

ASX: SKF | 31 October 2022

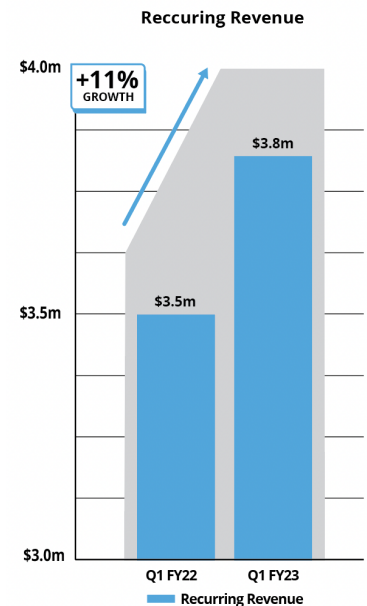
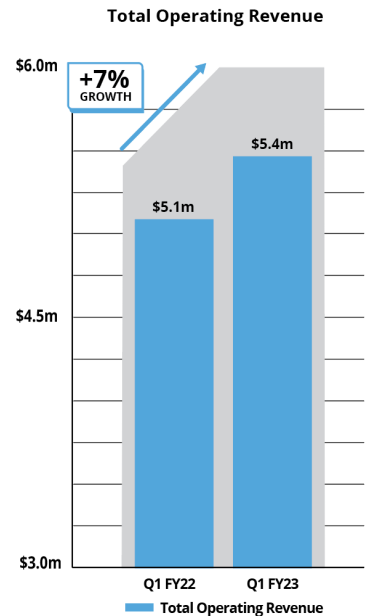
New contract wins to drive positive momentum in 2HFY23

Q1 FY23 Highlights

- Total Operating Revenues for **Q1 FY23 of \$5.4m**, up 7% on pcp
- Recurring Revenues for **Q1 FY23 of \$3.8m**, up 11% on pcp
- Revenue mix has improved with recurring revenue accounting for 70% of total revenue delivered in the quarter (62% in FY22)
- Quarterly **Cash Receipts from customers of \$6.4m**, up 49% on pcp with a net cash outflow from operations of \$0.87m
- **Cash at bank of \$4.3m** (as at 30 September 2022). Net cash reduced during the quarter primarily due to delays in key annual renewals in EMEA and Northern American region, a seasonally slower start to the year due to extended summer break in the Northern Hemisphere
- **Pro forma Annualised Recurring Revenue (ARR)** exited Q1 FY23 at **\$15.7m¹**, negatively impacted by higher rate of customer contraction and churn
- **\$3.1m** in new business **Total Contract Value²** converted during the quarter taking rolling 12 month TCV wins to \$15.6m
- **Notable new contracts** include JFK Airport (US), Aberdeen Airport (UK), Nashville International Airport (US) and Istanbul International Airport (EMEA)
- **Notable renewals** included Baha Mar (USA), LandSecurities (UK), Charlotte Douglas Airport (USA), Nandos (UK) and Wembley Stadium (UK)
- Rolling 12 month pipeline includes over **\$31m of advanced stage deals**

Outlook

- High conviction in the quality of our near term pipeline to deliver a stronger Q2 and provide momentum for growth over the remainder of FY23
- The US and EMEA teams are actively working on significant deals in the airport and QSR verticals currently which we expect to convert in the near term
- Increasing adoption of advanced behavioural intelligence technology solutions such as LiDAR continues to drive significant pipeline across all regions
- Costs rationalisation and efficiency initiatives will continue in Q2, including offshoring, to deliver material cost savings and strengthen margins into 2HFY23
- The Company maintains its guidance and is confident it will deliver >\$20m in ARR and sustainable cash flow breakeven in 2H FY23



¹ Annual Recurring Revenue (ARR) based on contracted recurring revenues as at 30 September 2022

² Total Contract Value (TCV) refers to the entire revenue generated from a contract and is inclusive of both recurring and non-recurring revenues. Skyfii's typical contract term is ~36 months.

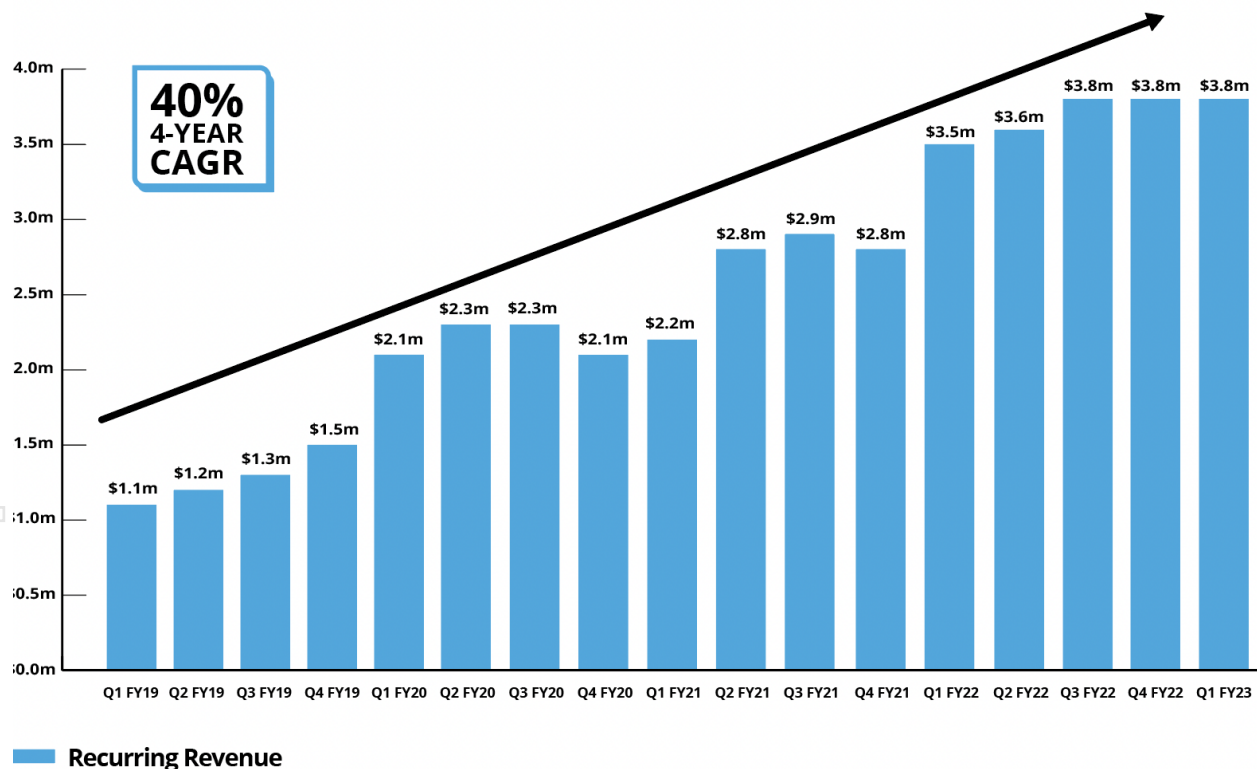
Commenting on the September quarter, Skyfii CEO and Managing Director Wayne Arthur said:



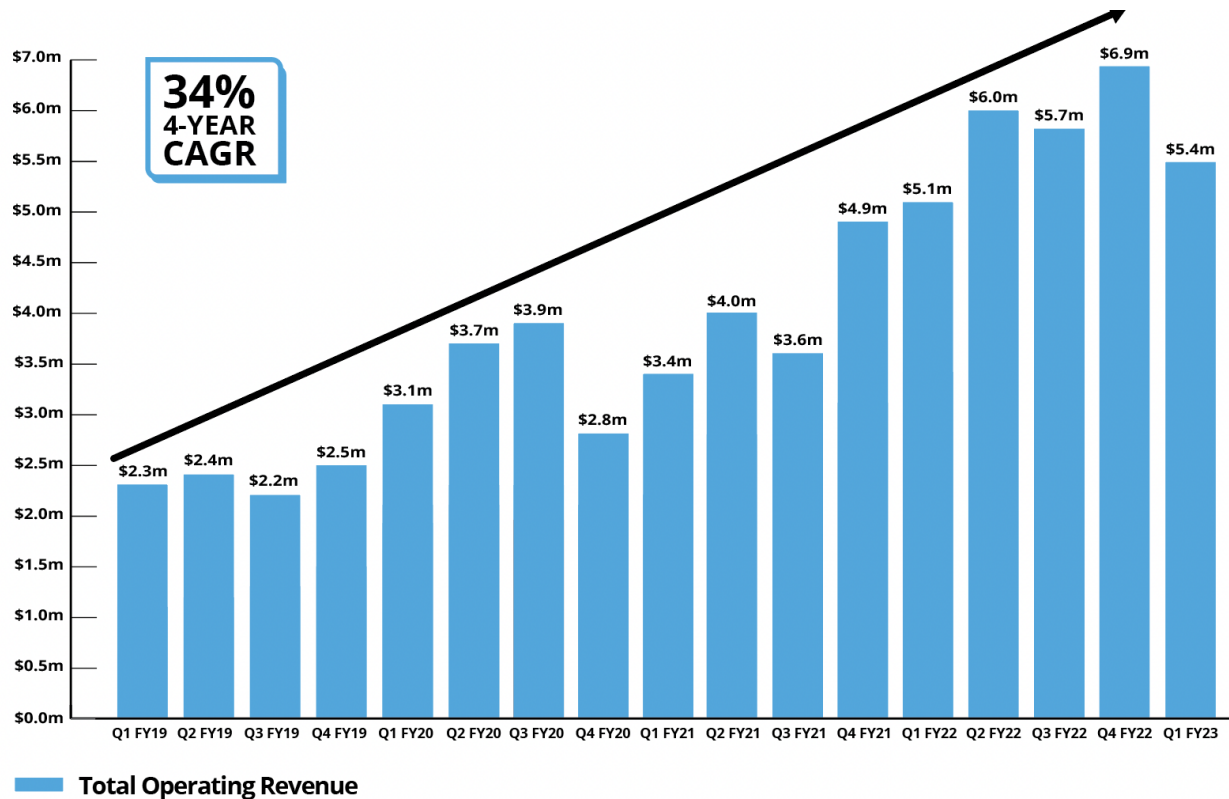
"Skyfii has started FY23 with positive momentum via a number of meaningful new contract wins totaling \$3.1m in total contract value. We continue to see increasing levels of requests for proposals and our deal pipeline remains at over \$30m, despite converting over \$15.6m in TCV over the past 12 months. Importantly we continue to evolve our technology to meet the growing requirements of our customers. Our industry leading LiDAR solutions which provide highly accurate analytics are delivering a continued strong level of interest in the airport, train station and QSR verticals and we expect to announce several significant new contract wins in the verticals during Q2.

Whilst our cashflow was behind forecasts for the quarter, the new contract wins, increasing requests for proposals and our strong project pipeline ensure we remain confident in our guidance of delivering sustainable positive cash flow in 2H FY23."

Q1 FY23 Performance



ASX: SKF | 31 October 2022

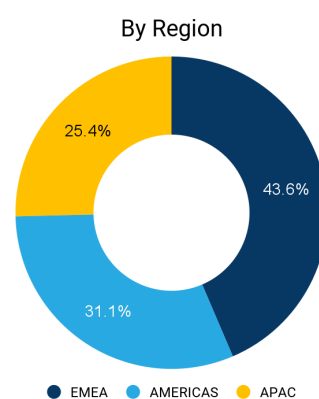
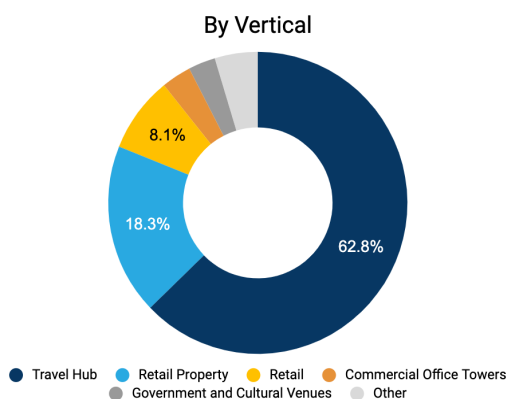


New Contract Wins

The Company delivered a number of contract wins in the quarter across a range of geographies³ and verticals, delivering a new business **Total Contract Value (TCV) of over \$3.1m**.

Highlights:

- Promising international growth trajectory with 75% of new contract wins secured outside of APAC
- Another significant contribution this quarter from the Travel Hub vertical as Skyfii continues to cement itself as the preeminent airport analytics solution
- 79% of deals closed won were created in the last 6 months, signalling an accelerated sales cycle



³ EMEA - Europe, Middle East & Africa; Americas - North and South America; APAC - Asia-Pacific

ASX: SKF | 31 October 2022

Net Cash Flow from Operating Activities

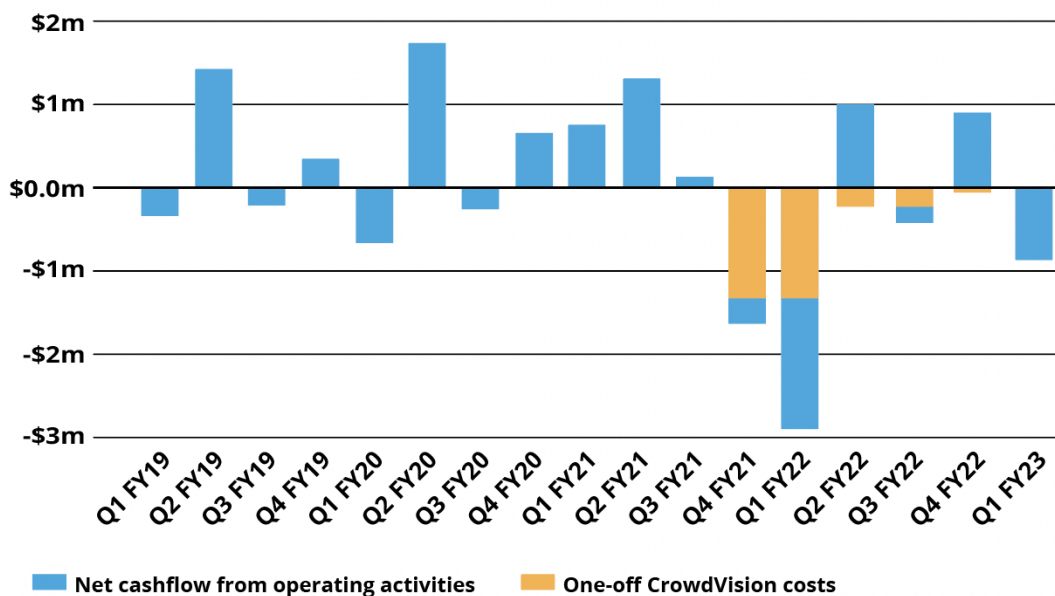
In Q1 FY23 the Company generated cash outflow from operating activities of \$0.87m, which was exclusive of the impacts of capitalisation of employee, contractor and other expenditure attributable to software development.

Net cash reduced during the quarter primarily due to

- delays in key annual renewals in EMEA and Northern American region
- a seasonally slower start to the FY due to extended summer break in the Northern Hemisphere.
- impact of a one-off credit note to a large US based Casino
- slower than anticipated working capital cycle

Despite the cash burn in the quarter, the strong growth pipeline, growing ARR based, cost saving initiatives and the recent contract wins ensure Skyfii remains confident of achieving sustainable positive cash flow generation in 2H FY23.

Net cashflows from operating activities



Cash Position

The Company reported \$4.28m of cash as at 30 September 2022 (\$5.1m at 30 June 2022).

The Company has a \$1.8m project financing facility with Export Finance Australia which is now fully drawn and is assisting with the cash management of large capital works projects in our international operations.

The \$4.3m of available cash provides the Company with sufficient capital flexibility to execute on our stated growth initiatives.

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.

Outlook

Skyfii has commenced the new financial year in a strong position with a growing pipeline of new business opportunities. Operating cash flow is expected to improve significantly in Q2 and the Company reconfirms expectations to achieve a sustainable cash flow breakeven position during 2H FY23. Specific areas of focus for the Skyfii team throughout the remainder of FY23 include:

- Focus on revenue conversion in the rapidly growing North America and EMEA regions
- Continued business development focussed on key verticals, specifically airports, stadiums, train stations and quick service restaurants
- Costs rationalisation and efficiency initiatives, including offshoring of talent, to deliver material cost savings and maintain margins
- Operating cash flow is expected to improve significantly during FY23 and the Company reconfirms expectations to achieve a sustainable cash flow breakeven position during 2H FY23
- The Company expects to deliver another year of strong revenue growth and expects ARR to grow to >\$20m during FY23

ASX: SKF | 31 October 2022

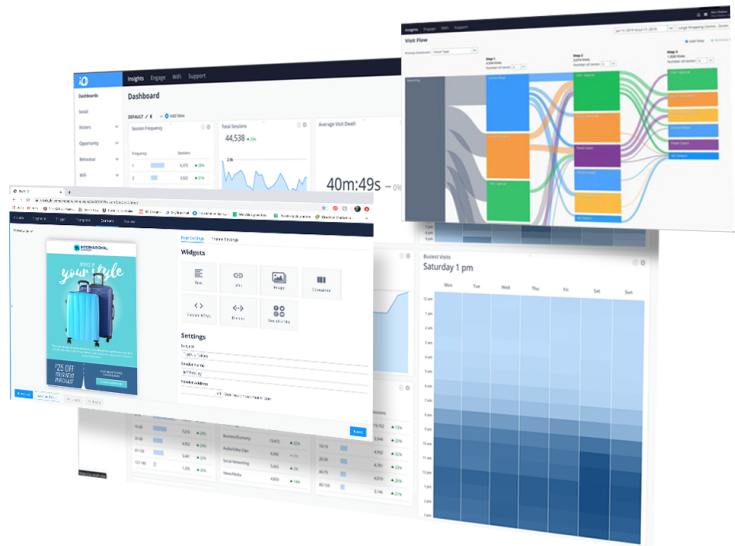
About Skyfii

Skyfii helps organisations activate the power of their data through technology & human ingenuity, to find new ways to optimise the spaces where we live, work, shop, travel & play.

Skyfii's IO platform unifies your data points on one proprietary platform to give you the insights needed to solve the complex challenges of your present and future.

We ingest data from a diverse range of technologies including WiFi, Camera, People counting, LiDAR, CCTV and IoT devices. We combine these datasets with contextual data like weather, retail sales and sociodemographic to improve operational performance for retailers, airports, stadiums, smart cities and other public and commercial venues.

Skyfii further augments insights generated by the IO Platform with its Data & Marketing Services offering: A team of data science and digital marketing consultants who help our 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")

30 SEPTEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,372	6,372
1.2 Payments for ¹		
(a) research and development	(11)	(11)
(b) product manufacturing and operating costs	(1,766)	(1,766)
(c) advertising and marketing	(340)	(340)
(d) leased assets	-	-
(e) staff costs	(4,074)	(4,074)
(f) administration and corporate costs	(1,039)	(1,039)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	9
1.5 Interest and other costs of finance paid	(27)	(27)
1.6 Income taxes paid	(43)	(43)
1.7 Government grants and tax incentives	48	48
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(872)	(872)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(197)	(197)
(d) investments	-	-
(e) intellectual property	(675)	(675)

¹ Cashflows are presented after the capitalisation of employee, contractor and other expenditure attributable to software development of \$0.675m.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	(1)	(1)
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	(873)	(873)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	900	900
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	900	900

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,123	5,123
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(872)	(872)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(873)	(873)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	900	900
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,277	4,277

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,497	4,239
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	1,780	880
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,277	5,119

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 ²	312
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>		

² *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	1,800	1,780
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	1,800	1,780
7.5 Unused financing facilities available at quarter end		20
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)	(872)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,277
8.3 Unused finance facilities available at quarter end (item 7.5)	20
8.4 Total available funding (item 8.2 + item 8.3)	4,297
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.93
<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 October 2022

Authorised by: The Board of Skyfii Limited
(Name of body or officer authorising release – see note 4)

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.