

# Positive cash flow delivered for 1H FY23

## Q2 FY23 Highlights

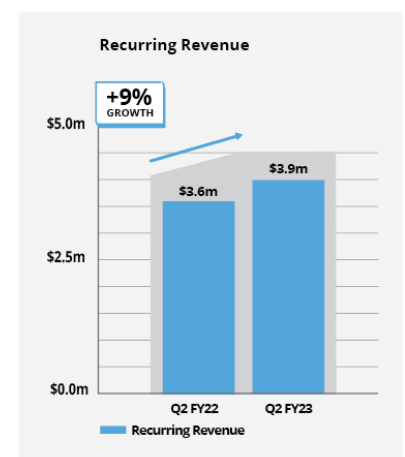
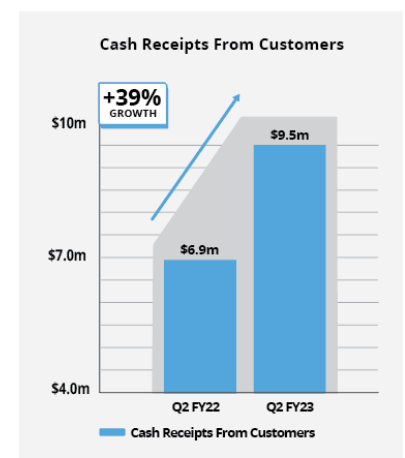
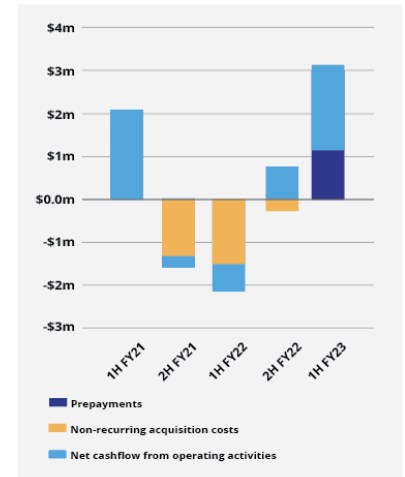
- Total Operating Revenues for **Q2 FY23 of \$5.7m**, down 5% pcp (Q2 FY22) and up 5% qoq (Q1 FY23)
- Recurring Revenues for **Q2 FY23 of \$4.0m**, up 10% pcp and up 4% qoq
- Quarterly **Cash Receipts from customers of \$9.5m**, up 38% pcp and up 49% qoq with a net cash inflow from operations of \$3.1m
- Strong cash receipts driven by collections of outstanding renewals across EMEA and North America and \$1.1m in upfront payments for non-recurring capital works
- **Cash at bank of \$6.6m**, up 55% qoq (\$4.3m as at 30 September)
- **Annualised Recurring Revenue (ARR)** for Q2 FY23 of **\$16.0m<sup>1</sup>**, \$2.2m in new contracted ARR to be delivered in 2H FY23
- **\$3.6m** in new business **Total Contract Value (TCV)<sup>2</sup>** converted during the quarter, \$6.7m in TCV delivered across 1H FY23.
- Initial three-year contract signed with McDonalds at Total Contract Value of **AU \$2 million** ([ref ASX release 8 November 2022](#))
- Continued positive momentum in the airport vertical in the northern hemisphere with over **AU \$2.8 million** in new contracts secured during the half ([ref ASX release 12 December 2022](#))
- Rolling 12 month pipeline includes over **\$26m of advanced stage deals**

## 1H FY23 Highlights

Cash receipts for **1H FY23 of \$15.9m**, up 44% on pcp (1H FY22), delivering a positive operating cash flow of \$2.2m

## Strong momentum to continue in 2H FY23

- **\$2.2m in incremental ARR** already contracted and to be delivered in 2H FY23
- Company remains on track to deliver >\$20m by the end of FY23
- Increasing adoption of LiDAR technology continues to drive **significant pipeline growth and conversion** across all regions
- Continued cost management and efficiency initiatives, including further offshoring and improved pricing margins
- The Company expects to deliver positive EBITDA in **2H FY23**



<sup>1</sup> Annual Recurring Revenue (ARR) based on monthly contracted recurring revenues as at 31 December 2022 multiplied by twelve months

<sup>2</sup> Total Contract Value 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.

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## Commenting on the December 2022 Quarter, Skyfii CEO & Managing Director Wayne Arthur said:



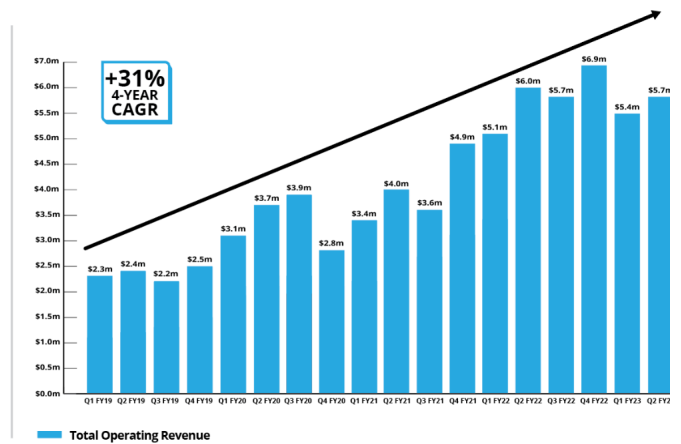
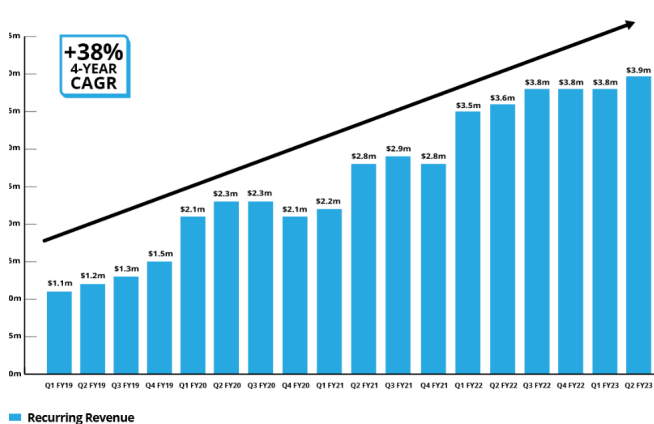
"I am pleased to present our shareholders with a positive net cash flow result in Q2 FY23 and to finish 1H FY23 with positive operating cash flows. The strong momentum is being driven by a number of recent contract wins, the benefits of cost-saving initiatives and further growth in our recurring revenue. We have begun to see the results of a renewed focus around three core verticals, namely airports, quick service restaurants and retail property.

Our Airport customer portfolio continued to grow significantly during the quarter with over AU \$2.8 million in airport contracts secured. We continue to build momentum in the quick service restaurants vertical, following the recently signed agreement with McDonald's in the USA and we successfully delivered new contracts in South Africa and the USA within the retail property sector with Taubman properties and the V&A Waterfront.

Our rolling 12-month deal pipeline now stands at over \$26m in advanced-stage deal value, which provides a solid revenue platform for the company in the second half as public venues including malls, stadiums, train stations and airports across the globe are increasingly relying on crowd analytics and occupancy management solutions to deliver real-time data to drive improved efficiency in their operations.

After originally providing guidance of delivering a cash flow break even during the 2H FY23, we are pleased to have delivered positive operating cash flow ahead of guidance and remain confident in continuing to deliver sustainable cash flow breakeven in 2H FY23 and beyond".

## Revenue Performance By Quarter



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## Key contract wins announced during the quarter

### McDonalds

During the quarter the Company announced that it had signed an agreement for the deployment of Skyfii's restaurant operations solution across an initial eight McDonald's (NYSE:MCD) restaurants in the USA ([ref ASX release 8 November 2022](#)). The initial three-year contract with a Total Contract Value of AU \$2 million will see Skyfii provide McDonald's with an industry first real-time whole of restaurant monitoring and analysis solution focused on improving restaurant operations, service efficiency, food freshness and customer satisfaction.

Skyfii is utilising LiDAR and thermal imaging technology as well as a bespoke algorithm to automatically categorise and analyse the movement of crew and customers across the twelve service channels throughout the restaurants. Engagement and deployment with McDonalds is progressing well with the solution currently live in four stores and advanced plans for deployment to a further four stores in 2HFY23.

### Continued Airport Vertical Growth

Skyfii continues to experience very strong demand for the Company's queue management product for ticketing and security checkpoints through our LiDAR based solutions within the airport and mass transit hub verticals. The Company's solutions allow airports to gain a complete view of passenger movement through their venue from the curbside all the way to the gate, delivering insights that improve the passenger experience and create efficiency in the airport operations to improve throughput and processing time. During 1H FY23 the Company signed several key contracts in the global airports vertical with a combined total contract value of AU \$2.8m million including with Phoenix Sky Harbour International Airport, Newark Liberty International Airport and Miami International Airport. ([ref ASX release 12 December 2022](#))

The momentum in the travel vertical demonstrates strong buying conviction from both existing and new airport customers to deploy Skyfii's market leading queue management and passenger flow solutions.

### Notable new contracts this quarter

Included Newark International Airport (USA), Erina Fair Shopping Centre (APAC), Stadiums Queensland (APAC), Victoria & Alfred Waterfront (South Africa), Taubman Properties (USA), Rockefeller Center NY (USA)

### Notable renewals this quarter

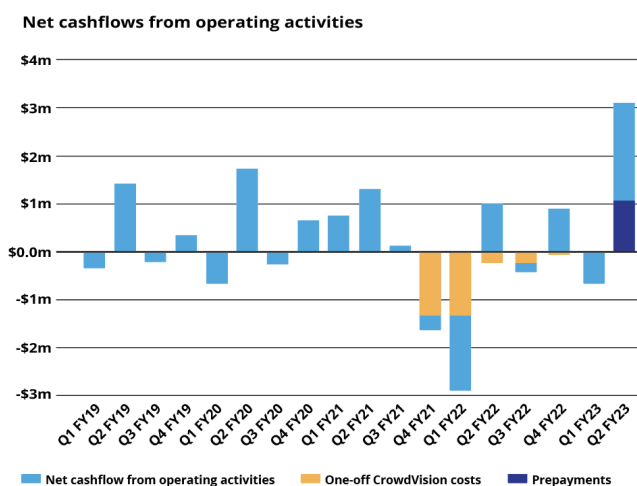
Included Metro Washington Airports (USA), Woolworths (South Africa), Autostrade (EMEA), TJ Morris (EMEA), Nando's UK (EMEA), Somerset CCC (EMEA)

## Net Cash Flow from Operating Activities

In Q2 FY23 the Company generated a cash inflow from operating activities of \$3.1m, which was exclusive of the impacts of capitalisation of employee, contractor and other expenditure attributable to software development.

Net cash increased during the quarter primarily due to:

- Collections of outstanding annual renewals across EMEA and North America. As previously disclosed, Skyfii had experienced delays in the collection of payments associated with these renewals due to extended holiday periods in these regions.
- Skyfii received approximately \$1.1m in upfront payments for capital works received in December. Revenue and costs associated with the upfront capital deals will be recognised in the profit and loss statement in 2HFY23.



The Company delivered 1H FY23 positive operating cash flow of \$2.2m (inclusive of upfront payments for capital works). Even when the impact of one-off upfront payments are excluded, the Company still delivered positive operating cash flow for the half, reflecting the growing leverage and improved profitability of our business.

## Cash Position

The Company reported \$6.6m of cash as at 31 December 2022 (\$4.3m at 30 September 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 \$6.6m of available cash provides the Company with sufficient capital flexibility to execute on our stated growth initiatives and we maintain our guidance to deliver continued cash flow breakeven in the 2H FY23.

## 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 fees for Non-Executive Directors. No other payments were made to any related parties or their associates of the entity.

During the quarter, Ms Susan O'Malley stepped down as non-executive Director on 15th November 2022, after joining the Board in September 2018.

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Mr Bob Alexander was appointed Chairman of Skyfii on 30th December 2022, replacing Mr Andrew Johnson who retired as both Chairman and as a Non-Executive Director.

Mr Alexander, who was previously appointed to the Skyfii Board of Directors on 1 July 2022, is an experienced Non-Executive Director, previously holding board and advisory roles in the technology, intellectual property and digital media and advertising industries.

## Outlook

Whilst our ARR growth has been relatively flat over the last two quarters, recent deal conversion has resulted in a significant uplift to operating revenue and ARR in the 2H FY23. Q3 FY23 is currently performing very well with total operating revenue already pacing 20% ahead of Q2 FY23.

Having delivered a positive cash flow performance in 1H FY23, well ahead of guidance and with strong ARR momentum already into 2H FY23, the Company remains on track to meet its guidance of achieving an FY23 exit ARR of >A\$20m and to maintain a sustainable cash flow breakeven position during 2H FY23. The Company also expects to deliver positive EBITDA in **2H FY23**.

Specific areas of focus for the Skyfii team throughout the remainder of FY23 include:

- Continued business development focussed on key verticals, specifically airports, stadiums, retail and quick service restaurants
- Continued cash management and efficiency initiatives, including offshoring of talent, to deliver material cost savings and to maintain margins
- Delivery of contracted recurring revenue from the high level of implementation revenue delivered in 1HFY23
- The company expects to announce new contracts in the airport, stadium and retail verticals in 2H FY23

## About Skyfii

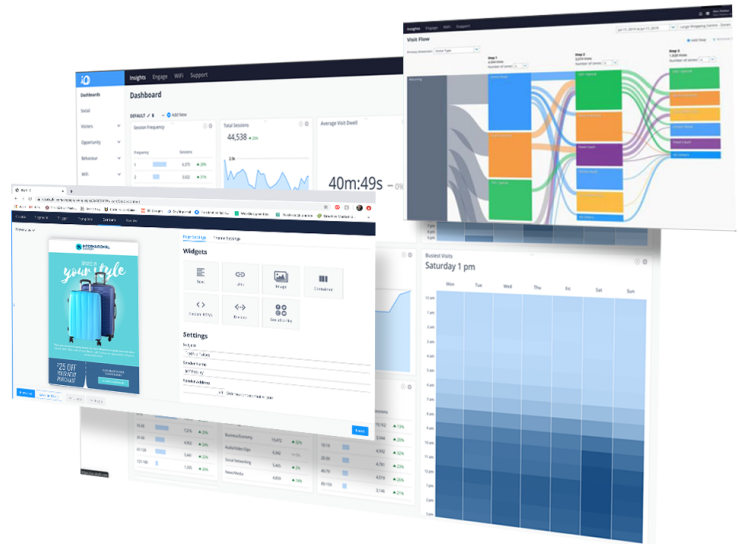
Skyfii helps organisations activate the power of their data through technology & human ingenuity, to find new ways to optimise the spaces where we live, work, shop, travel & play.

Skyfii's IO platform unifies your data points one proprietary platform to give you the in needed to solve the complex challenges of 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 Board.

Learn more at [www.skyfii.io](http://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 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	9,491	15,862
1.2 Payments for <sup>1</sup>		
(a) research and development	(13)	(24)
(b) product manufacturing and operating costs	(1,568)	(3,327)
(c) advertising and marketing	(290)	(630)
(d) leased assets	-	-
(e) staff costs	(3,437)	(7,513)
(f) administration and corporate costs	(1,028)	(2,071)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	23
1.5 Interest and other costs of finance paid	(43)	(70)
1.6 Income taxes paid	(40)	(83)
1.7 Government grants and tax incentives	34	82
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>3,120</b>	<b>2,248</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(181)	(378)
(d) investments	-	-
(e) intellectual property	(704)	(1,379)

<sup>1</sup> Cashflows are presented after the capitalisation of employee and contractor costs to software development of \$1.379m for 1H-FY2023.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	5	5
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(879)</b>	<b>(1,753)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	75	75
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	20	920
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>95</b>	<b>995</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,277	5,123
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,120	2,248



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(879)	(1,753)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	95	995
4.5	Effect of movement in exchange rates on cash held		-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,613</b>	<b>6,613</b>

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	4,813	2,497
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	1,800	1,780
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,613</b>	<b>4,277</b>

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 <sup>2</sup>	376
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

*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.*

<sup>2</sup> \*Salaries and Director fees for Executive and Non-Executive Directors

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7. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	1,800	1,800
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 <b>Total financing facilities</b>	<b>1,800</b>	<b>1,800</b>
7.5 <b>Unused financing facilities available at quarter end</b>		0
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. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	3,120
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,613
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	6,613
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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: 30 January 2023

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.