



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

use only



# EXECUTIVE SUMMARY

## STRATEGIC REVIEW & OPERATING MODEL TRANSFORMATION

- The Board of Skyfii has undertaken a strategic review, and is implementing numerous initiatives including an operating model transformation and a restructure of the cost base
- Focus on high margin, scalable verticals of retail & retail property, major transport hubs, sporting stadia & events and quick service retail (QSR).
- Reduce headcount cost by 12% through improved efficiencies
- Business model transformation to deliver greater efficiencies to generate improved and sustainable cash flows

## 4Q FINANCIAL & OPERATIONAL PERFORMANCE

- Recurring Revenues for Q4 FY23 of \$4.2m, up 10% pcp and up 5% qoq
- Annualised Recurring Revenue (ARR) for Q4 FY23 of \$17.0m (in line with guidance), up 6% qoq with uplift in recurring revenue expected to accelerate in 1H FY24
- FY23 the Company generated \$0.95m of net cash from operating activities
- Positive Underlying EBITDA\* of \$6k delivered in 2H FY24 in line with guidance

## OUTLOOK

- Operating model transformation to result in return to positive free cash flow in 2H FY24
- Company to continue its focus on furthering its AI capabilities and delivering new SaaS revenue opportunities
- Return to accelerated ARR growth in FY25 with operating leverage to generate significant earnings growth and sustainable free cash flow in FY24

\*Underlying EBITDA refers to earnings before interest, tax depreciation, amortisation, non-cash share based payments and non-recurring costs, primarily employee related restructure costs.  
Note: FY23 financial results unaudited

# Transformation to Drive Sustainable Earnings Growth

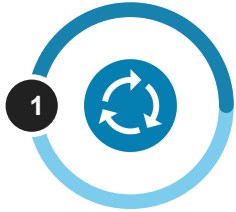
<b>Strategic Review</b>		<p>Skyfii's Board has undertaken a strategic review and is implementing various initiatives to pursue the growth opportunities across its core verticals of travel hubs, quick service retail (QSR), retail and commercial property. The Company also reviewed its internal business to reset its operating cost and achieve greater efficiencies to generate improved and sustainable positive cash flows.</p>
<b>Operating Model Transformation</b>	<b>Focused Growth</b>	<ul style="list-style-type: none"> <li>• Focus on high margin, scalable verticals of retail &amp; retail property, major transport hubs, sporting stadia &amp; events and quick service retail (QSR).</li> <li>• Those 4 verticals accounted for 78% of TCV won in FY23</li> </ul>
	<b>Non core technology retirement</b>	<ul style="list-style-type: none"> <li>• The company is retiring non-core legacy products</li> <li>• The retirement will put at risk approximately \$0.6m in annualised recurring revenue.</li> <li>• Revenue associated with these products is low margin, and as such will have limited impact on cash flow.</li> </ul>
<b>Cost Out initiatives</b>	<b>Streamlining resources</b>	<ul style="list-style-type: none"> <li>• Streamlining sales &amp; marketing resources to deploy key resources to core growth verticals.</li> <li>• Greater engineering focus on tooling automation to continue AI development initiatives &amp; accelerate deployment timelines and ARR commencement.</li> </ul>
	<b>Headcount cost reductions</b>	<ul style="list-style-type: none"> <li>• Efficiency strategies to reduce headcount costs by approximately 12%.</li> <li>• Transfer of specific support and operations resources to newly established lower cost operating hubs in the Philippines and Portugal.</li> </ul>
<b>Financial Growth</b>		<ul style="list-style-type: none"> <li>• Operating model transformation to result in return to positive free cash flow<sup>2</sup> in 2H FY24.</li> <li>• Return to accelerated ARR growth in FY25 with operating leverage to generate significant earnings and sustainable free cash flow.</li> </ul>

<sup>1</sup> Operating EBITDA excludes extraordinary one off costs related to restructuring and rebranding activities.

<sup>2</sup> Free cash flow is the operating cashflow adding back any adjustments for capitalised labour however excludes investment & financing cashflow.

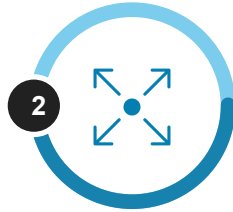
# TRANSFORMATION STRATEGY

## Accelerated earnings & revenue growth



### Consolidate Operating regions

- ~\$1.8m in headcount cost reductions attributed to non core technologies (effective 1st July 23)
- Expansion of lower cost operating hubs to reduce operating costs but increase bandwidth and scale



### Focus Core products/core verticals

- Retire non core technologies
- Focus resources on high margin products
- Sales and marketing focus consolidated into core products and verticals
- Accelerate AI product releases



### Grow Sales & Marketing

- Reorganise Sales team structure & strengthen sales force
- Scale Service Delivery functions to support additional delivery bandwidth
- Expand Marketing function in lower cost operating hub, key focus on driving high quality leads & conversion
- Accelerate both ARR & Earnings growth in FY24



### Alignment Senior leadership

- Regional and functional refocus by role
- Focusing of functional coverage to ensure accountability & ownership
- Senior leadership hires to complement skills gaps

# PRODUCT VISION

## Enabling the Future of Intelligent Places

The  Platform

### IO Connect

Integration & Automation Marketplace

### IO Insight

AI-driven Analytics & Processing Engine

### IO Engage

Intelligent Customer Data Platform



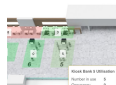
Integration of  
intelligent  
data solutions



Smart integration  
& automation UI



Domain specific  
AI analytics (e.g  
abstractions,  
simulations, predictions)



High-context  
spatial mapping tools,  
e.g. 4D



Predictive &  
prescriptive reports



Customer Data  
Platform (CDP)



ML Targeting &  
Dynamic  
Content Tools

## AI OVERVIEW

Skyfii have been researching and developing AI solutions for venue operators for 6+ years.

These solutions enable businesses to utilize AI to;

- **Drive revenue growth**
- **Reduce operating costs**
- **Improve health, safety and security**

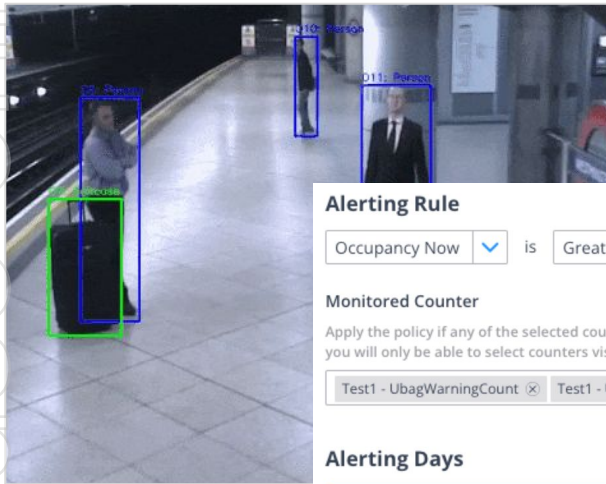
### AI Snapshot: Some of Skyfii's current AI capabilities

<b>Sales Forecasting</b>	Predictive analytics for sales conversion based on environmental conditions such as weather, sales events etc.
<b>Object detection / classification</b>	Deep learning algorithms to detect and classify objects, particularly in high density areas
<b>Crowd surge detection</b>	Models to predict likely surge event and locations
<b>Queue / Wait time predictions</b>	Informing customers on operators of predictive queue times to improve experience and reduce staffing costs
<b>Predictive Journey Planning</b>	Informing customers of likely journey times well into the future
<b>Advanced Audience Segmentation</b>	ML algorithms to determine how an individual's interests change over time
<b>Anomalous behavior detection</b>	Identifying anomalous behaviours such as run detection, left bag detection to create safer spaces.
<b>Next Best Activity</b>	Predicting a customer's journey based on the likely next leg in that journey
<b>Sentiment Language Model</b>	Learning models to interpret meaning from text based input such as social media to validate against physically observed behaviors

# RECENT AI EXAMPLES

## Unattended Bag Detection

The ability to detect unattended baggage, monitor levels and trigger alerts as an aid for security and operations teams.



### Alerting Rule

Occupancy Now  is Greater than  0 for 1 minute(s)

### Monitored Counter

Apply the policy if any of the selected counters meet the condition. Once the policy is created, you will only be able to select counters visible to the policy creator.

Test1 - UbagWarningCount  Test1 - UbagWarningQueue

### Alerting Days

Mon Tue Wed Thu Fri Sat Sun

## Benefits / Value

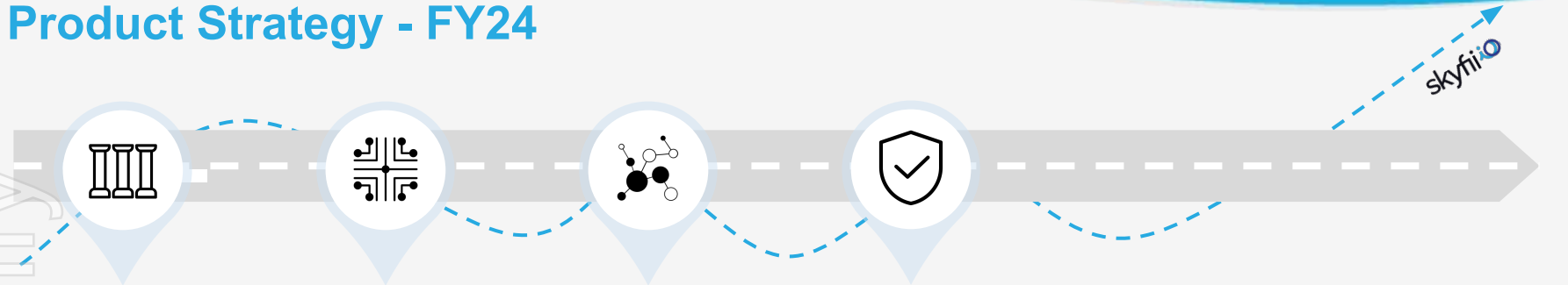
- Create a safe environment for customers
- Improve customer experience through expedited customer response
- Reduce staffing costs needed for manual observations

## Market Opportunity

- Any transport hub, event operator or hotel in the world with existing security cameras



# Product Strategy - FY24



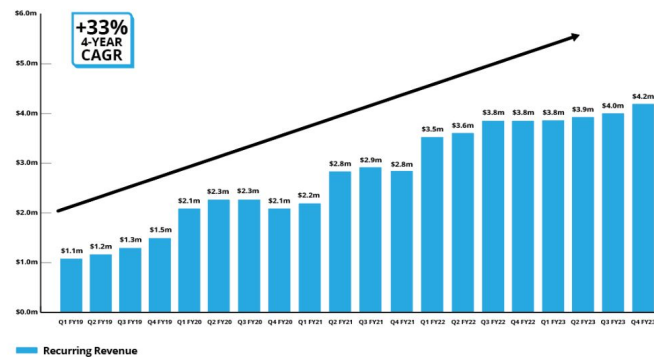
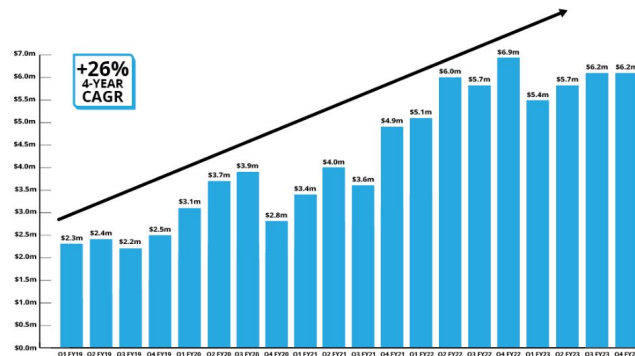
Roadmap (BUILD)				Product Marketing (LAUNCH)	
<p><b>Foundations</b> <i>for scale</i></p> <p>Creating the building blocks for scale</p> <ul style="list-style-type: none"> <li>Building flexibility in the platform to rapidly roll-out product solutions.</li> <li>Supporting internal &amp; external users to self-serve, and curate their solutions.</li> </ul>	<p><b>Data</b> <i>diversification</i></p> <p>Fusing both physical and digital data sources.</p> <ul style="list-style-type: none"> <li>Solving new problems with diverse technologies</li> <li>Driving revenue through increases in data integrations.</li> </ul>	<p><b>AI</b> <i>innovation</i></p> <p>Building higher value products with AI:</p> <ul style="list-style-type: none"> <li>Increasing users value through AI leadership for places</li> <li>Creating upsell opportunities through new product propositions</li> </ul>	<p><b>Security, Privacy</b> <i>by design</i></p> <p>Building stronger security foundations to better serve clients:</p> <ul style="list-style-type: none"> <li>Meeting contractual and regulatory requirements</li> <li>Addressing external pressure and demands.</li> </ul>	<p><b>GTM</b> <i>enablement</i></p> <p>Penetrate core markets with targeted GTM programs</p> <ul style="list-style-type: none"> <li>Introduce new capabilities with benefit / ROI driven impact</li> <li>Improve marketing, sales capability with enablement programs and better GTM processes.</li> </ul>	<p><b>Adoption</b> <i>to retain</i></p> <p>Reinforce value to retain customers</p> <ul style="list-style-type: none"> <li>Drive renewals - Ensure platform is sticky and top of mind</li> <li>Lower cost to serve with Customer Engagement programs, Self-service</li> </ul>



# FINANCIAL & OPERATING HIGHLIGHTS

# QUARTERLY PERFORMANCE SUMMARY

	Q4 FY23 <sup>1</sup>	Q3 FY23 <sup>1</sup>	QoQ	PCP <sup>3</sup>
Total Operating Revenue	\$6.2m	\$6.2m	1%	-9%
Recurring Revenue	\$4.2m	\$4.0m	5%	10%
ARR <sup>2</sup>	\$17.0m	\$16.0m	6%	6%
Cash at Bank	\$3.8m	\$5.4m	-30%	-26%
Net Operating Cash Flow	-\$0.8m	-\$0.5m	-	-
Cash Receipts	\$5.2m	\$6.0m	-13%	-18%



<sup>1</sup> Q4 FY23 financial results unaudited

<sup>2</sup> Annual Recurring Revenue (ARR) based on monthly contracted recurring revenues as at 30 June 2023 multiplied by twelve months

<sup>3</sup> PCP is Previous corresponding period which is Q4 FY22

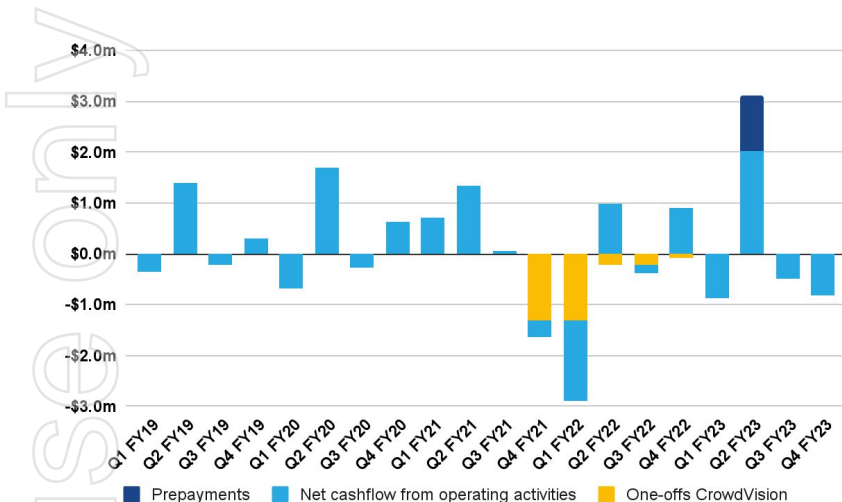
## KEY PERFORMANCE METRICS

	FY20	YoY	FY21	YoY	FY22	YoY	FY23 <sup>1</sup>	PCP
<b>Total Operating Revenue</b>	\$13.5m	<b>+44%</b>	\$15.9m	<b>+18%</b>	\$23.6m	<b>+49%</b>	\$23.5m	<b>0%</b>
<b>Recurring Revenue</b>	\$8.8m	<b>+72%</b>	\$11.3m	<b>+27%</b>	\$14.6m	<b>+30%</b>	\$15.9m	<b>+9%</b>
<b>ARR</b>	\$10.0m	<b>+67%</b>	\$14.0m	<b>+40%</b>	\$16.0m	<b>+14%</b>	\$17.0m	<b>+6%</b>
<b>True Gross Margin<sup>2</sup></b>	66%	-	64%	-	58%	-	56%	-
<b>Churn</b>	2%	-	4%	-	4%	-	6%	-

<sup>1</sup> Q4 FY23 financial results unaudited

<sup>2</sup> True Gross Margin is inclusive of both cost of sales and project delivery team labour cost

## NET CASH FLOW FROM OPERATING ACTIVITIES



In Q4 FY23 Skyfii generated a cash outflow from operating activities of \$0.8m, which was exclusive of the impacts of capitalisation of employee, contractor and other expenditure attributable to software development. The cash outflows in Q4 is a result of a seasonally lower number of projects billed during the quarter.

**For FY23 the Company generated \$0.95m of net cash from operating activities.**

# NEW CONTRACT WINS

## 47%

TCV Contracted in Airports

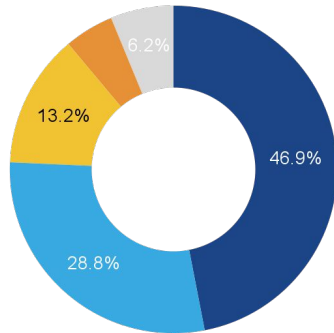
## \$4.4m

TCV Contracted in Q4 FY23

## 65%

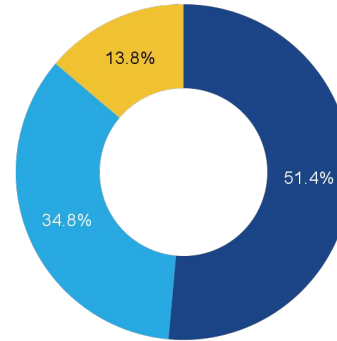
TCV Contracted outside of APAC

By Vertical



● Travel Hub 
 ● Retail Property 
 ● Government & Cultural Venues 
 ● Retail 
 ● Other

By Region



● AMERICAS 
 ● APAC 
 ● EMEA

# SKF extends partnership with London Heathrow

Contract secured for the upgrade and expansion of Skyfii's **industry-leading LiDAR technology at London Heathrow Airport** on a multi-year contract.

The **total contract value in excess of A\$1.8m** presents an expansion to existing services provided across London Heathrow Airport

The contract with London Heathrow Airport will see the deployment of bleeding edge **LiDAR sensor technology across T2 Check-In, T4 Check-In and T5 Immigration.**

Skyfii's technology will allow London Heathrow to leverage advanced capabilities including ultra-live people flow mapping, auto queue detection and integration with multiple third-party data sets, including Heathrow's own flight database.

London Heathrow is ranked **number one in Europe** by number of passenger journeys.



# Continued Demand in the Global Airport Sector

## Improved Experience, Safety and Security

- Predict and respond to congestion
- Identify, validate and remediate zones with low passenger sentiment
- Maintain compliance with policy, regulatory and legislative controls
- Real-time staff alerting for efficient incident response

## Increase revenue, decrease operating costs

- Demand forecasting & capacity planning (workforce and asset)
- Increase Advertising yield with rich audience data
- Move passengers efficiently through the terminal into retail zones

## Significant global demand

Significant upside from the Company's existing airport portfolio as Skyfii's technology deployments have to date been limited to one or a select number of terminals, check-in halls or security checkpoints.

The addressable market within the existing customer base is highly material as airports look to improve passenger flow analytics to measure and manage the entire passenger 'curb to gate' experience.





# Key Contract Wins & Renewals

## Notable new contracts this quarter

- London Heathrow Airport (EMEA)
- Austin Bergstrom International Airport (USA)
- Detroit Metro International Airport (USA)
- The Hajj (EMEA)
- The Oasis (APAC)
- Landsec (EMEA)
- Erina Fair Shopping Centre (APAC)
- National Gallery of Australia (APAC)

## Notable renewals this quarter

- City of Melbourne (APAC)
- Waverley Council (APAC)
- Wembley Stadium (EMEA)
- Somerset CCC (EMEA)
- Shopping Itaguacu (AMERICAS)

## McDonald's update

Skyfii has received a notification from Halverson Group that it wishes to terminate the current Scope of Work relating to the deployment of Skyfii services at 4 McDonalds restaurants in the USA (refer ASX release 7 November 2022). The Company is currently negotiating the termination documentation with Halverson Group which it expects will be finalised later this month and effective from that date onwards. This is anticipated to have a negative impact of approximately \$350,000 to the Company's annual recurring revenue in FY24.

# FUTURE OUTLOOK

## \$33m in Qualified Deal Pipeline

- 70% of sales opportunities in the pipeline are outside of APAC
- >29% of pipeline has been generated in the last 3 months
- \$15.8m in TCV converted from pipeline to contracts in past 12 months
- Airports and Retail Property vertical make up 65% of the pipeline

### 12-Month Rolling Pipeline



<sup>1</sup> Client Evaluation - a proof of concept, the customer understands the value proposition of the offering and is expressing interest to proceed but requires more time to evaluate or requires internal budget approval on the proposal before proceeding any further

<sup>2</sup> Contract Negotiation - sales have firming up pricing and issued it to the customer, the customer has provided an indication that they wish to proceed and we are in the process of negotiating the final commercial terms

<sup>3</sup> Committed - the customer has committed to the commercial terms in writing but is not ready to be invoiced yet

## OUTLOOK

### Specific Areas of Focus for the Skyfii Team Include:



Focussed growth on core high margin, high growth verticals, specifically airports, stadiums, retail and quick service restaurants - especially within our current portfolio (land & expand)



Conversion of \$33m in qualified stage deal pipeline



Ongoing cash management and efficiency initiatives, including accelerated offshoring of certain functions, to deliver operating cost savings throughout FY24



Continued investment into new product development, including our existing AI capability, to expand end uses for our core technology and drive new ARR growth



Acceleration of our marketing investment into core roles to drive higher quality leads and improved conversion rates, increase market share, drive brand awareness and customer acquisition



Targeting return to free cash flow positive in 2H FY24, accelerated ARR growth in FY25 with operating leverage to generate significant earnings growth and sustainable free cash flow

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## Board and Senior Management



**Bob Alexander**  
Chairman & Non-Executive  
Director

Bob Alexander is an experienced non-executive director, previously holding board and advisory roles in the technology, intellectual property and digital media and advertising industries. Bob was previously a non-executive director and chairman of the Audit & Risk Committee for former ASX-listed software company, The Citadel Group Limited.



**Wayne Arthur**  
Chief Executive Officer &  
Executive Director

Wayne is CEO and Co-founder of Skyfii. He has a longstanding career in the outdoor media sector in senior managerial roles for companies such as Titan Media Group and EYE Corp. Responsible for the delivery of key contracts and partnerships for the Skyfii business to date, including the setup of international partnerships in North America, Europe, South Africa and Brazil.



**Kirsty Rankin**  
Non-Executive Director

Kirsty Rankin is an experienced senior executive in the data-driven digital marketing sector and was most recently senior vice-president Product Development, Data and Services for Mastercard. Prior she was joint-CEO of Pinpoint Pty Ltd a leading Asia-Pacific loyalty and marketing company with more than 500 employees, six regional offices and a range of blue-chip clients that included Qantas, Westpac and Telstra.



**Mark Devadason**  
Non-Executive Director

Mark Devadason has more than 30 years of international banking and leadership experience across corporate, private banking and broad-based sustainability work. Marks' experiences include CEO and leadership roles in wholesale banking across Oceania and Asia Pacific.. Mark is also a Non-Executive Director of Melbourne based mutual bank, Bank First and an executive coach and mentor with Stephenson Mansell Group.



**John Rankin**  
Chief Operating Officer &  
Executive Director

Prior to joining Skyfii, John Rankin worked at GPT Group where he held two director-level positions. Before GPT, John spent five years in the United Kingdom at an out-of-home media company, oOh Media, as general manager. He is a Member of the Australian Institute of Company Directors and a committee member of the Property Council Academy of Australia.

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