

ASX: SKF

31 January 2022

Skyfii delivers positive operating cash flow and strong revenue growth

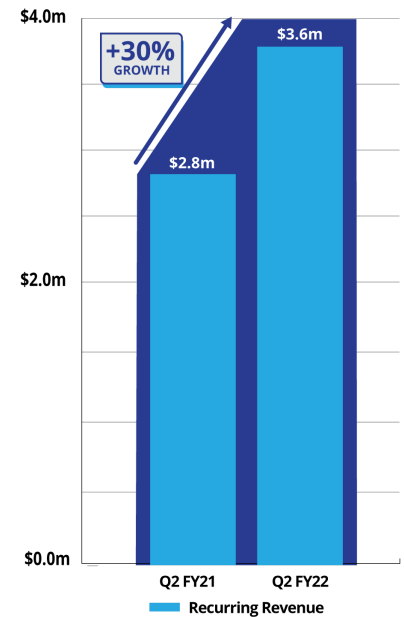
Q2 FY22 Highlights

- **Total Operating Revenues** for Q2 FY22 of **\$6.0m**, up **18% QoQ** and **50% on pcg**
- **Recurring Revenues** for Q2 FY22 of **\$3.6m**, up **5% QoQ** and **30% on pcg**
- **Quarterly Cash Receipts** from customers of **\$6.9m**, up **66% QoQ** and **105% on pcg**
- **Positive net cash flow** from operations of **\$0.8m** delivered during the quarter
- **Cash at bank of \$5.4m** (as at 31 December 2021) with **access to \$2m loan facility**, which remains fully undrawn
- Pro forma **Annualised Recurring Revenue (ARR)** exited Q2 FY22 at **\$15m¹**, up **5% QoQ** and **up 30% on pcg**
- **1H FY22 total revenues of \$11.1m up 50% vs 1H FY21**
- **\$4m+ in Total Contract Value converted** during the quarter
- **Rolling 12 month pipeline** includes over **\$37m** of advanced stage deals

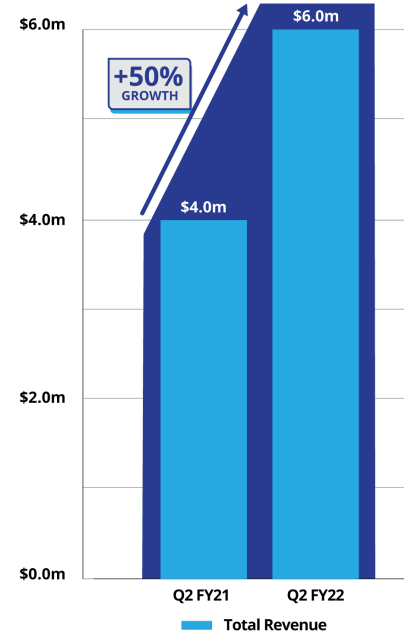
Outlook

- Based on the growing deal pipeline, recent contract wins and the momentum we are seeing from our investment and growth activities, the Company expects the 2H FY22 revenues to exceed the record levels achieved in 1H FY22
- The Company's cost base is set to normalise in 2H FY22, which will deliver operating leverage into FY23 and beyond
- Continued focus on expansion in the rapidly growing and profitable North America and EMEA regions
- Continued business development focus on key verticals including airports, stadiums, grocery and smart buildings

Recurring Revenue



Total Revenue



¹ Annual Recurring Revenue (ARR) based on contracted recurring revenues as at December 2021, inclusive of temporary suspensions as a result of COVID-19 and contracted revenues from the acquisition of CrowdVision announced 6 April 2021.

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

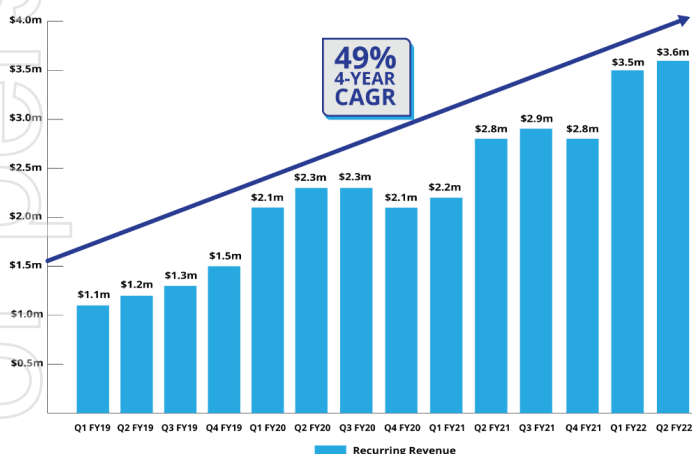
"I am delighted to present both a record revenue result and a positive net cash flow result during the second quarter. The acquisition of CrowdVision continues to drive new business and we were pleased to welcome two of the top ten airports in the USA to our growing airport portfolio during the quarter. Our core business delivered a number of blue chip customers including deals with McDonald's restaurants and property REIT Majid Al Futtaim, both in the UAE and our Australian operations also maintained a steady growth trajectory.

Our rolling 12 month deal pipeline, which now stands at over \$37m in advanced stage deal value, continues to grow. In particular, our people counting and venue analytics data products, which are helping venues maintain safe and compliant operations and deliver improved levels of customer experience.

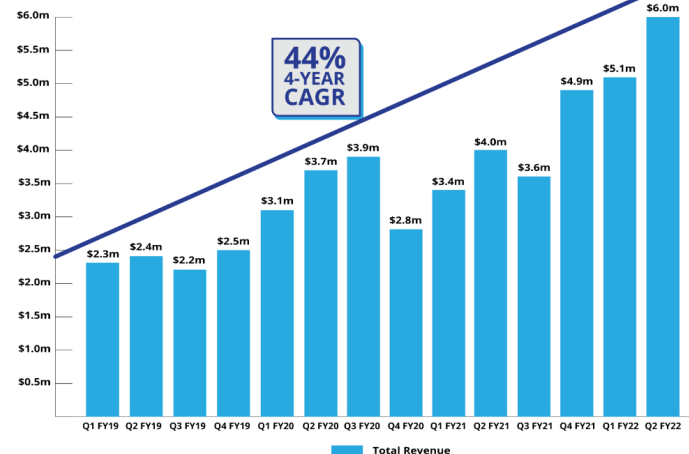
In addition to the employees who transitioned with the CrowdVision acquisition, our investment for growth in 1H FY22 saw the company add an additional 12 headcount from April 2021. The investment for growth has helped bolster our sales, marketing and customer support functions, particularly in our international operations. And with the results delivered during the quarter, along with our current financial trajectory, is a reflection of that investment. Our 4 year CAGR has been extremely strong and I am pleased to see us return to delivering profitable growth".



Recurring Revenue



Total Revenue



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Cash Position

The Company maintained a strong balance sheet with \$5.4m of cash as at 31 December 2021 (\$5.8m at 30 September 2021). The small reduction in net cash quarter on quarter was primarily due to the final settlement costs of \$314k for the Blix Acquisition (ref ASX release 16 September 2020) plus other investing activities.

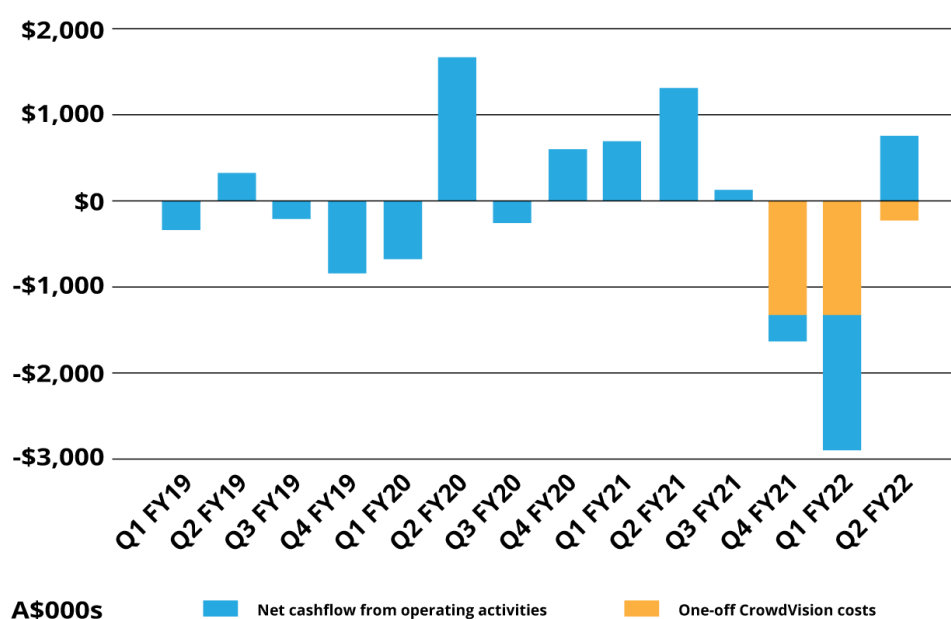
In addition, Skyfii has access to a \$2m loan facility, which remains fully undrawn.

Net Cash from Operating Activities

The Company delivered a significantly improved result in net cash from operating activities. This was attributed to:

1. Improved performance in accounts receivable including a catch up in collections from Q1 FY22;
2. Increases sales conversion, delivering QoQ revenue growth of 18%;
3. As part of the completion of the CrowdVision acquisition a total of \$3.1m in non-recurring payments were required to settle CrowdVision's legacy net debts (including aged payables). The \$3.1m cost was offset against the total purchase price paid to the vendors of CrowdVision. However, under the accounting standards, these payments were required to be classified as cash outflows from operating activities. The outflows of \$3.1m have to date been settled/paid as follows: \$1.3m in Q4 FY21, \$1.3m in Q1 FY22, and \$220k in Q2 FY22. Two final payments remain outstanding of approximately \$210k in Q3 FY22 and \$70k in Q4 FY22.

Cashflows from operating activities²



² Source: Appendix 4C

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Strong Quarter of Contract Wins and Renewals

Key contracts delivered in the EMEA region with a combined Total Contract Value of over \$1.6m, including:

- **Majid Al Futtaim (MAF)**, owner and operator of shopping malls, retail outlets and leisure centres in the Middle East, signed a three-year deal across an initial **19 shopping malls**.
- Quick Service Restaurant operator, **McDonald's** signed a three-year deal for the provision of IO Connect Guest WiFi and IO Insights data analytics platform in **183 restaurants** across the UAE
- **International shopping centre group McArthurGlen Designer Outlets** signed a three-year contract extension across **24 designer outlet malls** in the UK and Europe.

The acquisition of CrowdVision continues to drive new revenue growth and expand Skyfii's presence in the global airport vertical. Key contracts signed in the quarter included:

- **Charlotte Douglas International Airport**, the sixth busiest airport in the USA by passenger boardings signed a 3-year deal for a queue analytics system to improve passenger experience at their Transportation Security Administration (TSA) checkpoints
- At **Las Vegas McCarran International Airport**, the seventh busiest airport in the USA by passenger boardings, the Transportation Security Administration (TSA) partnered with CrowdVision on an initial 3-year term.
- **Adelaide Airport** signed a five-year agreement to deploy CrowdVision's passenger queue monitoring and crowd analytics solution.

Corporate

As noted in Section 6 of the Appendix 4C, the Directors fees stated were made to the Directors of the entity during the quarter, comprising salaries and fees for Executive and Non-Executive Directors. No other payments were made to any related parties or their associates of the entity.

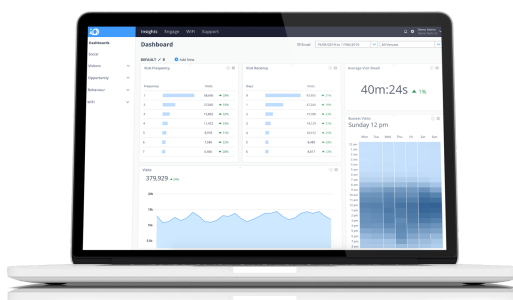
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About Skyfii



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

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

The IO Platform provides location and behaviour based communications software and tools to manage Wireless Access Points, 2D and 3D cameras, People Counting sensors, LiDAR, FishEye, CCTV and Artificial Intelligence (AI) enabled cameras that monitor passenger, pedestrian, car, bicycle traffic and IoT sensors that detect building, room, desk occupancy and climate monitoring data across multiple locations.

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

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

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

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Appendix 4C

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

Name of entity

SKYFII LIMITED

ABN

20 009 264 699

Quarter ended ("current quarter")

31 DECEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,884	11,021
1.2 Payments for ¹		
(a) research and development	(42)	(120)
(b) product manufacturing and operating costs	(1,509)	(3,087)
(c) advertising and marketing	(195)	(428)
(d) leased assets	-	-
(e) staff costs	(3,429)	(7,474)
(f) administration and corporate costs	(960)	(2,027)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	11
1.5 Interest and other costs of finance paid	(9)	(31)
1.6 Income taxes paid	18	(3)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	763	(2,138)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses ²	(314)	(314)

¹ Cashflows are presented after the capitalisation of employee, contractor and other expenditure attributable to software development of approximately \$1.1m for the six months to 31 December 2021.

² In September 2020, the Company announced the acquisition of Blix with a deferred consideration payment based on revenue targets achieved. During the quarter, the final settlement payment was made of \$314k.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) property, plant and equipment	(82)	(98)
	(d) investments	-	-
	(e) intellectual property	(1,050)	(1,050)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,446)	(1,463)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	295	383
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	295	383

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,766	8,596
4.2	Net cash from / (used in) operating activities (item 1.9 above)	763	(2,138)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,446)	(1,463)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	295	383
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,378	5,378

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,378	5,766
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,378	5,766

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 ³	470
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

³ *Salaries and Director fees for Executive and Non-Executive Directors

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	2,000	\$0
7.2 Credit standby arrangements	\$0	\$0
7.3 Other (please specify)	\$0	\$0
7.4 Total financing facilities	2,000	\$0
7.5 Unused financing facilities available at quarter end		2,000
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	770
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,378
8.3 Unused finance facilities available at quarter end (item 7.5)	2,000
8.4 Total available funding (item 8.2 + item 8.3)	7,378
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	Not applicable. The Company has positive operating cashflows for this quarter.
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: The Board of Skyfii Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.