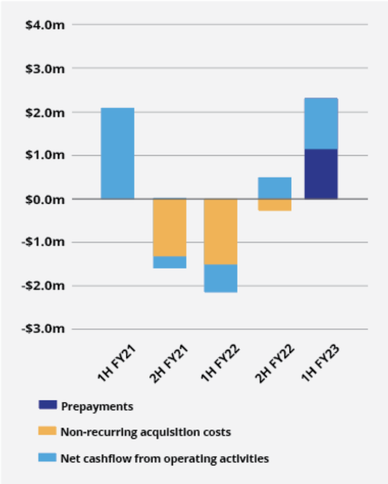
ASX: SKF | 28 February 2023

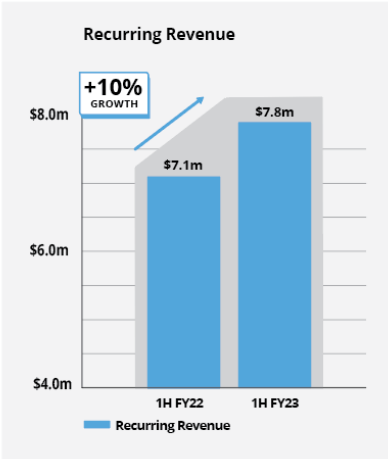


# Positive cash flow with strong ARR momentum

## 1H FY23 Highlights

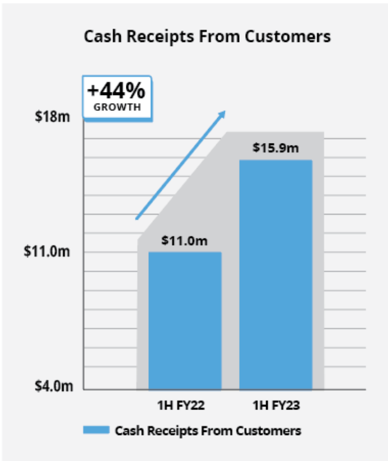
- Positive operating cash flow of $2.3m delivered in 1H FY23
- Total Operating Revenues for 1H FY23 of $11.2m, an increase of 0.7% vs pcp (1H FY22)
- Recurring Revenues for 1H FY23 of $7.8m, an increase of 10% vs pcp
- Cash receipts for 1H FY23 of $15.9m, up 44% on pcp
- Strong cash receipts driven by 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 29% vs $5.1m as at 30 June 2022
- Annualised Recurring Revenue (ARR) for 1H FY23 of $16.0m[1], $2.2m in new contracted ARR to be delivered in 2H FY23
- $6.7m in new business Total Contract Value (TCV)[2] delivered across 1H FY23
- Rolling 12 month pipeline includes over $26m of qualified sales pipeline




## Outlook

- Strong ARR momentum already in 2H FY23 with $2.2m in incremental ARR already contracted and set to be delivered in the period
- Company remains on track to deliver ARR of >$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




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

2 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 first half results, Skyfii CEO & Managing Director Wayne Arthur said:

*"Skyfii delivered positive cash flow in 1H FY23, well ahead of guidance and with strong ARR momentum already into 2H FY23. I am pleased to confirm that we remain on track to meet our guidance of achieving ARR of over $20m in FY23, while maintaining sustainable cash flow breakeven position during the second half of the financial year. We also expect to deliver positive EBITDA in 2H FY23.*

*Our confidence is driven by the strong momentum that is continuing into 2H FY23 as recent deal conversions are delivering significant uplift in operating revenues. This, together with our ongoing cost management, efficiency initiatives and strong pipeline will provide Skyfii with operating leverage during FY23.*

*In 2H FY23, our key objective will be on continued business development focussed on key verticals, specifically airports, stadiums, retail and quick service restaurants while delivering recurring revenue from new contracts announced in 1H FY23."*

## Financial Summary

During the half-year ended 31 December 2022 (1H FY23), the Group generated total revenues of $11.2m, up 0.7% on the prior corresponding period (1H FY22).

Total operating expenses excluding depreciation, amortisation, non-cash share based payments and finance costs declined 5.8% vs pcp to $12.8m as the company continued to focus on cost saving initiatives. Our offshoring strategy to unlock access to a larger talent pool and the opening of an Engineering and Operations centre in Portugal continue to progress. These initiatives will set the company up for long term, sustainable and cost-effective scale moving forward and are expected to generate $1.6m in annualised cost savings by the end of CY2024.

The Company reported an operating EBITDA loss of $1.7m (1H FY22: $1.6m) and net loss after tax of $6.1m (1H FY22: $6.3m).

Skyfii delivered positive operating cash inflows for 1H FY23 of $2.2m (1H FY22: $2.1 outflows). Net cash increased during the half-year 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 2H FY23.

Furthermore, 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 outflows from investment activities were $1.8m (1H FY21: $1.5m outflow) including an investment of $1.4m in software development comprising predominantly direct employee costs and external developer costs.

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## Cash Position

The Group's cash balance as at 31 December 2022 was $6.6m (vs $5.1m as at 30 June 2022).

The Company has a $1.8m 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.

## Outlook

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 it's guidance of achieving an FY23 exit ARR of >$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


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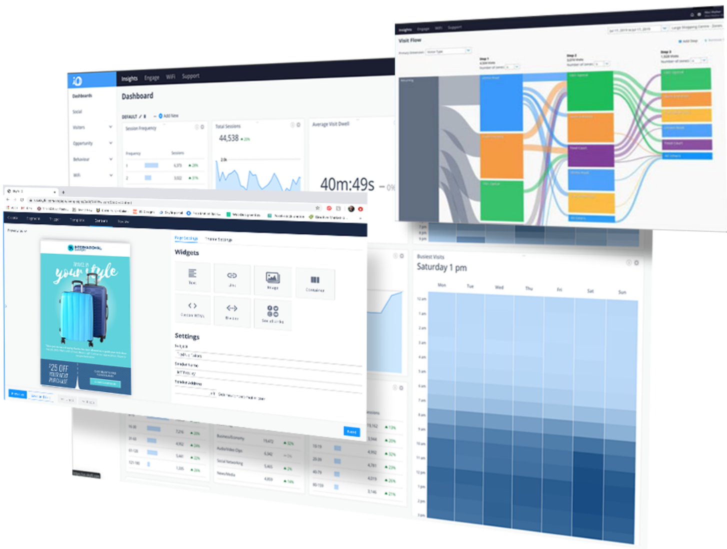
## About Skyfii

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 or follow Skyfii updates at https://au.linkedin.com/company/skyfii

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