends contract with The GPT Group, one of Australia's leading property REITs. The GPT Group is one of the founding enterprise customers for Skyfii, subscribing to IO Connect (WiFi, People Counters), IO Insight and IO Engage.

#### National Gallery of Australia (APAC)

Skyfii signed an agreement with National Gallery of Australia on a three-year term for the provision of IO Connect and IO Insight.

#### Nando's Chickenland UK (EMEA)

Skyfii renewed its agreement with leading QSR chain Nando's Chickenland UK (EMEA) to retain IO Connect (WiFi) and IO Insight

#### Land Securities (EMEA)

Skyfii signed a new deal with UK-based property group Land Securities. The agreement will see Land Securities deploy IO Connect and IO Insight across their portfolio of Retail shopping centres.

#### Virgin Hotels (North America)

Skyfii signed an agreement with Virgin Hotels to deploy IO Connect (WiFi) and IO Insight

#### PARETO (South Africa)

Skyfii signed an agreement with leading South African Property Group Pareto on a four year contract term. The contract will see the provision of IO Connect (WiFi) and IO Insight across their portfolio of Retail Shopping Malls.

## Review of Operations continued

### Overview of financial performance

In FY21 the company delivered total operating revenues of \$15.9m, representing 18% growth when compared with FY20. Recurring revenues for FY21 were \$11.3m, representing 27% growth when compared with FY20 and the company exited FY21 with an Annualised Recurring Revenue of \$14.0m. This places the Company in a very strong financial position for FY21.

The growth in revenue is a result of the company's focus on delivering high margin, multi-year, recurring revenue contracts and growth in our services offering to our customer base, both domestically and internationally across a growing number of industry verticals.

The company delivered a positive operating EBITDA of \$1.64m for the full year, our 4th straight year of positive operating EBITDA. The company's net loss position of \$7.0m, represents a 105% increase when compared with FY20.

### Revenue Channel Categories

The categorisations of revenue channels are defined as recurring, non-recurring and services revenues:

**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. Non-recurring Revenues** are generated from a combination of professional services generated by our data and marketing services, the deployment of hardware, infrastructure, implementations, and upfront setup fees, which underpin recurring revenues. Typical technologies deployed include Wireless Access Points, 2D and 3D cameras, People Counting sensors, LiDAR, FishEye CCTV cameras and Artificial Intelligence (AI) cameras that monitor pedestrian, car, bicycle traffic and IoT sensors that detect building, room, desk occupancy and climate monitoring.

### Cash position

The Company maintained a very strong balance sheet with a \$8.6m cash balance as at 30th June 2021 with additional access to a \$2m loan facility, which remains undrawn (cash position at 30 June 2020 was \$2.1m).

In April 2021, Skyfii completed a \$10.0m Placement to institutional and sophisticated investors at an offer price of \$0.165. In addition, Skyfii raised an additional \$0.7m via a Share Purchase Plan (SPP) at the same offer price. Proceeds from the capital raise were predominantly used to fund the acquisition of CrowdVision, with the remainder of the funds earmarked for future business opportunities.

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.

The company expects to maintain its cash balance in the coming year, while at the same time continuing to invest in growing revenues.

### Outlook for FY22 and beyond

Skyfii has commenced the new financial year in a strong position with a growing pipeline of new business opportunities. Understanding customer behavior and movement continues to be a crucial part of operating venues and public spaces safely and efficiently, and Skyfii is well placed to continue to benefit from the increased demand, with its leading range of venue analytic tools.

FY22 will be a year of investment into the Company's operating model, as we look to accelerate revenue growth and further scale our operations internationally. We expect to deliver our strongest revenue growth year in FY22, with significant operating leverage becoming evident within our operations in FY23 and beyond. I am particularly excited about the year ahead, during which we expect to:





- Pace towards \$20m ARR milestone as guided by the market analysts
- See our international markets overtake ANZ in terms of group revenue contribution
- Launch an exciting new brand and improve our market positioning
- Build the platform to deliver significant operating leverage beyond FY22

Specific areas of focus for the Skyfii team in FY22 will include:

- Continued investment into marketing activities to drive growth across all markets and products;
- Increased investment into Sales, Support and Services headcount to drive accelerated revenue growth in all regions;
- Focus on near-term conversion across CrowdVision and Skyfii sales pipelines as airports, stadiums and event centres reopens;
- FurtherSignificant focus on other key verticals including Airports, Stadiums, Grocery, Corporate Offices, Retail, Retail Property, Universities, Schools and Municipalities;
- Expansion of our reach into the UAE region as we capitalise on our recent wins in the region;
- Full integration of the CrowdVision technology solution into the Skyfii offering and retirement of the legacy platform

In summary, notwithstanding Skyfii's ongoing success in addressing worldwide challenges in recent months caused by the impact of the pandemic and some promising signs looking forward, the Board and senior executive team remain very aware of the risks that still exist.

As such the team are continuing to carefully manage cash and focus on keeping the right balance between taking advantage of the opportunities that continue to be identified and prudent business management.



## Directors' Report

Your Directors submit the financial report of Skyfii Limited (**Skyfii** or **the Company**) for the year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

### Directors

The names and particulars of the Directors of the Company during or since the end of the financial year (**Directors**) are:

Name, independence status and qualifications	Experience, interests in shares, special responsibilities and other directorships
<b>Andrew Johnson</b> <i>Independent Non-Executive Chairman from 31 January 2019</i>  <i>Independent Non-Executive Director until 30 January 2019 (appointed November 2014)</i> BComm., M Sc. FAICD	<ul style="list-style-type: none"> <li>Mr Johnson, is a highly experienced and successful executive/technologist with a career focused on the telecommunications, space and defence sectors, in Australia, the US, Europe and the Pacific. He is the Chairman/MD of the Delta Systems International (DSI) group of companies, who are designers, builders and operators of telecommunications, space and defence systems. He has previously held the position of Chairman in both Kumul Telikom Holdings Ltd, the PNG national telecommunications provider, and Bmobile-Vodafone, a mobile service provider for the South Pacific. Further previous roles include: Managing Director/part owner of Orion Satellite Systems, Director for Computer Sciences Corporation's Australian and NZ Defence and Communications Division, CEO of Tenix (formerly Transfield) Defence Systems, which grew to become Australia's largest Defence company during his tenure, and Managing Director of Telstra's Data and Online Division.</li> <li>Member (Chairman) of the Audit and Risk Committee.</li> <li>Holds a relevant interest in 6,431,396 shares and 210,000 options over an equivalent number of unissued shares.</li> <li>No other listed company directorships.</li> </ul>
<b>Susan O'Malley</b> <i>Independent Non-Executive Director</i> <i>(appointed 24 September 2018)</i> BBus., GAICD	<ul style="list-style-type: none"> <li>Ms O'Malley, is a former Westfield/Scentre Group executive having held various senior managerial roles. Sue is a Non Executive Director of Prezzee, a leading global eGift card platform with operations in North America, United Kingdom, Australia and New Zealand and is currently the National Chairperson of Life Education Australia, the largest not for profit, provider of health education in Australia. Additionally, Sue is a member of the Advisory Board for Southern Cross Group, one of Australia's leading integrated facility service solutions providers. Sue's consultancy provides general business advice, marketing and public relations services to both small and large businesses and aids Skyfii's drive into the retail property sector, domestically and internationally.</li> <li>Member (Chairperson) of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.</li> <li>Holds a relevant interest in 944,785 shares.</li> <li>No other listed company directorships.</li> </ul>
<b>Kirsty Rankin</b> <i>Independent Non-Executive Director</i> <i>(appointed 23 August 2021)</i> BComm., MAICD	<ul style="list-style-type: none"> <li>Ms Rankin, is an entrepreneur and visionary business leader with a track record of creating and executing innovative loyalty, customer engagement &amp; marketing strategies that propel business results. She was the co-CEO of Pinpoint Pty Ltd, a 500 FTE Loyalty/Marketing company in Asia Pacific and led the company from start up to exit in 2014 with the acquisition of Pinpoint by Mastercard. Post acquisition she moved into a senior global executive role at Mastercard based in the US, where she created, delivered and managed innovative, state-of-the-art data driven products and services for merchants, banks, acquirers, and consumers. Her deep expertise in data driven insights, digital transformation, loyalty, customer engagement and new product development extends across multiple industries, organisations and geographies. She has a strong understanding of governance to balance the interests of stakeholders and significant expertise in data governance including data security, privacy, integrity, and database management. Her global network of contacts spans some of the largest, most innovative banks, fin tech companies and merchants.</li> <li>Member of the Remuneration and Nomination Committee</li> <li>Holds a relevant interest of nil shares.</li> <li>No other listed company directorships.</li> </ul>

**Name, independence status and qualifications**

**Experience, interests in shares, special responsibilities and other directorships**

**Wayne Arthur**

Chief Executive Officer/  
Executive Director  
(appointed 20  
November 2014)  
BComm, MAICD

- Mr Arthur, a co-founder of Skyfii, built a long standing career in the outdoor media sector in senior managerial roles for companies such as Titan Media Group and EYE Corp. His experience in these roles has spanned three international markets. He has been responsible for the delivery of key contracts and partnerships to the Skyfii business to date. Demonstrating the Company and Wayne's commitment to focus on growing Skyfii internationally and in particular North America, Wayne has been permanently based in the United States since 2018.
- Member of the Audit and Risk Committee.
- Holds a relevant interest in 11,626,211 shares, 3,075,000 ESP shares and 14,082,162 EOP Options.
- No other listed company directorships.

**John Rankin**

Chief Operating Officer/  
Executive Director  
(appointed 23 August 2021)  
BBus, MBA, MAICD

- Mr Rankin, is Chief Operating Officer of the Company, having joined Skyfii in 2016. John has over 17 years' experience in the media and property industry, ten of which were spent in senior and executive leadership positions. Prior to joining Skyfii John worked at GPT Group where he held two Director-level positions. Before GPT, John spent five years in the United Kingdom at out-of-home media company, oOh Media, as General Manager.
- Holds a relevant interest in 3,725,233 shares, 3,125,000 ESP shares and 11,549,125 EOP Options.
- No other listed company directorships

**Jon Adgemis**

Independent  
Non-Executive Director  
(resigned on 31 May 2021)

**Lincoln Brown**

Independent  
Non-Executive Director  
(resigned on 23  
August 2021)

**Koreen White**

Company Secretary  
(appointed 4 August 2017)  
CPA Australia  
BBus(Acc)

- Ms White has 22 years' experience in listed and unlisted, Australian and US-based corporate entities having worked across the technology, media and telecommunications (TMT) sector.
- Holds a relevant interest in 3,586,917 shares, 1,400,000 ESP shares and 3,171,855 EOP Options.



## Directors' Report continued

### Meetings of Directors

During the financial year, 13 meetings of Directors were held. Other matters arising during the year were resolved by circulating resolutions. The following persons were Directors of the Company during the financial year, with attendance to meetings of Directors as follows:

	Directors' Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Andrew Johnson	13	13	4	4	2	2
Lincoln Brown	13	10	-	-	2	1
Susan O'Malley	13	12	4	3	2	2
Jon Adgemis	13	7	4	1	2	1
Wayne Arthur	13	13	-	-	-	-

### Principal activities

The principal activity of the Group during the financial year was the provision of data analytics services.

### Review of operations

The consolidated entity's loss attributable to equity holders of the Company, after providing for income tax, amounted to \$7,018,914 (2020 loss: \$3,417,000). Refer to the commentary in the Review of Operations.

### Dividends paid or recommended

In respect of the financial year ended 30 June 2021, there have been no dividends paid or provided for (2020: nil).

### Significant changes in state of affairs

There are no significant changes in the state of affairs of the parent entity occurred during the financial year.

### Subsequent events

There are no matters or circumstances that have arisen since 30 June 2021 that have significantly affected, or may significantly affect:

- the Group's operations in the future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in the future financial affairs.

### Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

### Environmental regulations

The Group's operations are not involved in any activities that have a marked influence on the environment. As such, the Directors are not aware of any material issues affecting the Group or its compliance with the relevant environment agencies or regulatory authorities.



### Indemnification of officers and auditors

During the financial year, the Company paid premiums based on normal commercial terms and conditions to insure all directors, officers and employees of the Group against claims brought against the individual while performing services for the Group. The premium paid has not been disclosed as it is subject to the confidentiality provisions of the insurance policy. Except as noted below, the Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

The Company has previously entered into a Deed of Indemnity, Insurance and Access with each of its current Directors. The purpose of the Deed is to:

- confirm the indemnity provided by the Company in favour of Directors under the Company's Constitution;
- include an obligation upon the Company to maintain adequate Directors and Officers liability insurance; and
- confirm the right of access to certain documents under the Corporations Act.

### Non-audit services

Amounts paid or payable to the auditor for non-audit services provided during the year by the auditor amounted to \$7,300 (FY20: \$7,000).

The Directors are satisfied that the provision of non-audit services in the form of tax compliance services, during the year, by the auditor (or another person or firm on the auditors' behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Directors are of the opinion that the services as disclosed in Note 19 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### Officers of the Company who are former audit partners of Hall Chadwick

There are no officers of the Company who are former audit partners of Hall Chadwick.

### Auditor's Independence Declaration

The auditor's independence declaration is included on page 24 of this report and forms part of the Directors' Report for the year ended 30 June 2021.

### Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.



## Remuneration report

The Remuneration Report, which has been audited, details the nature and amount of remuneration for each Director and the Executives.

Key management personnel (**KMP**) include:

the following persons who were Directors of Skyfii Limited during the financial year:

- Andrew Johnson – Non-Executive Chairman
- Lincoln Brown – Non-Executive Director
- Susan O'Malley – Non-Executive Director
- Wayne Arthur – Chief Executive Officer
- Jon Adgemis – Non-Executive Director  
(resigned 31 May 2021)

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

- John Rankin – Chief Operating Officer
- Koreen White – Finance Director and Company Secretary



### Remuneration policy

The performance of the Group depends upon the quality of its directors and executives. The Group recognises the need to attract, motivate and retain highly skilled directors and executives.

The Board of Directors, through its Nomination and Remuneration Committee, accepts responsibility for determining and reviewing remuneration arrangements for the Directors and Executives. The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and Executives on a periodic basis. This is done with reference to relevant employment market conditions, giving due consideration to the overall profitability and financial resources of the Group, with the objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

### Non-Executive Director remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made of the Directors in fulfilling their responsibilities. Non-Executive Director fees are reviewed annually by the Board. The constitution of the Company provides that the Non-Executive Directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in a general meeting. On 3 December 2012, a general meeting was held with shareholders approving a maximum aggregate remuneration of \$500,000. The Board of Directors are of the view the value remains sufficient. Annual Non- Executive Directors' fees currently agreed to be paid by the Company are \$260,037 inclusive of superannuation.

### Executive and Executive Director remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits), as well as employer contributions to superannuation funds.

Executive and Executive Director remuneration levels are reviewed annually by the Nomination and Remuneration Committee through a process that considers the overall performance of the Group. Executive Directors are not paid any director fees in addition to their fixed remuneration as Executives.

### Performance based remuneration

Performance based remuneration, which may take the form of cash or equity based bonuses, is at the discretion of the Nomination and Remuneration Committee.

## 1. Remuneration of Directors and Executives

Remuneration shown below relates to the period in which the Director or Executive was a member of key management personnel. Amounts below have either been paid out or accrued in the period.

	Short-term benefits			Post employment benefits	Share based payments		Total
	Directors' fees	Salary and fees	Bonuses	Superannuation	Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
<b>FY 2021</b>							
<b>Directors:</b>							
A. Johnson	42,500	-	-	-	29,000 <sup>(1)</sup>	-	71,500
L. Brown	30,000	-	-	-	29,000 <sup>(1)</sup>	-	59,000
S. O'Malley	42,500	-	-	4,037	29,000 <sup>(1)</sup>	-	75,537
J. Adgemis <sup>(2)</sup>	25,000	-	-	-	29,000 <sup>(1)</sup>	-	54,000
W. Arthur	-	456,036	118,424 <sup>(3)</sup>	25,000	7,522	784,213	1,391,195
<b>Other KMP:</b>							
J. Rankin	-	319,467	108,274 <sup>(3)</sup>	25,000	5,175	649,185	1,107,101
K. White	-	234,608	79,513 <sup>(3)</sup>	22,510	5,394	168,521	510,546
<b>Total</b>	<b>140,000</b>	<b>1,010,111</b>	<b>306,211</b>	<b>76,547</b>	<b>134,091</b>	<b>1,601,919</b>	<b>3,268,879</b>
<b>FY 2020</b>							
<b>Directors:</b>							
A. Johnson	27,000 <sup>(4)</sup>	-	-	-	30,000	-	57,000
L. Brown	27,000 <sup>(4)</sup>	-	-	-	30,000	-	57,000
S. O'Malley	27,000 <sup>(4)</sup>	-	-	-	30,000	-	57,000
J. Adgemis	27,000 <sup>(4)</sup>	-	-	-	30,000	-	57,000
W. Arthur	-	338,098	-	27,256	23,279	342,037	730,670
<b>Other KMP:</b>							
J. Rankin	-	284,000	-	26,781	23,517	335,449	669,747
K. White	-	215,750	-	21,613	15,220	141,485	394,068
<b>Total</b>	<b>108,000</b>	<b>837,848</b>	<b>-</b>	<b>75,650</b>	<b>182,016</b>	<b>818,971</b>	<b>2,022,485</b>

The remuneration of key management personnel in the years ended 30 June 2020 & 2021 was 100% fixed with the exception of Mr Arthur Mr Rankin and Ms White who were issued options. 60% of options issued to Mr Arthur, Mr Rankin and Ms White are based on share price hurdles.

Notes:

- (1) The Directors' fees reflect a 20% temporary reduction in July 2020.
- (2) Represents the remuneration up until 31 May 2021, being the date upon which the individual ceased to be a KMP.
- (3) KMP bonus payable accrued in employee benefits expense but not formally approved for payment.
- (4) The Directors' fees reflect a 20% temporary reduction from April to June 2020.

## Remuneration report continued

### Ordinary shares

Details of ordinary shares in the Company held directly, indirectly or beneficially, by KMP including their related parties, is as follows:

	Balance at start of year	Received as part of remuneration	Purchase of shares	Transfer/Sale of shares	Balance at end of year
<b>FY 2021</b>					
<b>Directors:</b>					
A. Johnson	5,849,861	217,899	363,636	-	6,431,396
L. Brown	749,150	217,899	-	-	967,049
S. O'Malley	545,068	217,899	181,818	-	944,785
J. Adgemis <sup>(1)</sup>	33,635,006	217,899	-	(8,750,000)	25,102,905
W. Arthur	11,626,211	-	-	-	11,626,211
<b>Other KMP:</b>					
J. Rankin	1,686,103	-	2,039,130	-	3,725,233
K. White	434,166	-	3,152,751	-	3,586,917
<b>Total</b>	<b>54,525,565</b>	<b>871,596</b>	<b>5,737,335</b>	<b>(8,750,000)</b>	<b>52,384,496</b>
<b>FY 2020</b>					
<b>Directors:</b>					
A. Johnson	5,183,861	375,000	291,000	-	5,849,861
L. Brown	374,150	375,000	-	-	749,150
S. O'Malley	170,068	375,000	-	-	545,068
J. Adgemis	33,260,006	375,000	-	-	33,635,006
W. Arthur	11,626,211	-	-	-	11,626,211
<b>Other KMP:</b>					
J. Rankin	1,686,103	-	-	-	1,686,103
K. White	428,788	-	5,378	-	434,166
<b>Total</b>	<b>52,729,187</b>	<b>1,500,000</b>	<b>296,378</b>	<b>-</b>	<b>54,525,565</b>

Notes:

(1) Represents the ordinary share movements up until 31 May 2021, being the date upon which the individual ceased to be a Director.



## ESP shares

Details of ESP shares in the Company held directly, indirectly or beneficially, by KMP including their related parties, is as follows:

	Balance at start of year	Granted / issued	Released from restrictions	Forfeited / cancelled	Balance at end of year	Balance of vested ESP shares	Balance of unvested ESP shares
<b>FY 2021</b>							
<b>Directors:</b>							
W. Arthur	3,075,000	-	-	-	3,075,000	3,075,000	-
<b>Other KMP:</b>							
J. Rankin	3,125,000	-	-	-	3,125,000	3,125,000	-
K. White	1,400,000	-	-	-	1,400,000	1,400,000	-
<b>Total</b>	<b>7,600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,600,000</b>	<b>7,600,000</b>	<b>-</b>

## FY 2020

<b>Directors:</b>							
W. Arthur	3,075,000	-	-	-	3,075,000	2,633,000	442,000
<b>Other KMP:</b>							
J. Rankin	3,125,000	-	-	-	3,125,000	2,751,000	374,000
K. White	1,400,000	-	-	-	1,400,000	924,000	476,000
<b>Total</b>	<b>7,600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,600,000</b>	<b>6,308,000</b>	<b>1,292,000</b>



## Remuneration Report continued

### Executive option plan (EOP) & Other Options

Details of options over unissued ordinary shares in the Company held directly, indirectly or beneficially, by KMP including their related parties, is as follows:

	Balance at start of year	Received as part of remuneration/ contracted	Exercise of options	Expiry of options	Balance at end of year
<b>FY 2021</b>					
<b>Directors:</b>					
A. Johnson	210,000	-	-	-	210,000
J. Adgemis	0	3,333,333	-	-	3,333,333
W. Arthur	8,414,700	5,667,462	-	-	14,082,162
<b>Other KMP:</b>					
J. Rankin	8,125,783	5,423,342	(2,000,000)	-	11,549,125
K. White	3,495,606	2,829,000	(3,152,751)	-	3,171,855
<b>Total</b>	<b>20,246,089</b>	<b>17,253,137</b>	<b>(5,152,751)</b>	<b>-</b>	<b>32,346,475</b>
<b>FY 2020</b>					
<b>Directors:</b>					
A. Johnson	910,000	-	-	(700,000)	210,000
W. Arthur	3,739,463	4,675,237	-	-	8,414,700
<b>Other KMP:</b>					
J. Rankin	3,234,564	4,891,219	-	-	8,125,783
K. White	1,792,282	1,703,324	-	-	3,495,606
<b>Total</b>	<b>9,676,309</b>	<b>11,269,780</b>	<b>-</b>	<b>(700,000)</b>	<b>20,246,089</b>

### Loans to Directors and KMP

The following loan balances are outstanding at the reporting date in relation to remuneration arrangements with Executive Directors and KMP in respect of shares issued under the Employee Share Plan (ESP) and the Executive Option Plan (EOP).

As the ESP and EOP are considered in substance to be an option, the ESP and EOP shares issued and corresponding loan receivable are not recognised by the Group in its financial statements. The ESP shares will not be considered issued to participants until the corresponding loan has been repaid, at which time there will be an increase in the issued capital and increase in cash. Further information relating to the ESP and EOP is set out in Note 22 to the financial statements.

	2021 \$	2020 \$
<b>Directors:</b>		
W. Arthur	396,747	283,810
<b>Other KMP:</b>		
J. Rankin	337,016	269,328
K. White	121,919	54,732
<b>Total</b>	<b>855,682</b>	<b>607,870</b>

#### Other transactions with KMP and/or their related parties

During the full year ended 30 June 2021, the Company incurred \$180,000 (FY20: \$90,000) of expenses relating to the Sydney office lease by the trustee of 5 Ward Avenue, a company associated with Jon Adgemis (Director, resigned 31 May 2021).

These services were provided under normal commercial terms and conditions. Further information in relation to related parties is disclosed in Note 23 to the financial statements.

#### Executive service agreements

The employment terms and conditions of KMP and Group executives are formalised in service agreements.

Position	Key terms of service agreements
Chief Executive Officer	<ul style="list-style-type: none"> <li>• Base salary: USD \$329,074 (equiv. AUD\$456,036) excluding superannuation.</li> <li>• Term: unspecified.</li> <li>• Base remuneration: Reviewed annually by the Nomination and Remuneration Committee.</li> <li>• Bonus entitlements: Determined annually by the Nomination and Remuneration Committee.</li> <li>• Termination notice period: 12 weeks' notice (or 13 weeks' notice after two years' service and is over the age of 45 at the time the notice is given), or without notice in the event of serious misconduct.</li> <li>• Restraint of trade period: up to 6 months.</li> </ul>
Other Executives	<p>Other Executives are employed under individual executive services agreements. These establish amongst other things:</p> <ul style="list-style-type: none"> <li>• total compensation;</li> <li>• bonus entitlements;</li> <li>• variable notice and termination provisions of up to 4 weeks, or by the Group without notice in the event of serious misconduct; and</li> <li>• restraint and confidentiality provisions.</li> </ul>

This concludes the Remuneration Report, which has been audited.

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors



**Andrew Johnson**  
Chairman  
27 August 2021

## Auditor's Independence Declaration

HALL CHADWICK  (NSW)

**SKYFII LIMITED**  
**ABN 20 009 264 699**  
**AND ITS CONTROLLED ENTITIES**

**SYDNEY**  
 Level 40  
 2 Park Street  
 Sydney NSW 2000  
 Australia  
 Ph: (612) 9263 2600  
 Fx: (612) 9263 2800

**AUDITOR'S INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF SKYFII LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Skyfii Limited. As the lead audit partner for the audit of the financial report of Skyfii Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



Hall Chadwick (NSW)  
 Level 40, 2 Park Street  
 Sydney NSW 2000



Graham Webb  
 Partner  
 Dated: 27 August 2021

A Member of PrimeGlobal  
 An Association of Independent  
 Accounting Firms  




## Corporate Governance Statement

The Company's Board of Directors is responsible for the Corporate Governance of the Company and its controlled entities. The Board guides and monitors the business and affairs of the group on behalf of the shareholders by whom they are elected and to whom they are accountable. The governance practices adopted by the Company are structured with reference to the 4th Edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX CGPR).

The Board is committed to improving its corporate governance practices and embracing the principles published by the ASX Corporate Governance Council, however the Board is of the view that the adoption of the practices and principles should be considered in line with the size, stage and nature of the business and the industry in which it operates.

The Board aims to achieve all of the Principles and Recommendations in stages as the Company grows and its circumstances change over time.

The information provided below summarises how the Company presently complies with the ASX CGPR, and how it intends to comply with each of the current Principles and Recommendations going forward. This statement is current as 30 June 2021 and has been approved by the Board of Directors of the Company.

### Principle 1 – Lay solid foundations for management and oversight

The Company has adopted a Board Charter clearly setting out the respective roles and responsibilities of the Board and management. The Board Charter is available on the Company's website, [www.skyfii.io](http://www.skyfii.io).

The key responsibilities of the Board include:

- setting the long-term strategy and annual business plan including objectives and milestones to be achieved;
- monitoring the performance of the Company against the financial objectives and operational goals set by the Board and reviewing the implementation of Board approved strategies;
- assessing the appropriateness of the skill sets and the levels of experience of the members of the Board, individually and as a whole and selecting new members to join the Board when a vacancy exists;
- appointing, removing and determining the terms of engagement of the Directors, Chief Executive Officer and Company Secretary;
- overseeing the delegation of authority for the day to day management of the Company;
- ensuring that the risk management systems, financial reporting and information systems, personnel, policies and procedures are all operating efficiently and effectively by establishing a framework of internal controls and compliance;
- approving the capital structure and major funding requirements of the Company;

(h) approving the Company's half year and full year reports to the shareholders, ASX and ASIC; and

(i) Ensuring that recruitment, retention, termination, remuneration, performance review and succession planning policies and procedures are in place and complied with.

The Company has established a Nomination and Remuneration Committee to identify and make recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise. The Committee is currently comprised of three independent Directors, Ms O'Malley, Mr Johnson and Ms Rankin. The Board requires this Committee to undertake appropriate checks on potential Board candidates. The number of times the Nomination and Remuneration Committee met, and the attendance at those meetings, is set out in the Directors' Report. The Nomination and Remuneration Committee Charter is available on the Company's website, [www.skyfii.io](http://www.skyfii.io).

All Directors and senior executives have entered into written appointment agreements with the Company, setting out the terms and conditions of their appointment.

Under the Board Charter, each Director's performance is assessed when standing for re-election. Before each Annual General Meeting, the Chairperson of the Board assesses the performance of any Director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of the Director (in the absence of the Director involved). The Board (excluding the Chairperson), will conduct the review of the Chairperson.

Under the Board Charter, senior executives' performance will be considered by the Nomination and Remuneration Committee on at least an annual basis. The Chairperson is responsible for ensuring these meetings take place.

A formal Board performance evaluation was not undertaken during the 2021 financial year however the Board is currently conducting a formal performance evaluation in the 2022 financial year.

The Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board. The Board Charter sets out the Company Secretary's responsibilities, which include:

- committee papers;
- ensuring the business at Board and committee meetings is accurately captured in the minutes;
- monitoring and ensuring the Board and committee policy and procedures are followed; and
- advising the Board and its committees on governance matters.

The Board has established a Diversity Policy, which recognises diversity to encompass ethnicity, gender, sexual orientation, age, physical abilities, family status, religious beliefs or other ideologies, and is committed to creating and maintaining an inclusive and collaborative workforce. The Company understands that encouraging diversity is not just a socially responsible necessity, but that it is essential to the Company's continued growth and vital to a successful future.

## Corporate Governance Statement continued

Given the size and nature of the Company, the Board determined not to establish measurable objectives for achieving diversity for the 2021 financial year. Establishing measurable objectives for achieving diversity will be reconsidered on an annual basis.

As at 30 June 2021, the proportion of women employed by the Group was as follows:

- Board of Directors: 25%
- Senior Executive positions: 20%
- Total Group workforce: 15%

The Diversity Policy is available on the Company's website, [www.skyfii.io](http://www.skyfii.io).

### Principle 2 – Structure the board to add value

The Nomination and Remuneration Committee has the authority and power to exercise the roles and responsibilities granted to it under the Nomination and Remuneration Committee Charter.

The Committee is comprised of three independent Directors, Ms O'Malley, Mr Johnson and Ms Rankin. Ms O'Malley acts as chairperson. The Board regularly assesses the independence of each Director in light of the interests disclosed by them. That assessment is made at each Board meeting in relation to matters under consideration at the meeting, at least annually at, or around the time that the Board considers candidates for election to the Board, and each independent Director is required to provide the Board with all relevant information for this purpose. If the Board determines that a Director's independent status has changed, that determination will be disclosed to the market in a timely fashion.

A majority of the Board (comprising the Chairperson of the Board, Mr Johnson, Ms O'Malley and Ms Rankin) are considered to be independent Directors. Wayne Arthur, Managing Director and CEO, and a major founding shareholder of the Company and John Rankin, COO, are not considered to be an independent Director.

Under the Board Charter, the Directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them. The Company Secretary assists in organising and facilitating the induction and professional development of Directors.

### Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

The Board has adopted a Code of Conduct which sets out the values, commitments, ethical standards of conduct expected of the Company's business and people, taking into account the Company's legal and other obligations to its stakeholders. This Code of Conduct is the foundation and basis for which the Company culture is built upon. Furthermore, the Code of Conduct applies to all Directors, as well as all officers, employees, contractors, consultants and other persons that act on behalf of the Company. The Code of Conduct is available on the Company's website, [www.skyfii.io](http://www.skyfii.io).

### Principle 4 – Safeguard integrity in corporate reporting

The Board has established an Audit and Risk Committee. This Committee is responsible for, amongst other things, appointing the Company's external auditors and overseeing the integrity of the Company's financial reporting systems and financial statements. The Company has adopted an Audit and Risk Committee Charter which is available on the Company's website, [www.skyfii.io](http://www.skyfii.io).

The number of times the Audit and Risk Committee met, and the attendance at those meetings, is set out in the Directors' Report.

The Committee is comprised of two independent Directors, Directors, Mr Johnson and Ms O'Malley as well as executive Director, Wayne Arthur. Mr Johnson acts as Chairperson.

The Board has implemented a process to receive written assurances from its Chief Operations Officer and Finance Director that the declarations that will be provided under section 295A of the Corporations Act 2001 (Cth) are founded on a system of risk management and internal control and that the system is operating in all material respects in relation to financial reporting risks. The Board seeks these assurances prior to approving the annual financial statements for all half year and full year results that follow.

Representatives from the Company's external auditor, Hall Chadwick, are present at the Annual General Meeting to answer questions that shareholders might have about the scope and conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

The Company has adopted a formal Disclosure and Communication Policy, where there is an express requirement that the external auditor will attend the Annual General Meeting and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

### Principle 5 – Make timely and balanced disclosure

The Company ensures that it complies with the requirements of ASX listing rules and the Corporations Act in providing information to shareholders. Consistent with the Board's commitment to improving its disclosure policy, the Board has adopted a Disclosure and Communication Policy, which sets out the Company's commitment to the objective of promoting investor confidence and the rights of shareholders by:

- (a) complying with the continuous disclosure obligations imposed by law;
- (b) ensuring that company announcements are presented in a factual, clear and balanced way;
- (c) ensuring that all shareholders have equal and timely access to material information concerning the Company; and
- (d) communicating effectively with shareholders and making it easy for shareholders to participate in general meetings.

The Disclosure and Communication Policy is available on the Company's website, [www.skyfii.io](http://www.skyfii.io).

### Principle 6 – Respect the rights of security holders

The Company recognises the rights of its shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Company. Information concerning the Company and its governance practices are made available on its website and addressed in detail in each years' Annual Report.

The Board has adopted a Disclosure and Communication Policy which supports its commitment to effective communication with its shareholders. In addition, the Company intends to communicate with its shareholders:

- (a) by making timely market announcements;
- (b) by posting relevant information on to its website;
- (c) by inviting shareholders to make direct inquiries to the Company; and
- (d) through the use of general meetings.

The Board encourages participation of shareholders at the Annual General Meeting or any other shareholder meetings to ensure a high level of accountability and identification with the Company's strategy and goals.

The Company's shareholders may elect to receive information from the Company and its registry electronically. Otherwise, the Company and its registry will communicate by post with shareholders who have not elected to receive information electronically.

### Principle 7 – Recognise and manage risk

The Board has established an Audit and Risk Committee to ensure the Company has an effective risk management system in place and to manage key risk areas.

The Company's Audit and Risk Committee is comprised of two independent Directors, Mr Johnson and Ms O'Malley as well as executive Director, Wayne Arthur. Mr Johnson acts as Chairperson.

The Company has adopted an Audit and Risk Committee Charter which is available on the Company's website, [www.skyfii.io](http://www.skyfii.io).

Under the Board Charter, the Board ensures that the Company has in place an appropriate risk management framework. A risk management framework was developed during the 2015 financial year by the Audit and Risk Committee, and approved by the Board. The Board will review, at least annually, the Company's risk management framework in order to satisfy itself that it continues to be sound. A risk review was undertaken as part of the Company's interim and end the financial year reporting periods.

The Audit and Risk Committee is responsible for ensuring that the Company has appropriate internal audit systems and controls in place, and for overseeing the effectiveness of these internal controls. The Committee is also responsible for conducting investigations of breaches or potential breaches of these internal controls.

### Principle 8 – Remunerate fairly and responsibly

The Company's Nomination and Remuneration Committee is responsible for developing, reviewing and making recommendations on:

- (a) the remuneration framework for Directors, including the process by which any pool of Directors fees approved by security holders is allocated to Directors;
- (b) the remuneration packages to be awarded to senior executives;
- (c) equity based remuneration plans for senior executives and other employees; and
- (d) superannuation arrangements for Directors, senior executives and other employees.

The Company's remuneration policy is disclosed in the Directors' Report. The policy has been set out to ensure that the performance of Directors, key executives and staff reflect each person's accountabilities, duties and their level of performance, and to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest quality. A program of regular performance appraisals and objective setting for key executives and staff is in place. These annual reviews take into account individual and company performance, market movements and expert advice, if required.

The Constitution permits Directors, senior executives and other officers of the Company to trade in Company shares as long as they comply with the Company's Share Trading Policy. The Share Trading Policy is a code that is designed to minimise the potential for intentional and unintentional insider trading violations. The Company's Share Trading Policy is available on the Company's website, [www.skyfii.io](http://www.skyfii.io).

Directors must notify the Chairman of the Board, before they buy or sell shares in the Company. The details of the share trading must be given to the Company Secretary who must lodge such details of such changes with the ASX.

Senior executives must give prior notice to the Chief Executive Officer, while other officers must notify the Company Secretary, before trading in the Company shares and details of all such transactions must be given, in writing, to the Company Secretary within 5 business days.

Any changes in substantial shareholding of the Directors, senior executives or other officers must be reported to the ASX within two(2) business days of such trading. The policy also recommends that trading in the Company shares only occur in certain trading windows.

## Consolidated statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Revenue and other income</b>			
Revenue	5	15,886,796	13,497,047
Other income	5	224,982	123,818
<b>Total revenue</b>		<b>16,111,777</b>	<b>13,620,865</b>
<b>Expenses</b>			
Direct costs of services		(2,692,959)	(2,223,388)
Employee benefits expense	6	(8,426,731)	(6,110,044)
Contractor and consultant expenses		(114,253)	(319,399)
Marketing and promotion expenses		(537,989)	(358,267)
Data hosting expenses		(856,316)	(810,700)
Travel and accommodation expenses		(61,579)	(346,912)
Office and other expenses		(2,876,047)	(2,092,970)
Directors' fees		(260,037)	(228,000)
Share option expense		(308,994)	-
Share based payments expense		(4,760,398)	(2,154,153)
Depreciation and amortisation expenses	6	(3,672,883)	(3,163,692)
Finance costs	6	(80,918)	(90,923)
<b>Loss before tax</b>		<b>(8,537,327)</b>	<b>(4,277,583)</b>
Income tax benefit	7	1,518,414	860,583
<b>Loss for the year</b>		<b>(7,018,913)</b>	<b>(3,417,000)</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to profit or loss when specific conditions are met:</b>			
Exchange differences on translation of foreign operations		151,793	(202,891)
<b>Total comprehensive loss for the year</b>		<b>(6,867,120)</b>	<b>(3,619,891)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	28	(1.94)	(1.03)
Diluted earnings per share	28	(1.72)	(0.92)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



## Consolidated statement of financial position

As at 30 June 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	8,596,430	2,114,336
Trade and other receivables	9	5,656,751	4,043,993
Inventories		394,658	207,132
Other assets	10	825,620	545,729
<b>Total current assets</b>		<b>15,473,459</b>	<b>6,911,190</b>
<b>Non-current assets</b>			
Plant and equipment	11	279,842	96,545
Intangible assets	12	16,484,826	7,629,708
<b>Total non-current assets</b>		<b>16,764,668</b>	<b>7,726,253</b>
<b>Total assets</b>		<b>32,238,127</b>	<b>14,637,443</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	9,859,594	1,990,121
Borrowings	14	25,374	93,625
Provisions	15	1,151,278	690,072
Current tax liabilities	7	94,198	46,543
Deferred revenue		3,314,331	2,246,416
<b>Total current liabilities</b>		<b>14,444,775</b>	<b>5,066,777</b>
<b>Non-current liabilities</b>			
Provisions	15	221,139	141,297
Deferred revenue		505,532	662,962
Deferred tax liabilities	7	-	639,000
<b>Total non-current liabilities</b>		<b>726,671</b>	<b>1,443,259</b>
<b>Total liabilities</b>		<b>15,171,446</b>	<b>6,510,036</b>
<b>Net assets</b>		<b>17,066,681</b>	<b>8,127,407</b>
<b>Equity</b>			
Contributed equity	16	42,616,044	30,487,972
Reserves	17	7,659,504	3,829,389
Accumulated losses		(33,208,868)	(26,189,954)
<b>Total equity</b>		<b>17,066,681</b>	<b>8,127,407</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the financial year ended 30 June 2021

Note	Contributed equity	Share based payments reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	27,624,521	1,750,535	396,259	(206,575)	(22,786,541)	6,788,199
Loss for the year	-	-	-	-	(3,417,000)	(3,417,000)
Exchange differences on translation of foreign operations	-	-	-	(202,892)	-	(202,891)
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(202,892)</b>	<b>(3,417,000)</b>	<b>(3,619,891)</b>

### Transactions with owners in their capacity as owners:

Issue of ordinary shares	16	2,892,143	-	-	-	2,892,143
Capitalised equity raising costs		(138,343)	-	-	-	(138,343)
Exercise of ESP Shares		109,651	-	-	-	109,651
Expiry of Options	17	-	-	(13,587)	13,587	-
Share based payments reserve	17	-	2,105,649	-	-	2,105,649
<b>Balance at 30 June 2020</b>		<b>30,487,972</b>	<b>3,856,184</b>	<b>382,672</b>	<b>(409,467)</b>	<b>(26,189,954)</b>

Note	Contributed equity	Share based payments reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	30,487,972	3,856,184	382,672	(409,467)	(26,189,954)	8,127,407
Loss for the year	-	-	-	-	(7,018,913)	(7,018,913)
Exchange differences on translation of foreign operations	-	-	-	151,793	-	151,793
<b>Total comprehensive loss for the year</b>	-	-	-	<b>151,793</b>	<b>(7,018,913)</b>	<b>(6,867,121)</b>

### Transactions with owners in their capacity as owners:

Issue of ordinary shares	16	12,697,955	-	-	-	12,697,955
Capitalised equity raising costs		(569,883)	-	-	-	(569,883)
Issue of options to Jagafii Pty Ltd	17	-	-	257,570	-	257,570
Issue of options to BMR Securities	17	-	-	51,424	-	51,424
Share based payments reserve	17	-	3,369,329	-	-	3,369,329
<b>Balance at 30 June 2021</b>		<b>42,616,044</b>	<b>7,225,513</b>	<b>691,666</b>	<b>(257,674)</b>	<b>(33,208,868)</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

## Consolidated statement of cash flows

For the financial year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		15,285,645	12,562,650
Payments to suppliers and employees		(15,812,858)	(12,160,271)
Receipts from government R&D tax incentive & other government grants		1,193,697	1,157,179
Interest received		12,982	4,275
Interest paid		(80,918)	(88,779)
Income tax paid		(146,918)	(98,309)
<b>Net cash inflow from operating activities</b>	27	<b>451,629</b>	<b>1,376,745</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(47,315)	(42,336)
Payments for intangible assets		(2,237,314)	(2,182,660)
Payments for acquisitions	29	(2,063,918)	(100,000)
Refunds/(Payments) for security deposits		4,855	(16,764)
<b>Net cash (outflow) from investing activities</b>		<b>(4,343,692)</b>	<b>(2,341,760)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of capital raising costs		10,440,757	2,172,803
Proceeds from borrowings		443,000	541,667
Repayment of borrowings		(509,600)	(965,000)
<b>Net cash inflow from financing activities</b>		<b>10,374,157</b>	<b>1,749,470</b>
<b>Net increase in cash</b>		<b>6,482,094</b>	<b>784,455</b>
Cash at the beginning of the year		2,114,336	1,329,881
<b>Cash at the end of the year</b>	8	<b>8,596,430</b>	<b>2,114,336</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

For the financial year ended 30 June 2021

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# Notes to the financial statements

For the year ended 30 June 2021

## 1. Reporting entity

Skyfii Limited (the Company) is a company domiciled in Australia. The address of the Company's registered office and principal place of business is 5 Ward Avenue Potts Point NSW 2011. The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The separate financial statements of the parent entity, Skyfii Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. The financial statements were authorised for issue on 27 August 2021 by the Directors of the Company.

## 2. Basis of preparation

### (a) Compliance with International Financial Reporting Standards

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

### (b) Historical cost convention

The consolidated financial statements have been prepared on the historical cost basis unless otherwise stated in the notes. Except for the cash flow information, the financial statements have been prepared on an accrual basis, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### (c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

### (d) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(x).

### (e) Going concern

The financial statements of the Group have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

The Group continues to be in the research, development and commercialisation stage of its data analytics technology and services. During the year ended 30 June 2021 the Group incurred a loss after tax of \$7,018,913. At 30 June 2021, the Group had a surplus in net current assets of \$1,028,684 and net assets of \$17,066,681.

On 6 April 2021, the Company completed a \$10.0m Placement to institutional and sophisticated investors at an offer price of \$0.165. In addition, Skyfii raised an additional \$0.7m via a SPP at the same offer price. Proceeds from the capital raise were predominantly used to fund the acquisition and growth of CrowdVision, with the remainder of the funds earmarked for future business opportunities.

The Company also maintains an unsecured loan facility (announced May 2019) of \$2 million in aggregate from sophisticated investors, including Thorney Technologies LTD (ASX:TEK), Jagafii Pty Ltd a company associated with former Skyfii director, Jon Adgemis and BMR Securities Pty Ltd. The term of the loan expires 31 May 2022. Interest on the loan facility is payable quarterly, with a total annual interest rate of 8% on funds drawn plus an annual line fee of 2%.

Management have prepared cash flow projections that support the Group's ability to continue as a going concern.

The Directors of the Company consider that the cash flow projections and assumptions will be achieved, and in the longer term, significant revenues will continue to be generated from the commercialisation of intellectual property, and accordingly, the Group will be able to continue as a going concern.

In the event that the Group cannot continue as a going concern, it may not be able to realise its assets and settle its liabilities in the normal course of operations and at the amounts stated in the financial statements.

### (f) Impact of Covid-19

The impact of COVID-19 presented some challenging trading conditions in FY21. However, our underlying business performance has remained strong despite the continued impact of COVID-19 on global macroeconomic conditions as we retained all of our key clients during the period, built our growth pipeline and managed our financial position. The impact of COVID-19 has provided a strong macro-tailwind for our business delivering a significant opportunity to accelerate our growth efforts. The increasing global focus on venue density, crowd management and occupancy is driving elevated interest in our people counting & venue analytic products. We are taking advantage of this increased demand to fast track our growth initiatives by investing in our people, our products and our channel partnerships. The investment will drive an increased pipeline of opportunities, particularly internationally, delivering a step change in our recurring revenue base.

## 3. Significant accounting policies

### (a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of Skyfii Limited and all subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A list of the subsidiaries is provided in Note 25.

## Notes to the financial statements continued

### For the year ended 30 June 2021

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

The consolidated financial statements have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary Skyfii Group Pty Ltd (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Skyfii Limited (the acquiree for accounting purposes).

#### (b) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired, and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

#### (c) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred at fair value;
- (ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

#### (d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they

relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax liabilities and assets will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. Skyfii Limited became the head entity within the tax consolidated group on 20 November 2014 (previously Skyfii Group Pty Ltd).

Where the Group receives the Australian Government's R&D tax incentive, the Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return and disclosed as such in Note 7.

#### (e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### (f) Plant and equipment

Plant and equipment is stated at historical cost less depreciation, amortisation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

Depreciation of all fixed assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Office and computer equipment: 3 – 10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## Notes to the financial statements continued

### For the year ended 30 June 2021

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the profit and loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### (g) Intangibles

##### *Software development*

Costs relating to research and development of new software products are expensed as incurred until technological feasibility has been established. Costs incurred in developing new software are recognised as intangible assets only when technological feasibility studies identify that it is probable that the project will deliver future economic benefits and these benefits can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, licenses and direct labour.

Capitalised development costs have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a systematic basis based on the future economic benefits over the useful life of the project as follows: Year 1: 0%; Year 2: 40%; Year 3: 40%; Year 4: 20%.

##### *Customer contracts*

Customer contracts acquired are carried at their fair value at date of acquisition, less accumulated amortisation. They are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life between two and six years.

##### *Brand Names & Trademarks*

Brand Names and Trademarks acquired are carried at their fair value at date of acquisition, less accumulated amortisation. They are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life between five and seven years.

##### *Software*

Software acquired are carried at their fair value at date of acquisition, less accumulated amortisation. They are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of up to five years.

##### *Customer relationships*

Customer relationships acquired are carried at their fair value at date of acquisition, less accumulated amortisation. They are amortised on a straight line basis over the period of their expected benefit, being their finite useful life of ten years.

##### *Patents*

Patents acquired are carried at their fair value at date of acquisition, less accumulated amortisation. They are amortised on a straight line basis over the period of their expected benefit, being their finite useful life of five years.

#### (h) Employee benefits

##### *Short-term obligations*

Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liabilities are settled, plus related on-costs.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables

##### *Short term incentive plans*

The Group recognises a liability and an expense for bonuses payable under short term incentive plans. Short term incentive plans are based on the achievement of targeted performance levels that may be set at the beginning of each financial year. The Group recognises a liability to pay out short term incentives when contractually obliged based on the achievement of the stated performance levels, or where there is a past practice that has created a constructive obligation.

##### *Other long-term employee benefit obligations*

Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

#### (i) Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

#### (j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

#### (k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

#### (l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group at the end of financial year which are unpaid. The amounts are unsecured and are payable as and when they are due. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.



#### (m) Revenue recognition

The Group recognises revenue in accordance with AASB 15: Revenue from Contracts with Customers. Revenue is recognised when (or as) the control of goods or services is transferred to the customer for the amount expected to be entitled.

Recurring SaaS revenue is recognised over time, for the duration of the contracted term. The transaction price is determined in the contract and revenue is recognised to the extent that each performance obligation has been satisfied.

Non-recurring revenue including hardware, installation and setup costs is recognised at a point in time when control of the goods or services is transferred to the customer. This is also the case for project-based revenue.

In the case where products and services are sold as a package, such as a design and build, separate revenue elements are identified, unbundled and recognised as each performance obligation is satisfied.

All revenue is stated exclusive of the amount of goods and services tax (GST).

#### (n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

#### (o) Foreign currency transactions and balances

##### *Functional and presentation currency*

The functional currency of each of the Group entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

##### *Group companies*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency is translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the year.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than the Australian dollar are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

#### (p) Earnings per share

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### (q) Financial instruments

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which

## Notes to the financial statements continued

### For the year ended 30 June 2021

case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

#### Classification and subsequent measurement

##### *Financial liabilities*

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

##### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

##### *Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

#### **Equity instruments**

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

#### **Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

#### **Derecognition of financial liabilities**

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### **Derecognition of financial assets**

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

#### **Impairment**

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach, and
- the simplified approach

#### **General approach**

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

## Notes to the financial statements continued

### For the year ended 30 June 2021

#### *Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

#### *Recognition of expected credit losses in financial statements*

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

#### **(r) Impairment of assets**

At the end of each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in the profit and loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

#### **(s) Leases**

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where

the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### **(t) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities. The chief operating decision maker has been identified as the Board of Directors.

#### **(u) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position



as at the beginning of the earliest comparative period will be disclosed.

#### (v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, are shown in equity as a deduction, net of tax, from the proceeds.

#### (w) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised against the expense over the periods necessary to match the grant to the costs to the compensating expense. This includes the JobKeeper wage subsidy in Australia as well as the SBA forgivable loan in the United States.

#### (x) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Impairment of intangible assets*

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations are performed in assessing recoverable amounts which incorporate a number of key estimates.

Should the software development expenditure not meet the requirements set out in Note 3(f), an impairment loss would be recognised up to the maximum carrying value of intangible assets at 30 June 2021 of \$16,484,826.

#### *R&D tax incentive*

The Group has established a precedent for entitlement to the R&D tax incentive in prior periods. This experience supports the assumption that eligibility for the tax incentive will continue on the same basis, and accordingly, it is appropriate to recognise entitlement to the receivable in the current period. The value of the R&D tax incentive entitlement is determined by notional deductions based on eligible R&D expenditures.

#### *Provision for Impairment of Trade Receivables*

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties

of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

#### (y) New and Amended Accounting Policies Adopted by the Group

##### *Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions*

AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

##### *Initial adoption of AASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business*

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: Business Combinations, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



## Notes to the financial statements continued

For the year ended 30 June 2021

### 4. Operating segments

The Group operates predominantly in four geographical segments, being the development and commercialisation of data analytics, marketing and advertising services to its customers in Australia, North America, UK & Europe and Other International. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

<b>FY21</b>	<b>Australia</b>	<b>North America</b>	<b>UK &amp; Europe</b>	<b>Other International</b>	<b>Total</b>
Revenue	9,690,447	3,100,824	1,870,857	1,224,668	15,886,796
Other income	224,982	-	-	-	224,982
<b>Total revenue</b>	<b>9,915,429</b>	<b>3,100,824</b>	<b>1,870,857</b>	<b>1,224,668</b>	<b>16,111,777</b>
<b>Segment net profit</b>	<b>7,750,482</b>	<b>2,408,068</b>	<b>1,452,888</b>	<b>951,064</b>	<b>12,562,502</b>
Employee benefits expense					(8,426,731)
Depreciation and amortisation expenses					(3,672,883)
Other Expenses					(8,919,296)
Finance Costs					(80,918)
<b>Loss before tax</b>					<b>(8,537,327)</b>
Income tax benefit					1,518,414
<b>Loss for the year</b>					<b>(7,018,913)</b>
<b>FY20</b>	<b>Australia</b>	<b>North America</b>	<b>UK &amp; Europe</b>	<b>Other International</b>	<b>Total</b>
Revenue	8,089,835	2,100,096	1,608,136	1,698,980	13,497,047
Other income	123,818	-	-	-	123,818
<b>Total revenue</b>	<b>8,213,653</b>	<b>2,100,096</b>	<b>1,608,136</b>	<b>1,698,980</b>	<b>13,620,865</b>
<b>Segment net profit</b>	<b>6,395,087</b>	<b>1,628,002</b>	<b>1,246,633</b>	<b>1,317,056</b>	<b>10,586,778</b>
Employee benefits expense					(6,110,044)
Depreciation and amortisation expenses					(3,163,692)
Other Expenses					(5,499,702)
Finance Costs					(90,923)
<b>Loss before tax</b>					<b>(4,277,583)</b>
Income tax benefit					860,583
<b>Loss for the year</b>					<b>(3,417,000)</b>

## 5. Revenue and other income

	2021 \$	2020 \$
Revenue at a point in time (non-recurring)	4,612,324	4,654,312
Revenue over a period of time (recurring)	11,274,472	8,842,735
<b>Revenue from contracts with customers <sup>(1)</sup></b>	<b>15,886,796</b>	<b>13,497,047</b>
(1) Disaggregation of revenue by geographical markets is disclosed in Note 4 to the financial statements.		
Export market development grant	110,000	119,543
ATO Cash Boost	100,000	-
Job Action Plan Rebate	2,000	-
Interest income	12,982	4,275
<b>Total other income</b>	<b>224,982</b>	<b>123,818</b>
<b>Total revenue</b>	<b>16,111,777</b>	<b>13,620,865</b>

## 6. Expenses

	Note	2021 \$	2020 \$
<b>Employee</b>			
Salaries and related expenses (including superannuation)		6,229,286	4,225,824
Other employment costs		2,197,445	1,884,220
<b>Total employee benefits expense</b>		<b>8,426,731</b>	<b>6,110,044</b>
<b>Depreciation and amortisation</b>			
Plant and equipment	11	94,686	47,217
Software development amortisation	12	3,578,197	3,116,475
<b>Total depreciation and amortisation expenses</b>		<b>3,672,883</b>	<b>3,163,692</b>
<b>Rental expense relating to operating leases</b>			
Minimum lease payments		-	390,793
Rent recovery from sub-lease agreements		-	(3,317)
<b>Net rental expense relating to operating leases</b>		<b>-</b>	<b>387,476</b>
<b>Net foreign exchange (gains)/losses</b>		<b>(170,100)</b>	<b>49,967</b>
<b>Provision for doubtful debts</b>		<b>45,000</b>	<b>47,575</b>
<b>Finance costs</b>			
Interest expense		80,918	90,923

## Notes to the financial statements continued

For the year ended 30 June 2021

### 7. Income tax

	Note	2021 \$	2020 \$
<b>(a) Income tax</b>			
Current tax		(932,134)	(860,583)
Deferred tax		(586,280)	-
<b>Income tax (benefit)</b>		<b>(1,518,414)</b>	<b>(860,583)</b>
<b>(b) Numerical reconciliation of income tax benefit to prima facie income tax payable</b>			
Loss from ordinary activities before income tax expense		(8,537,327)	(4,277,583)
Tax at the Australian rate of 26% (2020:27.5%)		(2,219,644)	(1,176,335)
<b>Tax effect amounts which are not deductible / (taxable) in calculating taxable income:</b>			
R&D tax incentive		(1,026,332)	(981,646)
Difference in tax rates		12,624	9,827
Accounting for R&D expenditure		613,440	620,581
Benefit of tax losses/ timing differences not recognised		326,485	5,350
Deferred tax liability derecognised		(639,000)	-
Other non-allowable items		1,414,013	661,640
<b>Income tax (benefit)</b>		<b>(1,518,414)</b>	<b>(860,583)</b>
<b>(c) Current tax liabilities</b>			
Income tax payable in overseas jurisdictions		94,198	46,543
<b>(d) Deferred tax liabilities</b>			
Deferred tax liabilities		-	639,000
<b>Franking credits</b>			
Franking credits available at the reporting date based on a tax rate of 26% (2020:) 27.5%			-

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account in the period are as follows:

- temporary differences: \$2,534,335 (2020: \$2,781,500)
- tax losses: operating losses \$12,378,502 (2020: \$12,634,756)
- tax losses: capital losses \$16,911 (2020: \$16,911)

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility set out in Note 3(c) occur. These amounts have no expiry date.

Skyfii Limited and its wholly-owned Australian entities elected to form an income tax consolidated group as of 20 November 2014. The accounting policy on implementation of the income tax consolidation legislation is set out in Note 3(c).



## 8. Cash and cash equivalents

	2021 \$	2020 \$
<b>Current</b>		
Cash at bank and on hand	8,596,430	2,114,336
<b>Total cash and cash equivalents</b>	<b>8,596,430</b>	<b>2,114,336</b>

## 9. Trade and other receivables

	2021 \$	2020 \$
<b>Current</b>		
Trade receivables	3,759,821	2,722,783
Provision for expected credit losses	(45,000)	(47,575)
<b>Net trade receivables</b>	<b>3,714,821</b>	<b>2,675,208</b>
R&D tax incentive receivable	1,276,636	981,646
Other debtors	665,294	387,139
<b>Total current trade and other receivables</b>	<b>5,656,751</b>	<b>4,043,993</b>

### (a) Expected credit losses

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2021 has been determined as follows; the expected credit losses also incorporates forward looking information.

2021	Current	>30 days	>60 days	>90 days	Total
Expected loss rate	0%	0%	2%	4%	1%
Gross carrying amount	1,945,896	479,906	407,750	926,269	3,759,821
Loss allowing provision	\$0	\$0	\$7,680	\$37,320	\$45,000
2020	Current	>30 days	>60 days	>90 days	Total
Expected loss rate	0%	0%	4%	4%	2%
Gross carrying amount	1,379,683	115,973	721,559	505,568	2,722,783
Loss allowing provision	\$0	\$0	\$28,507	\$19,068	\$47,575

Trade receivables balance includes some customers with extended payment terms of over 90 days as well as a few customers with a history of late payment. In both cases the company expects to receive all payments in full or have been paid after the reporting period. Also included, is an amount of \$257,001, in 60 days or over, as part of the acquisition for CrowdVision. The \$257,001 balance will be offset against the deferred consideration price settled on the 20 July 2021.

## 10. Other assets

	2021 \$	2020 \$
<b>Current</b>		
Prepayments	592,690	450,480
Security Deposits	23,223	23,077
Other	209,707	72,172
<b>Total current other assets</b>	<b>825,620</b>	<b>545,729</b>

## Notes to the financial statements continued

For the year ended 30 June 2021

### 11. Plant and equipment

	2021 \$	2020 \$
<b>Non-current</b>		
Office and computer equipment – at cost	2,650,953	396,455
Accumulated depreciation	(2,371,111)	(299,910)
<b>Carrying value of office and computer equipment</b>	<b>279,842</b>	<b>96,545</b>
<b>Total carrying value of plant and equipment</b>	<b>279,842</b>	<b>96,545</b>
	<b>Office and Computer Equipment</b>	<b>Total \$</b>
Balance at 1 July 2019	88,849	88,849
Additions	54,913	54,913
Depreciation	(47,217)	(47,217)
<b>Balance at 30 June 2020</b>	<b>96,545</b>	<b>96,545</b>
Balance at 1 July 2020	96,545	96,545
Additions	277,983	277,983
Depreciation	(94,686)	(94,686)
<b>Balance at 30 June 2021</b>	<b>279,842</b>	<b>279,842</b>



## 12. Intangible assets

	2021 \$	2020 \$
<b>Non-current</b>		
Software development – at cost	13,055,351	10,818,038
Accumulated amortisation	(8,549,802)	(6,501,228)
<b>Carrying value of software development</b>	<b>4,505,549</b>	<b>4,316,810</b>
Customer Contracts – at cost	2,259,000	853,000
Accumulated amortisation	(847,817)	(705,869)
<b>Carrying value of customer contracts</b>	<b>1,411,183</b>	<b>147,131</b>
Brand Names – at cost	3,212,000	795,000
Accumulated amortisation	(450,786)	(195,200)
<b>Carrying value of brand names</b>	<b>2,761,214</b>	<b>599,800</b>
Software – at cost	5,261,000	3,515,000
Accumulated amortisation	(2,684,931)	(1,765,333)
<b>Carrying value of software</b>	<b>2,576,079</b>	<b>1,749,667</b>
Customer relationships – at cost	4,527,000	907,000
Accumulated amortisation	(292,050)	(90,700)
<b>Carrying value of customer relationships</b>	<b>4,234,950</b>	<b>816,300</b>
Patents – at cost	223,000	-
Accumulated amortisation	(11,150)	-
<b>Carrying value of customer relationships</b>	<b>211,850</b>	<b>-</b>
<b>Goodwill</b>	<b>784,000</b>	<b>-</b>
<b>Total carrying value of intangible assets</b>	<b>16,484,826</b>	<b>7,629,708</b>



## Notes to the financial statements continued

For the year ended 30 June 2021

	Software development	Customer contracts	Brand names	Software	Customer relationships	Patents	Goodwill	Total
Balance as at 1 July 2019	3,926,758	430,698	141,900	1,741,167	-	-	-	6,420,523
Additions	2,182,660	-	597,000	819,000	907,000	-	-	4,505,660
Amortisation	(1,792,609)	(283,566)	(139,100)	(810,500)	(90,700)	-	-	(3,116,475)
<b>Balance at June 30 2020</b>	<b>4,316,809</b>	<b>147,132</b>	<b>599,800</b>	<b>1,749,667</b>	<b>816,300</b>	<b>-</b>	<b>-</b>	<b>7,629,708</b>
Balance as at 1 July 2020	4,316,809	147,132	599,800	1,749,667	816,300	-	-	7,629,708
Additions	2,237,314	1,406,000	2,417,000	1,746,000	3,620,000	223,000	784,000	12,433,314
Amortisation	(2,048,574)	(141,949)	(255,586)	(919,588)	(201,350)	(11,150)	-	(3,578,197)
<b>Balance at June 30 2021</b>	<b>4,505,549</b>	<b>1,411,183</b>	<b>2,761,214</b>	<b>2,576,079</b>	<b>4,234,950</b>	<b>211,850</b>	<b>784,000</b>	<b>16,484,826</b>

The group's intangible assets have been assessed as one cash generating unit due to the interconnected way the company's products and services are sold and supplied to its customers. Services are commonly bundled and sold together as an all-inclusive package. Accordingly, these assets are not deemed to generate individually separate cash inflows and outflows.

The recoverable amount of the intangible assets is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period with the period extending beyond five years extrapolated using an estimated growth rate. The cash flows are discounted using the yield of five year weighted average cost of capital (WACC) at the beginning of the budget period.

Management has based the value-in-use calculations on cashflow projections. These cashflow projections have been assessed in light of the continual impact of COVID19 as well as the impact from the acquisitions of Blix and CrowdVision.

The following key assumptions were used in the value-in-use calculations:

	Growth Rate	Discount Rate
Revenue: Year 1	64%	25%
Revenue: Years 2-3	40%	25%
Revenue: Years 4-5	30%	25%

These cashflow projections use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the group. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

### Sensitivity analysis

The following tables illustrates sensitivities to the Group's exposures to changes in key assumptions used in the cash flow projections:

#### Lower case

	Growth Rate	Discount Rate
Revenue: Year 1	57%	25%
Revenue: Years 2-3	30%	25%
Revenue: Years 4-5	20%	25%

#### Upper case

	Growth Rate	Discount Rate
Revenue: Year 1	70%	25%
Revenue: Years 2-3	50%	25%
Revenue: Years 4-5	40%	25%

The sensitivity analysis conducted by the management indicates that under the lower case scenario there is headroom between the present value of future cash flows and the carrying value of the intangible assets.



### 13. Trade and other payables

	2021 \$	2020 \$
<b>Current</b>		
Trade payables	3,272,014	1,505,136
Sundry payables	128,583	20,829
Deferred Consideration	6,458,997	464,156
<b>Total trade and other payables</b>	<b>9,859,594</b>	<b>1,990,121</b>

### 14. Borrowings

	2021 \$	2020 \$
<b>Current</b>		
Borrowings	25,374	93,625
<b>Total borrowings</b>	<b>25,374</b>	<b>93,625</b>

On 14 May 2019, the Company announced it obtained unsecured loan facilities of \$2 million in aggregate from sophisticated investors, Thorney Technologies LTD (ASX:TEK), Jagafii Pty Ltd a company associated with a former director, Jon Adgemis and BMR Securities Pty Ltd. The loan facility matures on 31 May 2022. Interest on the loan facility is payable quarterly, with a total annual interest rate of 8% on funds drawn plus an annual line fee of 2%. During the year a further \$443,000 was drawn down and \$509,600 plus interest and line fees was repaid. As at 30 June 2021 there are no drawn down amounts outstanding and an amount of \$3,809 has been accrued for line fees and interest payable.

On 6 April 2021, as part of the acquisition of CrowdVision, net loans payable of \$21,565 were included in CrowdVision's statement of financial position. The loan payable will be offset against the deferred consideration price settled on the 20 July 2021.

### 15. Provisions

	2021 \$	2020 \$
<b>Current</b>		
Employee benefits	1,151,278	690,072
<b>Non-current</b>		
Employee benefits	221,139	141,297
<b>Total provisions</b>	<b>1,372,417</b>	<b>831,369</b>

# Notes to the financial statements continued

For the year ended 30 June 2021

## 16. Contributed equity

### (a) Share capital

	30-Jun-21 Number	30-Jun-20 Number	30-Jun-21 \$	30-Jun-20 \$
Ordinary shares	417,756,484	343,776,412	42,616,044	30,487,972
Total share capital				
	Date	Number	Unit price	\$

#### Reconciliation to 30 June 2020:

Balance at 1 July 2019	314,463,017	27,624,521
Equity raising costs (net of tax)		(138,343)

#### Movements in ordinary shares:

Issued for purchase of Beonic Acquisition	9-Jul-19	2,500,000	\$0.160	400,000
Conversion of ESP shares to ordinary shares	18-Sep-19	200,000	\$0.099	19,840
Conversion of ESP shares to ordinary shares	18-Sep-19	(200,000)	-	-
Conversion of ESP shares to ordinary shares	18-Sep-19	75,000	\$0.224	16,830
Conversion of ESP shares to ordinary shares	18-Sep-19	(75,000)	-	-
Issue of Director Shares	25-Nov-19	1,500,000	\$0.160	240,000
Issue of ESP shares	25-Nov-19	8,500,000	\$0.160	-
Conversion of ESP shares to ordinary shares	4-Dec-19	350,000	\$0.099	34,720
Conversion of ESP shares to ordinary shares	4-Dec-19	(350,000)	-	-
Placement of ordinary shares	13-Dec-19	15,000,000	\$0.150	2,250,000
Conversion of ESP shares to ordinary shares	20-Dec-19	66,000	\$0.224	14,779
Conversion of ESP shares to ordinary shares	20-Dec-19	(66,000)	-	-
Conversion of ESP shares to ordinary shares	20-Dec-19	99,000	\$0.237	23,482
Conversion of ESP shares to ordinary shares	20-Dec-19	(99,000)	-	-
Issue of Shares in lieu of interest on loan payable	28-Feb-20	13,395	\$0.160	2,143
Issue of ESP shares	20-May-20	1,800,000	\$0.160	-

<b>Balance at 30 June 2020</b>	<b>343,776,412</b>	<b>30,487,972</b>
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#### Reconciliation to 30 June 2021:

Balance at 1 July 2020	343,776,412	30,487,972
Equity raising costs (net of tax)		(569,883)

#### Movements in ordinary shares:

Conversion of ESP shares to ordinary shares	6-Aug-20	350,000	\$0.099	34,720
Conversion of ESP shares to ordinary shares	6-Aug-20	(350,000)	-	-
Conversion of EOP shares to ordinary shares	6-Aug-20	977,720	\$0.163	159,643
Issue of Shares in lieu of interest on loan payable	16-Nov-20	12,355	\$0.160	1,977
Issue of Director Shares	1-Dec-20	871,596	\$0.257	224,000
Conversion of ESP shares to ordinary shares	3-Dec-20	201,000	\$0.237	47,673
Conversion of ESP shares to ordinary shares	3-Dec-20	(201,000)	-	-
Conversion of ESP shares to ordinary shares	3-Dec-20	99,000	\$0.246	24,358
Conversion of ESP shares to ordinary shares	3-Dec-20	(99,000)	-	-
Conversion of EOP shares to ordinary shares	3-Dec-20	78,571	\$0.191	15,036

Conversion of EOP shares to ordinary shares	7-Dec-20	892,953	\$0.161	144,098
Conversion of ESP shares to ordinary shares	11-Dec-20	150,000	\$0.224	33,660
Conversion of ESP shares to ordinary shares	11-Dec-20	(150,000)	-	-
Conversion of EOP shares to ordinary shares	22-Dec-20	85,714	\$0.236	20,222
Issue of ESP Shares	7-Jan-21	2,100,000	\$0.210	-
Conversion of EOP shares to ordinary shares	8-Jan-21	57,143	\$0.224	12,799
Conversion of EOP shares to ordinary shares	18-Jan-21	2,000,000	\$0.157	314,509
Issue of Shares in lieu of interest on loan payable	10-Feb-21	13,381	\$0.160	2,141
Conversion of ESP shares to ordinary shares	26-Mar-21	3,070,000	\$0.148	454,360
Conversion of ESP shares to ordinary shares	26-Mar-21	(3,070,000)	-	-
Placement of ordinary shares	9-Apr-21	60,606,061	\$0.165	10,000,000
Conversion of EOP shares to ordinary shares	26-Apr-21	2,259,798	\$0.241	544,719
Issue of Shares in lieu of interest on loan payable	26-Apr-21	9,617	\$0.160	1,539
Placement of ordinary shares	26-Apr-21	4,015,163	\$0.165	662,502

**Balance at 30 June 2020**

**417,756,484**

**42,616,044**



## Notes to the financial statements continued

### For the year ended 30 June 2021

#### (b) Ordinary shares

Ordinary shares have the right to receive dividends as declared, and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

#### (c) Employee Share Plan (ESP)

Information relating to the Employee Share Plan, including details of shares issued under the plan, is set out in Note 22.

#### (d) Options over unissued ordinary shares

The Company granted the following options to Directors, convertible into the same number of ordinary shares in the Company, on the basis of shareholder approval granted on 30 November 2016 and 29 November 2018 of which a portion has been exercised:

Number of options	Option consideration	Expiry date	Exercise price per option
1,000,000	\$0.00	Fully Exercised	\$0.100
1,000,000	\$0.00	Fully Exercised	\$0.125
1,000,000	\$0.00	Fully Exercised	\$0.150
1,000,000	\$0.00	Expired	\$0.200
1,000,000	\$0.00	Expired	\$0.300
300,000	\$0.00	Fully Exercised	\$0.100
300,000	\$0.00	Fully Exercised	\$0.125
300,000	\$0.00	Fully Exercised	\$0.150
300,000	\$0.00	29 November 2021	\$0.200
300,000	\$0.00	29 November 2021	\$0.300

The fair value of the options over the shares is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured and recognised at grant date, being 30 November 2016 and 29 November 2018.

The fair value at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the non-tradeable nature of the options, the share price at grant date and expected price volatility of the underlying shares, the expected dividend yield and the risk-free interest rate for the term of the options.

The Company also granted the following options to senior executives, convertible into the same number of ordinary shares in the Company. The Executive Option Plan (EOP) was approved by shareholders on 28 November 2018 with a ten-year expiry date from date of issue. The fair value of the options over the shares is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured and recognised at the respective grant dates. Options granted under the EOP in the year are as follows:

Number of options	Grant date	Option consideration	Expiry date	Exercise price per option
23,206,018	1 December 2020	\$0.00	1 December 2030	\$0.01
5,620,532	6 August 2020	\$0.00	6 August 2021	\$0.01
20,712,421	25 November 2019	\$0.00	25 November 2029	\$0.01
1,892,282	21 January 2019	\$0.00	21 January 2029	\$0.01
16,943,289	28 December 2018	\$0.00	28 December 2028	\$0.01

The fair value at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the non-tradeable nature of the options, the share price at grant date, expected price volatility of the underlying shares, the expected dividend yield and the risk-free interest rate for the term of the options.



## 17. Equity – reserves

### (a) Movements

	2021 \$	2020 \$
<b>Share based payment reserve movements</b>		
Balance at the beginning of the year	3,856,184	1,750,535
Share based payment expense	3,369,329	2,105,649
<b>Balance at the end of the year</b>	<b>7,225,513</b>	<b>3,856,184</b>
<b>Share option reserve movements</b>		
Balance at the beginning of the year	382,672	396,259
Share option expense	308,994	(13,587)
<b>Balance at the end of the year</b>	<b>691,666</b>	<b>382,672</b>
<b>Foreign currency translation reserve movements</b>		
Balance at the beginning of the year	(409,467)	(206,575)
Currency translation differences arising during the year	151,793	(202,892)
<b>Balance at the end of the year</b>	<b>(257,674)</b>	<b>(409,467)</b>
<b>Total reserves</b>	<b>7,659,504</b>	<b>3,829,389</b>

### (b) Nature and purpose of reserves

#### *Share based payments reserve*

The share based payments reserve represents the value of the ESP & EOP share grants to employees under the Company's Share Plans.

#### *Share option reserve*

The share option reserve represents the fair value of options granted over unissued ordinary shares in the Company.

#### *Foreign currency translation reserve*

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

## Notes to the financial statements continued

For the year ended 30 June 2021

### 18. Financial risk management

#### Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls, and to monitor risks and adhere to limits. Risk management is carried out by senior executives under policies approved by the Board of Directors. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

The Group holds the following financial instruments:

	Note	2021 \$	2020 \$
<b>Financial Assets</b>			
Cash and cash equivalents	8	8,596,430	2,114,336
Trade and other receivables	9	5,656,751	4,043,993
<b>Total financial assets</b>		<b>14,253,181</b>	<b>6,158,329</b>
<b>Financial Liabilities</b>			
Trade and other payables	13	9,859,594	1,990,120
Borrowings	14	25,374	93,625
<b>Total financial liabilities</b>		<b>9,884,968</b>	<b>2,083,745</b>

The carrying value of the assets and liabilities disclosed in the table above closely approximates or equals their fair value. The carrying amounts of trade receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

#### (a) Market risk

##### Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency is translated using the average exchange rates at the dates of transactions each month and at the end of each month the balance sheet is restated using the end of month spot rate. To minimise risk the Group's policy is, when available, to hold a natural hedge on any foreign currency, being that any receipts paid to the Group will be held in the same foreign currency and then later used to settle any expenditure in those foreign entities.

##### Interest rate risk

The Group is not exposed to any significant interest rate risk, given the level of borrowings drawn down at balance date.

#### (b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, security deposits, other receivables and GST receivable from the ATO.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Credit risk is managed by a risk assessment process for all customers and counterparties, which takes into account past experience. A doubtful debt provision of \$45,000 has been recognised during the financial year (2020: \$47,575).

### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, where possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity management rests with the Directors. The Group ensures that, where possible, it has sufficient cash on demand to meet expected net cash outflows, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

#### *Financing arrangements*

On 14 May 2019, the Company announced it obtained unsecured loan facilities of \$2 million in aggregate from sophisticated investors, Thorney Technologies LTD (ASX:TEK), Jagafii Pty Ltd a company associated with a former director, Jon Adgemis and BMR Securities Pty Ltd. The loan facility matures on 31 May 2022. Interest on the loan facility is payable quarterly, with a total annual interest rate of 8% on funds drawn plus an annual line fee of 2%. During the year a further \$443,000 was drawn down and \$509,600 plus interest and line fees was repaid. As at 30 June 2021 there are no drawn down amounts outstanding and an amount of \$3,809 has been accrued for line fees and interest payable.

#### *Maturities of financial liabilities*

The following table details the Group's remaining contractual maturity for its financial instrument liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The table includes both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$
<b>FY 2021</b>				
<b>Non-derivatives</b>				
Trade and other payables	9,859,594	-	-	-
Borrowings	25,374	-	-	-
<b>Total</b>	<b>9,884,968</b>			
<b>FY 2020</b>				
<b>Non-derivatives</b>				
Trade and other payables	1,990,121	-	-	-
Borrowings	93,625	-	-	-
<b>Total</b>	<b>2,083,746</b>			

Trade and other payables are payable as and when they are due. The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

### (d) Capital management

The Board's aim is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business and increase shareholder value. The Board ensures the Group has sufficient capital as required for working capital purposes. There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

## Notes to the financial statements continued

### For the year ended 30 June 2021

#### 19. Remuneration of auditors

During the year, the following fees were accrued or paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2021 \$	2020 \$
<b>Hall Chadwick</b>		
Audit and review of financial reports	89,500	79,500
Tax compliance services	7,300	7,000
<b>Total</b>	<b>96,800</b>	<b>86,500</b>

#### 20. Contingent liabilities

The liquidators of one of the vendors of the Beonic business have raised allegations that further amounts are payable under the Business Sale Agreement in relation to certain elements of the acquisition valuation. The Company is currently in discussions with the liquidators, but does not presently believe that any further payment that may be payable is significant.

There are no other contingent liabilities as at 30 June 2021 (30 June 2020: nil).

#### 21. Commitments for expenditure

There are no commitments for expenditure as at 30 June 2021 (30 June 2020: nil).

#### 22. Share based payments

##### (a) Employee Share Plan (ESP)

During the year ended 30 June 2016, the Company established a share based payment plan, the Employee Share Plan (ESP) to assist the Company in retaining and attracting current and future employees by providing them with the opportunity to own shares in the Company. This was refreshed at the 2018 AGM on 29 November 2018.

The key terms of the ESP are as follows:

- the Board may invite a person who is employed or engaged by or holds an office with the Group (whether on a full or part-time basis) and who is declared by the Board to be eligible to participate in the ESP from time to time (Eligible Employee) to apply for fully paid ordinary shares under the plan from time to time (ESP Shares);
- invitations to apply for ESP Shares are to be made on the basis of the market price per share defined as the volume weighted average price at which the Company's shares have traded during the 30 days immediately preceding the date of the invitation;
- invitations to apply for ESP Shares under the ESP will be made on a basis determined by the Board (including as to the conditionality on the achievement of any key performance indicators) and notified to Eligible Employees in the invitation, or if no such determination is made by the Board, on the basis that ESP Shares will be subject to a 3 year vesting period, with:
  - 33% of ESP Shares applied for vesting on the date that is the first anniversary of the issue date of the ESP Shares;
  - 33% of ESP Shares applied for vesting on the date that is the second anniversary of the issue date of the ESP Shares; and
  - 34% of ESP Shares applied for vesting on the date that is the third anniversary of the issue date of the ESP Shares.



- Eligible Employees who accept an invitation (ESP Participants) may be offered an interest free loan from the Company to finance the whole of the purchase of the ESP Shares they are invited to apply for (ESP Loan). ESP Loans will have a term of 5 years and become repayable in full on the earlier of:
  - the fifth anniversary of the issue date of the ESP Shares; and
  - if the ESP Participant ceases to be an Eligible Employee, either:
    - the fifth anniversary of the issue date of the ESP Shares, if the Eligible Employee is a good leaver (as defined in the ESP); or
    - that date of cessation, if the Eligible Employee is a bad leaver (as defined in the ESP).
  - if the ESP Participant does not repay the outstanding ESP Loan, or it notifies the Company that it cannot, then such number of ESP Shares that equal by value (using the price at which the ESP Shares were issued) the outstanding amount of the ESP Loan will become the subject of a buy-back notice from the Company which the ESP Participant must accept. The buy-back of such number of ESP Shares will be considered full and final satisfaction of the ESP Loan and the Company will not have any further recourse against the ESP Participant;
  - any dividends received by the ESP Participant whilst the whole or part of the ESP Loan remains outstanding must be applied to the repayment of the ESP Loan;
  - the maximum number of ESP Shares for which invitations may be issued under the ESP together with the number of ESP Shares still to be issued in respect of already accepted invitations and that have already been issued in response to invitations in the previous 5 years (but disregarding ESP Shares that are or were issued following invitations to non-residents, that did not require a disclosure document under the Corporations Act, or that were issued under a disclosure document under the Corporations Act) must not exceed 10% of the total number of ordinary shares on issue in the Company at the time the invitations are made;
  - in the event of a corporate reconstruction, the Board will adjust, subject to the Listing Rules (if applicable), any one or more of the maximum number of shares that may be issued under the ESP (if applicable), the subscription price, the buy-back price and the number of ESP Shares to be vested at any future vesting date (if applicable), as it deems appropriate so that the benefits conferred on ESP Participants after a corporate reconstruction are the same as the benefits enjoyed by the ESP Participants before the corporate reconstruction. On conferring the benefit of any corporate reconstruction, any fractional entitlements to shares will be rounded down to the nearest whole share;
- ESP Participants will continue to have the right to participate in dividends paid by the Company despite some or all of their ESP Shares not having vested yet or being subject to an ESP Loan. If an ESP Loan has been made to the ESP Participant, then any dividend due must first be applied to reducing any outstanding ESP Loan amount applicable to the ESP Shares on which the dividend is paid;
- ESP Shares which have not vested and/or are subject to repayment of the ESP Loan will be restricted (escrowed) from trading;
- the Company may buy-back at the issue price any ESP Shares which:
  - have not vested, or are incapable of vesting at any time (including as a result of the ESP Participant failing to meet any key performance indicators on which vesting of ESP Shares is conditional); or
  - remain in escrow and/or are the subject of an ESP Loan, on the occurrence of:
    - the ESP Participant ceasing to be an Eligible Employee (unless the Board, in its sole and absolute discretion determines otherwise, subject to any conditions that it may apply, including the repayment of any outstanding ESP Loan); or
    - the expiration of the term of the ESP Loan.
- any bonus securities issued in relation to ESP Shares which remain unvested or are subject to an ESP Loan which becomes repayable in full will be the subject of a buy-back by the Company at the issue price for no consideration;
- on the death or permanent disability of an ESP Participant, all ESP Shares held by the ESP Participant or their estate will immediately vest subject to the repayment of any outstanding ESP Loan by the curator, executor or nominated beneficiary(ies) (as the case may be) within 30 days of their appointment (or such longer period as the Company in its discretion may allow). Failing such repayment, the Company will buy-back all ESP Shares in respect of which there is an outstanding ESP Loan;
- the rules of the ESP and any amendment to the rules of the ESP must be in accordance with the Listing Rules and the Corporations Act;
- if, while the Company's shares are traded on the ASX or any other stock exchange, there is any inconsistency between the terms of the ESP and the Listing Rules, the Listing Rules will prevail; and
- the ESP is governed by the laws of the State of New South Wales, Australia.

## Notes to the financial statements continued

For the year ended 30 June 2021

### (b) ESP share grants

Set out below are summaries of ESP shares granted and issued under the plan:

Grant date	Issue price	Balance at start of year	Granted/ issued	Converted to ordinary shares	Forfeited / cancelled	Balance at end of year	Balance of vested ESP shares	Balance of unvested ESP shares
<b>FY 2021</b>								
7-Jan-21	\$0.210	-	2,100,000	-	(400,000)	1,700,000	-	1,700,000
11-May-20	\$0.131	1,600,000	-	-	(800,000)	800,000	264,000	536,000
25-Nov-19	\$0.160	7,700,000	-	(99,000)	(1,101,000)	6,500,000	2,145,000	4,355,000
28-Dec-18	\$0.149	4,100,000	-	(201,000)	(699,000)	3,200,000	1,056,000	2,144,000
8-Jun-18	\$0.147	800,000	-	-	-	800,000	800,000	-
1-Feb-18	\$0.156	400,000	-	-	-	400,000	400,000	-
13-Dec-17	\$0.073	6,000,000	-	-	-	6,000,000	6,000,000	-
1-Oct-17	\$0.058	800,000	-	-	-	800,000	800,000	-
22-Dec-16	\$0.065	8,850,000	-	(450,000)	(50,000)	8,350,000	8,350,000	-
21-Sep-16	\$0.077	800,000	-	-	-	800,000	800,000	-
23-Dec-15	\$0.148	3,120,000	-	(3,120,000)	-	-	-	-
<b>Total</b>		<b>34,170,000</b>	<b>2,100,000</b>	<b>(3,870,000)</b>	<b>(3,050,000)</b>	<b>29,350,000</b>	<b>20,615,000</b>	<b>8,735,000</b>
<b>FY 2020</b>								
11-May-20	\$0.131	-	1,800,000	-	(200,000)	1,600,000	-	1,600,000
25-Nov-19	\$0.160	-	8,500,000	-	(800,000)	7,700,000	-	7,700,000
28-Dec-18	\$0.149	6,700,000	-	(99,000)	(2,501,000)	4,100,000	1,353,000	2,747,000
8-Jun-18	\$0.147	1,000,000	-	(66,000)	(134,000)	800,000	528,000	272,000
1-Feb-18	\$0.156	1,000,000	-	-	(300,000)	400,000	264,000	136,000
13-Dec-17	\$0.073	6,000,000	-	-	-	6,000,000	3,960,000	2,040,000
1-Oct-17	\$0.058	800,000	-	-	-	800,000	528,000	272,000
22-Dec-16	\$0.065	9,750,000	-	(550,000)	(350,000)	8,850,000	8,850,000	-
21-Sep-16	\$0.077	800,000	-	-	-	800,000	800,000	-
23-Dec-15	\$0.148	3,495,000	-	(75,000)	(300,000)	3,120,000	3,120,000	-
<b>Total</b>		<b>29,245,000</b>	<b>10,300,000</b>	<b>(790,000)</b>	<b>(4,585,000)</b>	<b>34,170,000</b>	<b>19,403,000</b>	<b>14,767,000</b>

### (c) Executive Option Plan (EOP)

During the financial year ended 30 June 2019, the Company established a share based option plan, the Executive Option Plan (**EOP**) seeks to closely align the interest of eligible senior executives participating in the EOP (**Executive Participants**) with those of investors and to ensure that the EOP Participants are motivated and rewarded for performance, shareholder return and compensated for remuneration in lieu of cash payments in line with the economic value created.

The options under the EOP (**EOP Options**) will entitle their holder to receive ordinary shares in the capital of the Company (**EOP Shares**) upon satisfaction of certain vesting conditions as determined by the Board from time to time. The key terms of the EOP are as follows:

EOP Options provide an opportunity to acquire EOP Shares subject to the payment of the exercise price set at the time of the grant of the EOP Options (Exercise Price) and EOP Participants can continue to hold the EOP Options after they have vested.

EOP Options will vest upon notification by the Company that the EOP Options have vested.

EOP Options enable the participant to gain the benefit of any excess of the Share price over the Exercise Price paid. In the event the Share price is equal to or below the Exercise Price, the EOP Options would be of no value.

In order for the EOP Options to vest, the Vesting Conditions set out in the invitation, or otherwise determined by the Board, for the grant of the EOP Options must have been satisfied. In addition, at the time of vesting, a participant must not have engaged in serious and wilful misconduct, wilful disobedience, gross negligence or incompetence, insubordination, disqualification under Part 2D.6 of the Corporations Act 2001 (Cth), a serious breach of an employment agreement and behaviour which damages the business or reputation of the Company (**Proscribed Conduct**)

If the participant engages in Proscribed Conduct, then the EOP Options will be forfeited.

The EOP Options will not be quoted nor will they carry an entitlement to dividends or a right to vote at General Meetings of the Company.

The invitation to participate in the EOP will specify the number of EOP Options to be granted. If Vesting Conditions are not met, then unvested EOP Options will be forfeited. If the relevant targets are achieved the EOP Options will vest and may be exercised, by payment of the Exercise Price. This can be done at any time up to ten years after the grant of the EOP Options.

### (d) EOP share grants

Set out below are summaries of EOP shares granted and issued under the plan:

Grant date	Issue price	Balance at start of year	Granted/ issued	Exercised	Forfeited / cancelled	Balance at end of year	Balance of vested EOP shares	Balance of unvested EOP shares
<b>FY 2021</b>								
1-Dec-20	\$0.249	-	23,206,018	(961,623)	-	22,244,395	6,697,023	15,547,372
25-Nov-19	\$0.147	20,712,421	-	(1,168,513)	-	19,543,908	12,708,809	6,835,099
21-Jan-19	\$0.149	1,892,282	-	-	-	1,892,282	1,892,282	-
28-Dec-18	\$0.149	16,943,289	-	(4,000,335)	-	12,942,954	12,942,954	-
<b>Total</b>		<b>39,547,992</b>	<b>23,206,018</b>	<b>(6,130,471)</b>	<b>-</b>	<b>56,623,539</b>	<b>34,241,068</b>	<b>22,382,471</b>

### FY 2020

25-Nov-19	\$0.147	-	20,712,421	-	-	20,712,421	6,835,099	13,877,322
21-Jan-19	\$0.149	1,892,282	-	-	-	1,892,282	1,435,906	456,376
28-Dec-18	\$0.149	16,943,289	-	-	-	16,943,289	11,915,571	5,027,718
<b>Total</b>		<b>18,835,571</b>	<b>20,712,421</b>	<b>-</b>	<b>-</b>	<b>39,547,992</b>	<b>20,186,576</b>	<b>19,361,416</b>

## Notes to the financial statements continued

### For the year ended 30 June 2021

All Eligible Employees who accepted an offer of ESP and EOP shares were given an interest free loan from the Company to finance the whole of the purchase of the ESP shares they were invited to apply for (ESP and EOP Loan).

The ESP and EOP Loans are provided to participants on a non-recourse basis and upon vesting must be repaid in order to remove trading restrictions on vested ESP and EOP shares. The term of the ESP and EOP Loan is five years; however, participants may forfeit their ESP and EOP shares if they do not repay the ESP and EOP Loan or leave the Company. As the ESP and EOP removes the risk to participants from decreases in the share price by limiting the maximum loan amount repayable to the value of the ESP and EOP shares disposed and waiving the ESP and EOP Loan should the participant forfeit their ESP and EOP shares, whilst still allowing participants the rewards of any increase in share price, the Company has effectively granted the participants an option to the ESP and EOP shares due to the ESP and EOP Loans being non-recourse. As such, this arrangement is accounted for under AASB 2.

The assessed weighted average fair value at grant date of the effective share options granted during the financial year is \$0.257 per option (2020: \$0.16). Options were priced using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The expected volatility of the Company's shares is based on the historical volatility of the Company's shares and other ASX listed companies considered to be comparable to Skyfii Limited.

The model inputs for the share option grants outstanding during the year ended 30 June 2021 include:

- Weighted average exercise price: various 30 day VWAP at time of issue
- Weighted average life of the option: 5 years
- Expected share price volatility: 61-80%
- Risk-free interest rate: 0.24-0.74%

#### (e) Other share based payments

Issue Date	Creditor	Purpose	Valuation	No. of shares	Value per share	Total \$
<b>FY 2021</b>						
<b>Directors:</b>						
25-Nov-19	A.Johnson	Director's fees	Value of services	217,899	\$0.257	56,000
25-Nov-19	L.Brown	Director's fees	Value of services	217,899	\$0.257	56,000
25-Nov-19	S.O'Malley	Director's fees	Value of services	217,899	\$0.257	56,000
25-Nov-19	J.Adgemis	Director's fees	Value of services	217,899	\$0.257	56,000
<b>Total</b>				<b>871,596</b>		<b>224,000</b>

#### **FY 2020**

<b>Directors:</b>						
25-Nov-19	A.Johnson	Director's fees	Value of services	375,000	\$0.160	60,000
25-Nov-19	L.Brown	Director's fees	Value of services	375,000	\$0.160	60,000
25-Nov-19	S.O'Malley	Director's fees	Value of services	375,000	\$0.160	60,000
25-Nov-19	J.Adgemis	Director's fees	Value of services	375,000	\$0.160	60,000
<b>Total</b>				<b>1,500,000</b>		<b>240,000</b>



## 23. Related parties

### (a) Parent and ultimate controlling party

Skyfii Limited became the parent and ultimate controlling party of the Group on 20 November 2014. Prior to that date the parent and ultimate controlling party of the Group was Skyfii Group Pty Ltd.

### (b) Subsidiaries

Interests in subsidiaries are set out in Note 25.

### (c) Key management personnel compensation

	2021 \$	2020 \$
Short-term employee benefits, including contractor fees	1,456,322	945,848
Share based employee benefits	1,736,010	1,000,987
Other long term benefits	76,547	75,650
<b>Total benefits</b>	<b>3,268,879</b>	<b>2,022,485</b>

#### *Short-term employee benefits*

These amounts include fees and benefits paid to Directors as well as all salary, paid leave benefits and fringe benefits awarded to other KMP.

#### *Share based employee benefits*

These amounts represent the expense related to ordinary shares issued in lieu of payments as measured by the fair value of the shares issued or liabilities extinguished.

Further information in relation to KMP remuneration can be found in the Remuneration Report.

### (d) Payable transactions with directors and key management personnel

The aggregate value of payable transactions and outstanding balances relating to director and key management personnel and entities over which they have control or significant influence were as follows:

KMP	Related party entity	Transaction	Transaction value		Balance outstanding	
			2021 \$	2020 \$	2021 \$	2020 \$
Jon Adgemis	Trustee of 5 Ward Avenue	Rent for Sydney Office	180,000	90,000	-	-

#### *Other payable transactions with directors and key management personnel*

At 30 June 2021 the payable balance outstanding with directors and key management personnel relating to expense reimbursements for supplier payments and business expenses was \$nil (2020: \$nil).

#### *Other receivable transactions with directors and key management personnel*

At 30 June 2021, the net receivable balance outstanding with directors and key management personnel relating to employee debit and credit card advances utilised for the sole purpose of supplier payments and business expenses was \$16,858 (2020: \$30,280).

The terms and conditions of the transactions with these entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

## Notes to the financial statements continued

For the year ended 30 June 2021

### 24. Parent entity information

Set out below is information about the legal parent entity, Skyfii Limited

	2021 \$	2020 \$
<b>Statement of comprehensive income</b>		
Loss after tax	(7,006,921)	(2,628,554)
Total comprehensive income	(7,006,921)	(2,628,554)
<b>Statement of financial position</b>		
Current assets	9,660,950	20,848,339
Non-current assets	12,162,004	17,312,899
<b>Total assets</b>	<b>21,822,955</b>	<b>38,161,238</b>
Current liabilities	9,756,320	(739,565)
Non-current liabilities	-	(639,000)
<b>Total liabilities</b>	<b>9,756,320</b>	<b>(1,378,565)</b>
<b>Net assets</b>	<b>31,579,275</b>	<b>36,782,673</b>
Contributed equity	39,529,103	74,274,560
Reserves	7,927,894	4,486,443
Accumulated losses	(15,877,722)	(41,978,330)
<b>Total equity</b>	<b>31,579,275</b>	<b>36,782,673</b>

#### **Contingent liabilities**

The parent entity had no contingent liabilities at 30 June 2021 and 30 June 2020.

#### **Capital commitments – plant and equipment**

The parent entity had no capital commitments for plant and equipment as at 30 June 2021 and 30 June 2020.

#### **Significant accounting policies**

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 3.

### **25. Interests in controlled entities**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 3:

<b>Parent entity</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2021</b>	<b>2020</b>
Skyfii Limited	Australia		
<b>Subsidiaries:</b>			
Skyfii Group Pty Ltd	Australia	100%	100%
Skyfii International Pty Ltd	Australia	100%	100%
Skyfii Brasil Inteligência, Mídia e Tecnologia Mobile Ltda.	Brazil	100%	100%
Skyfii South Africa (Pty) Ltd	Republic of South Africa	100%	100%
Skyfii UK Operations Limited	United Kingdom	100%	100%
Skyfii US Operations, LLC.	United States of America	100%	100%
CrowdVision, Inc	United States of America	100%	-
<b>Subsidiaries of CrowdVision, Inc:</b>			
CrowdVision Limited	United Kingdom	100%	-
CrowdVision USA Co	United States of America	100%	-
WirelessWerx International, Inc.	United States of America	100%	-

### **26. Events occurring after the reporting date**

There are no matters or circumstances that have arisen since 30 June 2021 that have significantly affected, or may significantly affect the Group's operations in the future financial years, or

- the results of those operations in future financial years, or
- the Group's state of affairs in the future financial affairs.

## Notes to the financial statements continued

For the year ended 30 June 2021

### 27. Reconciliation of loss after tax to net cash from operating activities

	2021 \$	2020 \$
<b>Loss for the year</b>	<b>(7,018,914)</b>	<b>(3,417,000)</b>
<b>Investment cash flows included in profit &amp; loss:</b>		
<b>Non-cash items in operating loss:</b>		
Depreciation and amortisation	3,672,883	3,163,692
Share based payments	4,760,398	2,154,153
Share option expense	308,994	-
Directors fees	224,000	228,000
Accrued interest	-	7,405
Interest expense paid by issue of shares	5,656	2,144
Bad debt provision	45,000	47,575
<b>Changes in operating assets and liabilities:</b>		
Decrease / (increase) in trade and other receivables	(974,758)	(1,302,092)
Decrease / (increase) in prepayments and other assets	56,830	(101,388)
Decrease / (increase) in inventories	(38,526)	(200,832)
Increase / (decrease) in trade and other payables	(635,706)	104,070
Increase / (decrease) in provisions and employee benefits	558,500	365,865
Increase / (decrease) in deferred revenue	78,616	423,462
Increase / (decrease) in tax liabilities	(591,345)	(98,309)
<b>Net cash used in operating activities</b>	<b>451,629</b>	<b>1,376,745</b>

### 28. Earnings per share (EPS)

	2021 Cents per share	2020 Cents per share
<b>(a) Basic earnings per share</b>		
Basic EPS attributable to ordinary equity holders of the Company	(1.94)	(1.03)
<b>(b) Diluted earnings per share</b>		
Diluted EPS attributable to ordinary equity holders of the Company	(1.72)	(0.92)
<b>(c) Weighted average number of shares used as the denominator</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic EPS	362,418,897	331,307,003
Weighted average number of dilutive options outstanding	45,339,458	38,829,629
Weighted average number of ordinary shares used in calculating diluted EPS	407,758,355	370,136,632
<b>(d) Reconciliation of earnings used in calculating earnings per share</b>	<b>\$</b>	<b>\$</b>
Loss attributable to the ordinary equity holders of the Company used in calculating basic EPS	(7,018,913)	(3,417,000)



## 29. Acquisition of Businesses

### (a) Acquisition of Blix

On 16 September 2020, the Company acquired the Blix business. Blix provides a retail analytics solution to the specialty retail, automotive, property, and transport sectors in Australia and internationally.

The acquisition is part of the Group's overall strategy to diversify Skyfii's product and service offering and position itself as a true omnidata intelligence company.

The purchase price for the acquisition includes an initial cash consideration of \$150k, a deferred cash payment of up to \$150k plus an earnout payment based on a percentage of annualised Q1 FY22 revenue contribution from current and an agreed pipeline of Blix customers, payable in Q2 FY22 ("Earnout").

Skyfii can elect to pay up to 50% of the Earnout in SKF shares, to be issued at the 15 trading day volume weighted average price of SKF shares prior to payment of the Earnout in Q2 FY22.

Skyfii anticipates the total purchase price to be less than 1 x Annualised Recurring Revenues contributed by Blix customers in the first year of ownership.

Blix's complementary technology solution expands the Skyfii product and service offering. The acquisition provides customers with an affordable 'plug and play' technology solution that will now benefit from Skyfii's global footprint of resellers and direct customer operations across the UK, EMEA and North America.

The acquired trademarks & brands, software, customer relationships and customer contracts have been determined to have useful lives of 5 years, 2 years, 10 years and 3 years respectively. No amount of good will is deductible for tax purposes.

The below fair values are recognised in the financial statements in respect of the Blix acquisition:

	Fair Value \$
<b>Purchase consideration</b>	
Cash*	300,000
Deferred Consideration	546,733
<b>Total Consideration</b>	<b>846,733</b>
<b>Identifiable assets acquired and liabilities assumed</b>	
Intangible Assets - Trademarks & Brand names	246,000
Intangible Assets - Software	63,000
Intangible Assets - Customer relationships	372,000
Intangible Assets - Customer contracts	99,000
Security Deposit	5,000
Prepayments	35,929
Accrued Expenses	(8,779)
Deferred Revenue	(41,868)
Provision of Employee Benefits	(27,549)
<b>Net assets acquired and liabilities assumed</b>	<b>742,733</b>
<b>Goodwill**</b>	<b>104,000</b>

\* As at 30 June 2021 \$300,000 was paid for the upfront consideration component less a net working capital adjustment of \$93,944, a total of \$206,056 cash was paid. The Company believes there will be further claims that are yet to be assessed. These claims will be off set against the deferred consideration and are expected to be finalised in September 2021.

\*\* Goodwill of \$104,000 has been recognised due to Blix's cost effective solution for small to medium sized venues as well as providing further expansion into the lucrative Automotive and Retail sectors.

Revenue and profit resulting from the acquisition of Blix are included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021. Due to the rapid integration of the business into the Group, it is impracticable to identify the contribution made by the Blix business as a standalone business.

## Notes to the financial statements continued

### For the year ended 30 June 2021

#### (b) Acquisition of CrowdVision Inc

On 6 April 2021, the Company acquired CrowdVision Inc and its subsidiaries. CrowdVision is a leading AI and machine learning video analytics and insights company based in North America and the United Kingdom. The company provides automated pedestrian analytics and insights that enables infrastructure operators like airports, transport hubs, retail malls, convention centres and theme parks to act decisively to increase efficiency and profitability, both in the moment and in the future, whilst improving their customers' experience.

The CrowdVision real-time analytics platform processes live video input from commercial off the shelf cameras and live LiDAR streams, both of which detect pedestrian movements automatically using sophisticated artificial intelligence and machine learning techniques. CrowdVision outputs live data about everything from passenger and visitor flows, queue management and wait times to processing times, occupancies, social distancing and asset utilization. Live dashboards reveal actionable insights to improve real-time operations, while accumulated historical data provides evidence for planning and investment decisions. The transaction terms are:

Total enterprise value of \$7.08 million with upfront cash consideration of \$1.17 million and deferred consideration of \$5.91 million payable 3 months following completion. The deferred consideration is payable with any mix of cash and/or SKF shares, at Skyfii's election with SKF shares to be issued at \$0.209 per share. Deferred consideration will be adjusted for any net debt and net working capital acquired as at completion.

CrowdVision delivered a CY20 Revenue of US\$3.1m with an ARR of US\$1.7m. The transaction represents an attractive EV / ARR multiple (on CY20 out turn) of approximately 4.1-4.7x.

The acquired trademarks, software, customer relationships, customer contracts and patents have been determined to have useful lives of 7 years, 5 years, 10 years, 6 years and 5 years respectively. No amount of goodwill is deductible for tax purposes.

The below fair values are recognised in the financial statements in respect of the CrowdVision acquisition

	Fair Value \$
<b>Purchase consideration</b>	
Cash	1,167,736
Deferred Consideration	5,912,264
<b>Total Consideration</b>	<b>7,080,000</b>
<b>Identifiable assets acquired and liabilities assumed</b>	
Intangible Assets - Trademarks	2,171,000
Intangible Assets - Software	1,683,000
Intangible Assets - Customer relationships	3,248,000
Intangible Assets - Customer contracts	1,307,000
Intangible Assets - Patents	223,000
Cash	65,000
Trade Receivables	323,000
Inventories	149,000
Accrued Revenues	205,000
Other Debtors	551,000
Property, plant and equipment	231,000
Trade Payables	(823,000)
Accrued Expenses	(462,000)
Deferred Revenue	(790,000)
Tax Payable	(123,000)
Other Creditors	(1,558,000)
<b>Net assets acquired and liabilities assumed</b>	<b>6,400,000</b>
<b>Goodwill</b>	<b>680,000</b>

Revenue and loss resulting from the acquisition of CrowdVision amounting to \$812,414 and \$700,828 respectively, are included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021. The values stated above are from the acquisition date of 6 April 2021. Due to the difference in management and operations of the business into the Group, it is impracticable to identify the contribution made by the CrowdVision business from 1 July 2020.

#### (c) Acquisition of Beonic

In the prior financial year, on 9 July 2019, the Company acquired the Beonic Technologies (Beonic) business. Beonic is a leading Australian customer insights provider specialising in camera and people counting technology. The acquisition was part of the Group's overall strategy to diversify Skyfii's product and service offering and position itself as a true omnidata intelligence company.

On 6 January 2021, a cash consideration payment of \$690,126 was paid to settle the acquisition under the terms of the Business Purchase Agreement.

The liquidators of one of the vendors of the Beonic business have raised allegations that further amounts are payable under the Business Sale Agreement in relation to certain elements of the acquisition valuation. The Company is currently in discussions with the liquidators, but does not presently believe that any further payment that may be payable is significant.

For further information relating to the acquisition of Beonic refer to the 2020 Annual Report.

## Directors' Declaration

In the Directors' opinion

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 259A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

**Andrew Johnson**  
Chairman

27 August 2021





## Independent Auditor's report

HALL CHADWICK  (NSW)

SKYFII LIMITED  
ABN 20 009 264 699  
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SKYFII LIMITED

SYDNEY  
Level 40  
2 Park Street  
Sydney NSW 2000  
Australia  
Ph: (612) 9263 2600  
Fax: (612) 9263 2800

### Opinion

We have audited the financial report of Skyfii Limited and its Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Skyfii Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*

### Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors at the same time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's report continuedHALL CHADWICK  (NSW)

**SKYFII LIMITED**  
**ABN 20 009 264 699**  
**AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**SKYFII LIMITED**

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2021. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matter****How Our Audit Addressed the Key Audit Matter****Acquisition of Blix and CrowdVision Inc.**

*Refer to Note 29*

During the year, the company completed two acquisitions.

On 16 September 2020, the company completed the acquisition of various assets and liabilities of Blix for a consideration of \$846,733 comprising \$300,000 in cash and \$546,733 in deferred consideration.

On 6 April 2021, the company completed the acquisition of the CrowdVision Inc. Group for a consideration of \$7,080,000 comprising \$1,167,736 in cash and \$5,912,264 in deferred consideration.

Accounting for these transactions required management to determine the fair value of all identifiable assets acquired and liabilities assumed and to determine the purchase price allocation for the purpose of accounting for these acquisitions.

Due to the significance of these acquisitions and the estimation processed involved in particular in assessing the fair value of identifiable intangibles assets acquired, these acquisitions were considered to be a key audit matter.

- We obtained the business sale agreements to understand the key terms and conditions of the acquisitions;
- We obtained independent valuation reports of the assets acquired including the fair value of identifiable intangible assets acquired, the liabilities assumed and the deferred consideration and assessed the purchase price allocation;
- We assessed management's accounting treatment for these acquisitions for compliance with applicable accounting standards;
- We assessed the adequacy of the Group's disclosures in respect to the acquisitions in accordance with AASB 3 "Business Combinations".

## Independent Auditor's report continued

HALL CHADWICK  (NSW)

SKYFII LIMITED  
ABN 20 009 264 699  
AND ITS CONTROLLED ENTITIES

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKYFII LIMITED

#### Key Audit Matter

#### How Our Audit Addressed the Key Audit Matter

#### Revenue recognition

*Refer to Accounting policy Note 3(l) and Note 5*

The Group has the following revenue streams:

- Recurring SaaS revenue is recognised over time for the duration of the contracted term.
- Non-recurring revenue including hardware, installation and setup costs recognised at a point in time when control of the goods or services is transferred to the customer.

Revenue recognition is a key audit matter as significant judgement is required by the Group in applying AASB 15 "Revenue from Contracts with Customers", such as interpreting the contractual terms including performance obligations and assessing the allocation of revenue over time.

- We developed an understanding of relevant internal controls and processes in the revenue transaction cycle;
- We obtained and reviewed a sample of contracts, considering the terms and conditions, performance obligations of these arrangements and assessing the accounting treatment in accordance with AASB 15;
- We verified management's calculation for deferred revenue;
- We assessed the adequacy of the Group's disclosures in respect to revenue recognition in accordance with AASB 15.

## Independent Auditor's report continued

HALL CHADWICK  (NSW)

SKYFII LIMITED  
ABN 20 009 264 699  
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SKYFII LIMITED

## Key Audit Matter

## How Our Audit Addressed the Key Audit Matter

**Carrying Value of Intangible Assets**

Refer to Note 12 *'Intangible Assets'* \$16,484,826;  
Accounting Policy Note 3(g) and Note 3(x) *'Critical Accounting Estimates and Judgements'*

The carrying value of intangible assets is a key audit matter as:

- The carrying value of intangible assets represents 52% of the Group's total assets.
- There is a significant level of judgement when considering management's assessment of the carrying value of intangible assets.

Our procedures included, amongst others, the following:

- We assessed management's determination of the Group's capitalisation of software development expenditure based on our understanding of the nature of the Group's operations and consideration of the factors in AASB 138 "Intangible Assets".
- We verified a sample of software development expenditure capitalised during the year to supporting documentation.
- We assessed the fair value of intangible assets arising from the Blix and CrowdVision acquisitions.
- We checked the amortisation calculation for all intangible assets and verified that the calculation was in accordance with the group's accounting policy.
- We assessed whether there were any impairment indicators for intangible assets with a finite useful life.
- With the assistance of Hall Chadwick's valuation specialists, we assessed the recoverability of the carrying value of all intangible assets by reviewing the client's discounted cash flow model and challenged the key inputs including forecasted revenues, forecasted costs, the discount rate applied and the impact of COVID-19 on the discounted cashflow model.



## Independent Auditor's report continued

HALL CHADWICK  (NSW)

SKYFII LIMITED ABN  
20 009 264 699  
AND ITS CONTROLLED ENTITIES

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKYFII LIMITED

#### ***Information Other than the Financial report and Auditor's Report Thereon***

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### ***Responsibilities of the Directors for the Financial Report***

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

## Independent Auditor's report continued

HALL CHADWICK  (NSW)

**SKYFII LIMITED ABN  
20 009 264 699  
AND ITS CONTROLLED ENTITIES**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKYFII LIMITED**

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Independent Auditor's report continued

HALL CHADWICK  (NSW)

SKYFII LIMITED ABN  
20 009 264 699  
AND ITS CONTROLLED ENTITIES

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKYFII LIMITED

#### Report on the Remuneration Report

We have audited the remuneration report included in page 18 to 23 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Skyfii Limited for the year ended 30 June 2021, complies with s 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit concluded in accordance with Australian Auditing Standards.



Hall Chadwick (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000



Graham Webb  
Partner  
Dated: 27 August 2021

## Additional ASX information

### Use of cash & cash equivalents

In accordance with ASX Listing Rule 4.10.19, the Board has determined that the Company has used the cash and equivalents that it had at the time of its re-admission to the ASX in a way consistent with its business objectives during the financial year ended 30 June 2021.

### Shareholder information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. This additional information was applicable as at 03 August 2021.

### Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are:

Substantial shareholder	Date of Notice	Number of shares
Socialbon Inc	06-Jun-19	33,260,006
Thorney Technologies	04-Jun-19	26,135,555
Birketu Pty Ltd	12-Feb-18	23,268,756
Precision Management Corporation Pty Ltd	23-Nov-17	22,015,874
The Elsie Cameron Foundation Pty Ltd	14-Feb-17	17,009,380
Jencay Capital Pty Ltd	06-Mar-20	15,007,467

### Top 20 shareholders as at 03 August 2021

Rank	Name	Number of ordinary shares held	% of ordinary shares held
1	UBS NOMINEES PTY LTD	33,372,933	8.32%
2	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	31,996,537	7.98%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,598,465	7.88%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,086,042	5.01%
5	NATIONAL NOMINEES LIMITED	18,487,709	4.61%
6	BIRKETU PTY LTD	18,027,835	4.50%
7	THE ELSIE CAMERON FOUNDATION PTY LTD <ELSIE CAMERON FOUNDATION A/C>	17,009,380	4.24%
8	HIGHSTAR/ASUR CV HOLDINGS LP	14,789,530	3.69%
9	KARIBU PTY LTD <WAYNE ARTHUR FAMILY A/C>	11,496,211	2.87%
10	BONDUFFMEX PTY LTD <IAN ROBINSON FAMILY A/C>	10,911,023	2.72%
11	SUNSET SUPER PTY LTD <SUNSET SUPER A/C>	9,090,910	2.27%
12	AMIENS CORP A BVI COMPANY	8,742,324	2.18%
13	INVIA CUSTODIAN PTY LIMITED <PRECISION MNGMT CO PL A/C>	8,015,874	2.00%
14	WILDWOOD CAPITAL PTY LTD	6,949,108	1.73%
15	JBWERE (NZ) NOMINEES LIMITED <50645 A/C>	5,991,157	1.49%
16	CITICORP NOMINEES PTY LIMITED	5,339,688	1.33%
17	BOLLINGER INVESTMENTS LIMITED <BRIGHT SIDE A/C>	5,285,713	1.32%
18	BIRKETU PTY LTD	5,240,921	1.31%
19	MONTELLA INVESTMENTS PTY LTD <R WHITE DISC A/C>	4,799,371	1.20%
20	DEVERO HOLDINGS PTY LTD	4,553,710	1.14%
<b>Total top 20 holders</b>		<b>271,784,441</b>	<b>67.78%</b>
<b>Total remaining holders</b>		<b>129,222,854</b>	<b>32.22%</b>

## Additional ASX information continued

### Distribution of ordinary shareholders as at 03 August 2021

Name	Number of Shareholders	Number of shares
1-1,000	662	11,675
1,001-5,000	140	485,740
5,001-10,000	128	1,002,979
10,001-100,000	500	20,889,340
100,001-9,999,999,999	253	378,617,561
<b>Total</b>	<b>1,683</b>	<b>401,007,295</b>

At the closing market price of \$0.12 per share on 03 August 2021, there were 655 shareholders with less than a marketable parcel of shares (\$500).

### Option holders as at 03 August 2021

Rank	Name	Number of options held	% of options held
1	Thorney Technologies	5,714,285	53%
2	Jagafii Pty Ltd	3,333,333	31%
3	BMR Securities	1,111,342	10%
4	Mr James Scott	390,000	4%
5	Mr Andrew Johnson	210,000	2%
<b>Total</b>		<b>10,758,960</b>	

### Restricted securities as at 03 August 2021

There are no restricted securities on issue for the purpose of the ASX Listing Rules. There are ordinary shares on issue that are subject to escrow in accordance with voluntary escrow arrangements, as set out in the table below:

Class of restricted securities	Nature of restriction	Number of shares
ESP shares	Various dates ending no later than 07-Jan-24	45,023,000
Unquoted EOP shares	Various dates ending no later than 01-Dec-23	64,522,643
<b>Total shares subject to escrow</b>		<b>109,545,643</b>

## 28. Voting Rights

The voting rights attaching to ordinary shares, set out in the Company's Constitution are:

- (a) at meetings of members, each member is entitled to vote in person or by proxy, attorney or representative; and
- (b) on a show of hands, every person present who is a member has one vote, and on a poll every member present has a vote for each fully paid share owned.

There are no voting rights attached to unlisted ordinary shares or unlisted options, voting rights will be attached to unlisted ordinary shares once issued and to options upon exercise.

## 29. On-market Buy Back

There is no current on-market buy back.



## Corporate directory

### Company Directors

Mr Andrew Johnson	Chairman, Non-Executive Director
Ms Susan O'Malley	Non-Executive Director
Ms Kirsty Rankin	Non-Executive Director
Mr Wayne Arthur	Executive Director
Mr John Rankin	Executive Director

### Company Secretary

Ms Koreen White

### Registered Office

5 Ward Avenue  
Potts Point NSW 2011  
Telephone: +61 2 8188 1188

### Share Registry

Boardroom Limited  
Level 12  
225 George Street  
Sydney NSW 2000

### Auditors

Hall Chadwick  
Level 40  
2 Park Street  
Sydney NSW 2000

### Securities exchange listing

Skyfii Limited shares are listed on the Australian Securities Exchange  
(Listing code: SKF)

### Website

[www.skyfii.io](http://www.skyfii.io)



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