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skyfii

**Interim Financial Report
& Appendix 4D**

for the half-year ended
31 December 2021

Appendix 4D for the half-year ended 31 December 2021

(Previous corresponding period: Half-year ended 31 December 2020)

Results for Announcement to Market

			\$
Revenue from ordinary activities	up	48%	11,087,613
Loss from ordinary activities after tax attributable to the shareholders	up	261%	6,281,939
Loss for the year attributable to shareholders	up	261%	6,281,939

Dividends

No dividends have been declared for the reporting period.

Comments

The loss for the group after providing for income tax amounted to \$6,281,939 (31 December 2020: loss of \$1,740,653).

Net tangible assets

		31-Dec-21 cents per share	30-Dec-20 cents per share
Net tangible asset backing per share	up	0.80	0.33
Net assets per share	up	4.06	2.64

Audit qualification or review

Details of audit/review dispute or qualification:

The financial statements have been reviewed and an unqualified conclusion has been issued.



Wayne Arthur
Chief Executive Officer

Date: 28 February 2022

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Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group), consisting of Skyfii Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2021 (1HFY22).

Directors

The names and particulars of the Directors of the Company who held office at the date of this report are:

Andrew Johnson.....	Independent Non-Executive Chairman
Wayne Arthur	Chief Executive Officer/Executive Director
Susan O'Malley.....	Independent Non-Executive Director
Kirsty Rankin.....	Independent Non-Executive Director
John Rankin.....	Chief Operating Officer/Executive Director

Review of operations

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.

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

Skyfii 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.

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 1HFY22

Product development has focused on the integration of the CrowdVision technology into the Skyfii IO platform. This focus will ensure that the CrowdVision technology becomes increasingly economical to develop, maintain and support. Additionally, Skyfii's further development of both Camera and LiDAR computer vision capability underpins the increasing use cases and market demand across multiple industry verticals.

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 recent acquisition of CrowdVision, our expanded business development teams and initiatives, coupled with improving market conditions is leading to a continued growth in requests for proposals across a range of verticals and geographies

Key contracts delivered during FY22 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, including Mall of the Emirates, signed a three-year deal for the provision of IO Connect Guest WiFi across 19 shopping malls.
- Quick Service Restaurant operator, McDonald's signed a three-year deal for the provision IO Connect Guest WiFi and IO Insights data analytics platform across 183 restaurants across the UAE.

- International shopping centre group McArthurGlen Designer Outlets signed a three-year contract extension for the ongoing deployment of Skyfii's IO Connect Guest WiFi and IO Insight data analytics platforms across 24 designer outlet malls in the UK and Europe.

Key Contracts in the large and global airport vertical included:

- Charlotte Douglas International Airport, the sixth busiest airport in the USA by passenger boardings, has signed a 3-year deal for a queue analytics system to improve passenger experience at their Transportation Security Administration (TSA) checkpoints.
- Las Vegas McCarran International Airport, is the seventh busiest airport in the USA by passenger boardings. The Transportation Security Administration (TSA) has partnered with CrowdVision on an initial 3-year term.
- Adelaide Airport has signed a five-year agreement to deploy CrowdVision's passenger queue monitoring and crowd analytics solution. The agreement will see the airport initially deploy the solution at the airport check-in and central security screening precinct. The passenger analytics data will allow Adelaide Airport staff to help reduce wait times and improve the passenger check in and security screening experience.

Other Notable updates:

- A Master Services agreement has been signed with Telecommunications company Verizon in North America.

Financial Performance

During the half-year ended 31 December 2021, the Group generated total revenues of \$11,087,613 up 48% on the prior corresponding period (pcp) (1HFY21: \$7,512,288).

During the half-year, the Group generated operating revenues (excluding grant and interest income) of \$11,076,701, up 50% on pcp (1HFY21: \$7,399,074). Underlying this result was an 41% increase in recurring revenues of \$7,078,882 (1HFY21: \$ 5,032,864).

Total operating expenses excluding depreciation, amortisation, non-cash share based payments and finance costs were \$13,636,958 (1HFY21: \$6,345,218), reflecting a 115% increase on pcp. Operating costs in 1HFY22 excluding direct costs of services was \$10,575,447 (1HFY21: \$4,733,292).

The Group reported an operating EBITDA loss (Earnings Before Interest, Tax, Depreciation, & Amortisation and adjusted to be inclusive of any R&D tax incentive grants

accrued or received, and exclusive of share, option-based payments and acquisition expenses) of \$1,625,421 (1HFY21: \$1,603,729 positive) and net loss after tax of \$6,281,938 (1HFY21: \$1,740,653).

Operating cash outflows for 1HFY21 were \$2,138,751 (1HFY21: \$2,051,767 inflows) and net cash outflows from investment activities were \$1,462,716 (1HFY21: \$1,303,052 outflow) including an investment of \$1,049,905 in software development comprising predominantly direct employee costs and external developer costs.

The Group's cash balance as at 31 December 2021 was \$5,378,064 (1HFY21: \$3,417,128).

Outlook for the remainder of FY22

With the solid 1HFY22 performance, the strong pick up in client interactions and growing business development pipeline, The Company expects the 2H FY22 revenues to outpace the 1H result.

The company remains well funded to make strategic investments into sales, marketing, operations, engineering and human resources in order to propel future growth. The key areas of focus for Skyfii's management team during FY22 include:

- Focus on sales conversion and project delivery in 2H FY22
- A focus on delivering a positive Operating EBITDA result for the 2H FY22
- Setting the company up to achieve operating leverage in FY23
- 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

Dividends paid or recommended

In respect of the half-year ended 31 December 2021, there have been no dividends paid or provided for (1HFY21: nil).

Auditor's independence declaration

The auditor's independence declaration is included on page 7 of this report and forms part of the Directors' Report for the half-year ended 31 December 2021.

This report is made in accordance with a resolution of Directors.



Andrew Johnson
Chairman

28 February 2022

Auditor's independence declaration

HALL CHADWICK  (NSW)

SKYFII LIMITED
ABN 20 009 264 699
AND CONTROLLED ENTITIES

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

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

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 review of the financial report of Skyfii Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

S. Kumar

SANDEEP KUMAR
Partner
Dated: 28 February 2022

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Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2021

	Note	31-Dec-21 \$	31-Dec-20 \$
Revenue and other income			
Revenue	3	11,076,701	7,399,074
Other income	3	10,912	113,214
Total revenue		11,087,613	7,512,288
Expenses			
Direct costs of services		(3,061,511)	(1,611,926)
Employee benefits expenses	4	(7,784,336)	(3,068,659)
Contractor and consultant expenses		(119,677)	(21,834)
Marketing and promotion expenses		(428,022)	(129,862)
Travel and accommodation expenses		(160,537)	(26,808)
Office and other expenses		(1,960,625)	(1,370,129)
Directors' fees		(122,250)	(116,000)
Share based payments expense		(1,647,528)	(2,285,184)
Depreciation and amortisation expenses	4	(2,446,883)	(1,636,080)
Finance costs	4	(31,487)	(23,427)
Total expenses		(17,762,856)	(10,289,909)
Loss before income tax		(6,675,243)	(2,777,621)
Income tax benefit		393,305	1,036,968
Loss for the period		(6,281,938)	(1,740,653)
Other comprehensive income			
Items that will be reclassified to profit or loss when specific conditions are met:			
Exchange differences on translation of foreign operations		(375,143)	170,781
Total comprehensive loss for the period		(6,657,081)	(1,569,872)
Earnings per share			Cents
Basic earnings per share	16	(1.5)	(0.5)
Diluted earnings per share	16	(1.3)	(0.4)

Consolidated statement of financial position As at 31 December 2021

	Note	31-Dec-21 \$	30-Jun-21 \$
Assets			
Current assets			
Cash and cash equivalents		5,378,064	8,596,430
Trade and other receivables	5	7,421,523	5,656,751
Inventories		309,834	394,658
Other assets	6	883,279	825,620
Total current assets		13,992,699	15,473,459
Non-current assets			
Plant and equipment	7	247,313	279,842
Intangible assets	8	14,153,905	16,484,826
Total non-current assets		14,401,218	16,764,668
Total assets		28,393,917	32,238,127
Liabilities			
Current liabilities			
Trade and other payables	9	3,792,276	9,859,594
Borrowings	10	92,531	25,374
Provisions	11	1,419,535	1,151,278
Current tax liabilities		73,060	94,198
Deferred revenue		4,479,233	3,314,331
Total current liabilities		9,856,635	14,444,775
Non-current liabilities			
Provisions	11	268,679	221,139
Deferred revenue		653,656	505,532
Total non-current liabilities		922,335	726,671
Total liabilities		10,778,970	15,171,446
Net assets		17,614,946	17,066,681
Equity			
Contributed equity	12	48,408,548	42,616,044
Reserves	13	8,673,566	7,659,504
Accumulated losses		(39,467,168)	(33,208,868)
Total equity		17,614,946	17,066,681

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

Consolidated statement of changes in equity For the half-year ended 31 December 2021

		Contributed equity	Share based payments reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	Note	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021		42,616,044	7,225,513	691,666	(257,674)	(33,208,868)	17,066,681
Loss for the period		-	-	-	-	(6,281,939)	(6,281,939)
Exchange differences on translation of foreign operations		-	-	-	(375,144)	-	(375,144)
Total comprehensive loss for the period		-	-	-	(375,144)	(6,281,939)	(6,657,082)
Issue of ordinary shares	12	5,174,719	-	-	-	-	5,174,719
Exercised ESP shares		571,889	(200,039)	-	-	-	371,850
Exercised EOP shares		45,896	(34,646)	-	-	-	11,250
Share based payments	13	-	1,647,528	-	-	-	1,647,528
Expiry of Options		-	-	(23,638)	-	23,638	-
Balance at 31 December 2021		48,408,548	8,638,356	668,028	(632,818)	(39,467,168)	17,614,946

		Contributed equity	Share based payments reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		30,487,972	3,856,184	382,672	(409,467)	(26,189,954)	8,127,407
Loss for the period		-	-	-	-	(1,740,653)	(1,740,653)
Exchange differences on translation of foreign operations		-	-	-	170,781	-	170,781
Total comprehensive loss for the period		-	-	-	170,781	(1,740,653)	(1,569,872)
Transactions with owners in their capacity as owners:							
Issue of ordinary shares		225,977	-	-	-	-	225,977
Issue of options to Jagafii		-	-	257,570	-	-	257,570
Exercised ESP shares		140,411	-	-	-	-	140,411
Exercised EOP shares		328,212	-	-	-	-	328,212
Share based payments		-	1,670,067	-	-	-	1,670,067
Balance at 31 December 2020		31,182,572	5,526,251	640,242	(238,686)	(27,930,607)	9,179,772

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

Consolidated statement of cashflows For the half-year ended 31 December 2021

	31-Dec-21	31-Dec-20
	\$	\$
Cashflows from operating activities		
Receipts from customers	11,020,870	7,134,115
Payments to suppliers and employees	(13,135,695)	(6,106,045)
Receipts from government R&D tax incentive & other government grants	-	1,083,697
Interest received	10,912	11,214
Interest paid	(31,487)	(23,427)
Income tax paid	(3,350)	(47,787)
Net cash (outflow)/inflow from operating activities	(2,138,751)	2,051,767
Cashflows from investing activities		
Payments for plant and equipment	(98,114)	(17,209)
Payments for intangible assets	(1,049,905)	(1,140,737)
Payments for acquisitions	(314,372)	(150,000)
Refunds/(Payments) for other assets	(325)	4,894
Net cash (outflow) from investing activities	(1,462,716)	(1,303,052)
Cashflows from financing activities		
Proceeds from issue of shares, net of capital raising costs	383,100	111,077
Proceeds from borrowings	-	443,000
Net cash inflow from financing activities	383,100	554,077
Net increase in cash	(3,218,366)	1,302,792
Cash at the beginning of the period	8,596,430	2,114,336
Cash at the end of the period	5,378,064	3,417,128

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

Notes to the financial statements For the half-year ended 31 December 2021

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This Interim Financial Report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Skyfii Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.



Notes to the financial statements For the half-year ended 31 December 2021

1. Summary of significant accounting policies

(a) Basis of preparation of interim financial report

These general purpose interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Skyfii Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Skyfii Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the following half-year. The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those adopted in the Group's annual financial report for the year ended 30 June 2021, with the addition of the following:

New and Amended Accounting Standards Adopted by the Group

The Group has considered the implications of new and amended accounting standards and determined that their application to the financial statements is either not relevant or not material.

(b) 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 interim financial report, are disclosed in the 2021 Annual Report.

(c) Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. The Group has assessed the impact of these new standards and interpretations and does not expect that initial application will affect any of the amounts recognised in the financial report, but may change the disclosures presently made in relation to the Group.

(d) 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 half-year ended 31 December 2021, the Group incurred a loss after tax of \$6,281,939. On 31 December 2021, the Group had a surplus in net current assets of \$4,136,064 and a surplus in net assets of \$17,614,946.

Also, the Group maintains a \$2,000,000 loan facility of which remains fully undrawn from Thorney Technologies Ltd (ASX:TEK), Jagafii Pty Ltd a company associated with former Skyfii director Jon Adgemis and BMR Securities Pty Ltd. The loan facility matures on 31 May 2022.

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

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

Notes to the financial statements For the half-year ended 31 December 2021

2. 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 Internationally. 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.

1H FY22	Australia	North America	UK & Europe	Other International	Total
Revenue	6,384,792	2,591,561	1,490,104	610,244	11,076,701
Other income	10,912	-	-	-	10,912
Total revenue	6,395,704	2,591,561	1,490,104	610,244	11,087,613
Segment net profit	4,626,377	1,877,827	1,079,719	442,179	8,026,102
Employee benefits expense					(7,784,336)
Depreciation and amortisation expenses					(2,446,883)
Other Expenses					(4,438,639)
Finance Costs					(31,487)
Loss before tax					(6,675,243)
Income tax benefit					393,305
Loss for the year					(6,281,938)
1H FY21	Australia	North America	UK & Europe	Other International	Total
Revenue	4,887,028	1,105,984	709,603	696,458	7,399,074
Other income	113,214	-	-	-	113,214
Total revenue	5,000,242	1,105,984	709,603	696,458	7,512,288
Segment net profit	3,897,141	881,963	565,870	555,388	5,900,362
Employee benefits expense					(3,068,659)
Depreciation and amortisation expenses					(1,636,080)
Other Expenses					(3,949,817)
Finance Costs					(23,427)
Loss before tax					(2,777,621)
Income tax benefit					1,036,968
Loss for the year					(1,740,653)

Notes to the financial statements For the half-year ended 31 December 2021

3. Revenue

	31-Dec-21	31-Dec-20
	\$	\$
Revenue from operations	11,076,701	7,399,074
Government grants	4,373	102,000
Interest income	6,539	11,214
Total other income	10,912	113,214
Total revenue	11,087,613	7,512,288

4. Expenses

	31-Dec-21	31-Dec-20
	\$	\$
Employee		
Salaries and related expenses (including superannuation)	7,202,926	2,380,716
Other employment costs	581,410	687,943
Total employee benefits expense	7,784,336	3,068,659
Depreciation and amortisation		
Plant and equipment	130,643	19,916
Software development amortisation	2,316,240	1,616,164
Total depreciation and amortisation expenses	2,446,883	1,636,080
Finance costs		
Interest expense	31,487	23,427

The increase in staff costs for the period reflects the inclusion of the increased headcount and staff costs associated with the acquisition of CrowdVision. Headcount has grown to 105 by the end of 1H FY21 which also reflects the addition of extra headcount in sales & marketing as part of the investments for growth the company is undertaking in FY22.

5. Trade and other receivables

	31-Dec-21	30-Jun-21
	\$	\$
Current		
Trade receivables	5,046,481	3,759,821
Provision for expected credit losses	(45,000)	(45,000)
Total trade receivables and other receivables	5,001,481	3,714,821
R&D tax incentive receivable	1,675,692	1,276,636
Other debtors	744,350	665,294
Total current trade and other receivables	7,421,523	5,656,751

Notes to the financial statements For the half-year ended 31 December 2021

6. Other assets

	31-Dec-21	30-Jun-21
	\$	\$
Current		
Prepayments	685,482	592,690
Security Deposits	23,547	23,223
Other	174,249	209,707
Total current other assets	883,279	825,620

7. Plant and equipment

	31-Dec-21	30-Jun-21
	\$	\$
Non-current		
Office and computer equipment – at cost	2,785,998	2,650,953
Accumulated depreciation	(2,538,685)	(2,371,111)
Total carrying value of plant and equipment	247,313	279,842



Notes to the financial statements For the half-year ended 31 December 2021

8. Intangible assets

Reconciliations of the carrying amount of intangible assets at the beginning and end of the current and previous period are set out below:

	31-Dec-21	30-Jun-21
	\$	\$
Non-current		
Software development - at cost	14,105,257	13,055,351
Accumulated depreciation	(9,639,120)	(8,549,802)
Carrying value of software development	4,466,137	4,505,549
Customer contracts - at cost	2,250,176	2,259,000
Accumulated amortisation	(992,714)	(847,817)
Carrying value of customer contracts	1,257,462	1,411,183
Trademarks & Brand names - at cost	3,197,342	3,212,000
Accumulated amortisation	(698,437)	(450,786)
Carrying value of trademarks & brand names	2,498,905	2,761,214
Software - at cost	5,249,637	5,261,000
Accumulated amortisation	(3,272,516)	(2,684,931)
Carrying value of software	1,977,121	2,576,079
Customer relationships - at cost	4,282,765	4,527,000
Accumulated amortisation	(516,755)	(292,050)
Carrying value of customer relationships	3,766,010	4,234,950
Patents - at cost	221,494	223,000
Accumulated amortisation	(33,224)	(11,150)
Carrying value of patents	188,270	211,850
Goodwill - at cost	-	784,000
Carrying value of goodwill	-	784,000
Total carrying value of intangible assets	14,153,905	16,484,826

Notes to the financial statements For the half-year ended 31 December 2021

9. Trade and other payables

	31-Dec-21	30-Jun-21
	\$	\$
Current		
Trade payables	3,791,764	3,272,014
Deferred consideration	-	6,458,997
Sundry payables	512	128,583
Total trade and other payables	3,792,276	9,859,594

10. Borrowings

	31-Dec-21	30-Jun-21
	\$	\$
Borrowings	92,531	25,374
Total borrowings	92,531	25,374

11. Provisions

	31-Dec-21	30-Jun-21
	\$	\$
Current		
Employee Benefits	1,419,535	1,151,278
Non-Current		
Employee Benefits	268,679	221,139
Total provisions	1,688,214	1,372,417



12. Contributed equity

(a) Share capital

	31-Dec-21	30-Jun-21	31-Dec-21	30-Jun-21
	Number	Number	\$	\$
Ordinary shares	433,757,295	419,356,484	48,408,548	42,616,044
Total share capital			48,408,548	42,616,044

(b) Movements in ordinary share capital

	Date	Number	Average price	\$
Reconciliation to 30 June 2021:				
Balance at 1 January 2021		348,295,321		30,623,475
Movements in ordinary shares:				
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
Issues 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
Issues 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	\$0.160	662,502
Balance at 30 June 2021		419,356,484		42,616,044



Notes to the financial statements For the half-year ended 31 December 2021

	Date	Number	Unit price	\$
Reconciliation to 31 December 2021:				
Balance at 1 July 2021		419,356,484		42,616,044
Movements in ordinary shares:				
Issued for purchase of CrowdVision acquisition	23-Jul-21	26,673,811	\$0.194	5,174,719
Conversion of ESP shares to ordinary shares	20-Sep-21	200,000	\$0.065	19,840
Conversion of ESP shares to ordinary shares	20-Sep-21	(200,000)	-	-
Conversion of ESP shares to ordinary shares	24-Sep-21	800,000	\$0.077	98,400
Conversion of ESP shares to ordinary shares	24-Sep-21	(800,000)	-	-
Conversion of ESP shares to ordinary shares	1-Oct-21	200,000	\$0.065	19,840
Conversion of ESP shares to ordinary shares	1-Oct-21	(200,000)	-	-
Issue of ESP shares	1-Oct-21	600,000	\$0.112	-
ESP share buyback	22-Dec-21	(16,073,000)	-	-
Conversion of ESP shares to ordinary shares	23-Dec-21	4,373,076	\$0.065	433,809
Conversion of ESP shares to ordinary shares	23-Dec-21	(4,373,076)	-	-
Conversion of EOP shares to ordinary shares	23-Dec-21	150,000	\$0.010	22,355
Conversion of EOP shares to ordinary shares	24-Dec-21	150,000	\$0.065	23,541
Issue of ESP shares	24-Dec-21	2,900,000	\$0.100	-
Balance at 31 December 2021		433,757,295		48,408,548

(c) Employee Share Plan (ESP)

Information relating to the Employee Share Plan can be found in the Company's annual report for the year ended 30 June 2021.

(d) Options over unissued ordinary shares

No options were issued during the period.

Notes to the financial statements For the half-year ended 31 December 2021

13. Equity – reserves

	31-Dec-21	30-Jun-21
	\$	\$
Share based payment reserve movements		
Balance at the beginning of the period	7,225,513	3,856,184
Share based payment granted	1,647,528	3,369,329
ESP shares exercised	(200,039)	-
EOP shares exercised	(34,646)	-
Balance at the end of the period	8,638,356	7,225,513
Share option reserve movements		
Balance at the beginning of the period	691,666	382,672
Share option expense	(23,638)	308,994
Expiry of options	-	-
Balance at the end of the period	668,028	691,666
Foreign currency translation reserve movements		
Balance at the beginning of the period	(257,674)	(409,467)
Currency translation differences arising during the period	(375,144)	151,793
Balance at the end of the period	(632,818)	(257,674)
Total reserves	8,673,566	7,659,504



Notes to the financial statements For the half-year ended 31 December 2021

14. Contingent liabilities

There are no contingent liabilities as at 31 December 2021.

15. Events occurring after the reporting date

There are no other matters or circumstances that have arisen since 31 December 2021 that have significantly affected, or may significantly affect:

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

16. Earnings per share (EPS)

	31-Dec-21	31-Dec-20
	Cents per share	Cents per share
(a) Basic earnings per share		
Basic EPS attributable to ordinary equity holders of the Company	(1.5)	(0.5)
(b) Diluted earnings per share	(1.3)	(0.4)
(c) Weighted average number of shares used as the denominator	Number	Number
Weighted average number of ordinary shares used in calculating basic EPS	442,329,183	346,435,276
Weighted average number of dilutive options outstanding	72,641,098	54,242,117
Weighted average number of ordinary shares used in calculating diluted EPS	514,970,281	400,677,393
(d) Reconciliation of earnings used in calculating earnings per share	\$	\$
Loss attributable to the ordinary equity holders of the Company used in calculating basic EPS	(6,657,081)	(1,569,872)



Notes to the financial statements For the half-year ended 31 December 2021

17. Prior year acquisition of Blix

On 16 September 2020, the Company announced the acquisition of Blix. During the half year the Company finalised the acquisition agreement with a final cash payment of \$0.31m, the total enterprise value including previous cash payments was \$0.52 million.

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.

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 \$
Purchase consideration	
Cash	520,428
Total Consideration	520,428
Identifiable assets acquired and liabilities assumed	
Intangible Assets - Trademarks & Brand names	246,000
Intangible Assets - Software	63,000
Intangible Assets - Customer relationships	149,695
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)
Net assets acquired and liabilities assumed	520,428

Notes to the financial statements For the half-year ended 31 December 2021

18. Prior year acquisition of CrowdVision

On 6 April 2021, the Company acquired CrowdVision Inc and its subsidiaries. During the half year the Company finalised the settlement with a total enterprise value of \$6.34 million made up of cash consideration of \$1.17 million and shares issued of \$5.17 million issued on completion on 23 July 2021.

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.

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.

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

	Fair Value \$
Purchase consideration	
Cash	1,167,000
Shares	5,174,719
Total Consideration	6,341,719
Identifiable assets acquired and liabilities assumed	
Intangible Assets - Trademarks	2,156,342
Intangible Assets - Software	1,671,637
Intangible Assets - Customer relationships	3,226,070
Intangible Assets - Customer contracts	1,298,176
Intangible Assets - Patents	221,484
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)
Net assets acquired and liabilities assumed	6,341,719



Directors' declaration

In the Directors' opinion:

The financial statements and notes, as set out on pages 8 to 24, are in accordance with the Corporations Act 2001, including:

- Complying with Accounting Standard AASB 134: Interim Financial Reporting; and
- Giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors,

Andrew Johnson
Chairman

28 February 2022

Independent Auditor's review report

HALL CHADWICK  (NSW)

SKYFII LIMITED
ABN 20 009 264 699
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
SKYFII LIMITED AND CONTROLLED ENTITIES

SYDNEY

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

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Skyfii Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Skyfii Limited does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Skyfii Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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* has been given to the directors of the Company.

Directors' Responsibility for the Half-Year Financial Report

The directors of Skyfii Limited are responsible for the preparation of the half-year 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 the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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Independent Auditor's review report

HALL CHADWICK  (NSW)

SKYFII LIMITED
ABN 20 009 264 699
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
SKYFII LIMITED AND CONTROLLED ENTITIES

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

S. Kumar

SANDEEP KUMAR
Partner

Dated: 28 February 2022

Corporate Directory

Company Directors

Andrew Johnson.....Independent Non-Executive Chairman
Wayne ArthurChief Executive Officer/Executive Director
Susan O'MalleyIndependent Non-Executive Director
Kirsty Rankin.....Independent Non-Executive Director
John Rankin.....Chief Operating Officer/Executive Director

Company Secretary

Koreen White

Registered Office

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

Share Registry

Boardroom Pty 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



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