

ASX: SKF

28th April 2022

## SKYFII DELIVERS 30% RECURRING REVENUE GROWTH & SIGNALS CASH FLOW BREAK-EVEN

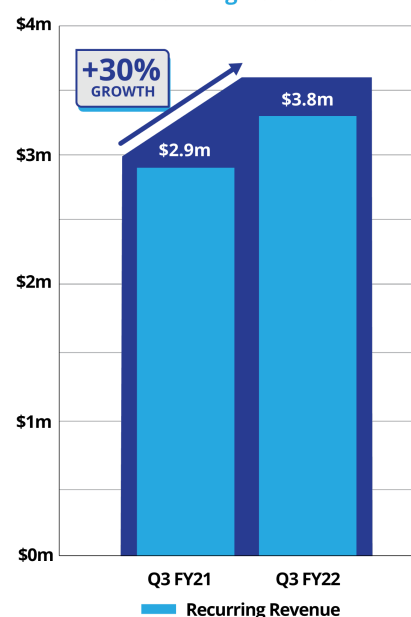
### Q3 FY22 Highlights

- Total Operating Revenues for Q3 FY22 of \$5.7m, up 59% on pcp
- Recurring Revenues for Q3 FY22 of \$3.8m, up 30% on pcp
- Quarterly Cash Receipts from customers of \$6.2m up 54% on pcp, inclusive of R&D tax rebate
- Net cash used in operating activities of \$0.4m, due to timing of the working capital cycle and a continued investment in growth initiatives to drive profitable revenue growth and operating leverage in FY23 and beyond
- Cash at bank of \$5.0m as at 31 March 2022 with access to \$2m loan facility, which remains undrawn
- Proforma Annualised Recurring Revenue (ARR) exited Q3 FY22 at \$15.4m<sup>1</sup>
- \$2.8m in Total Contract Value converted during the quarter
- Rolling 12 month pipeline includes over \$32m of advanced stage deals

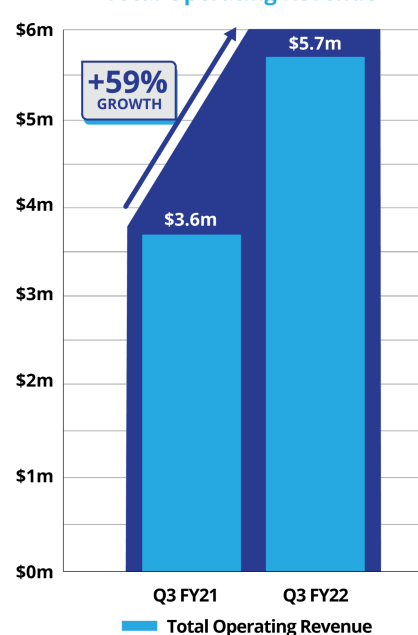
### Outlook

- Continued business development focussed on key verticals including airports, stadiums, retail properties and quick service restaurants
- Increasing adoption of advanced behavioural intelligence technology solutions such as LiDAR continues to drive a strong pipeline across all regions
- The Company reconfirms that 2H FY22 revenues will exceed the record levels achieved in 1H FY22
- The Company's investment for growth is set to normalise further over the remainder of FY22
- Operating cash flow is expected to improve significantly during Q4 FY22 and the Company expects to achieve a sustainable cash flow breakeven position during FY23

Recurring Revenue



Total Operating Revenue



<sup>1</sup> Annual Recurring Revenue (ARR) based on contracted recurring revenues as at March 2022, inclusive of temporary suspensions as a result of COVID-19 and contracted revenues from the acquisition of CrowdVision announced 6 April 2021.

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

*"I am delighted to report another strong revenue result and to see the Company exit the March quarter with an Annualised Recurring Revenue of \$15.4m. Our recurring revenue has grown 30%, and our Total Operating revenue is up 59% over the past year. This continued revenue growth is a reflection of our industry leading technology and data solutions as well as the increasing global focus on crowd analytics, occupancy management which continue to generate strong interest in all regions.*

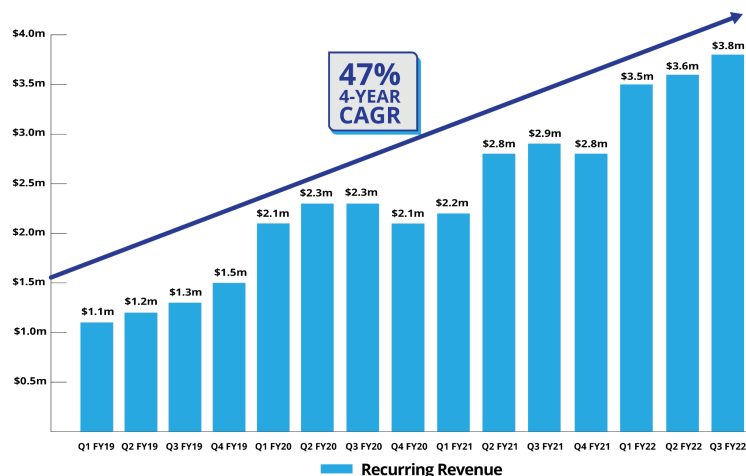
*The long term and sustainable value provided by our solutions is reflected in our customer churn rate of <4% and our rolling 12 month deal pipeline, which now stands at over \$32m in advanced stage deal value.*

*The 2022 financial year has been a period of investment in our people, platforms and technology to deliver scalable and long term growth, particularly into our International markets. We have focussed on balancing that investment with financial discipline to ensure we can continue to deliver the growth funded by our own cash generation and our strong balance sheet.*

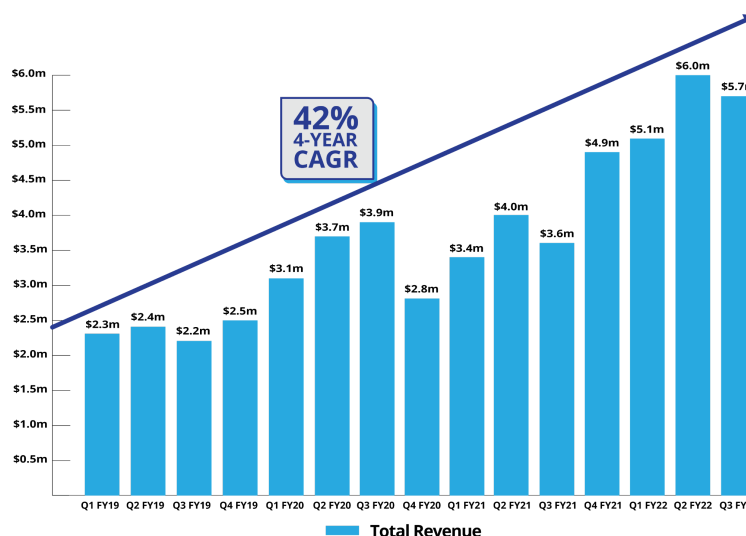
*During the year we have invested into our sales, marketing and customer support functions, particularly in our international operations. Finally, based on our current pipeline and growth trajectory we expect that the Company will achieve a sustainable cash flow breakeven position during FY23."*



**Recurring Revenue**



**Total Operating Revenue**



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## Cash Position

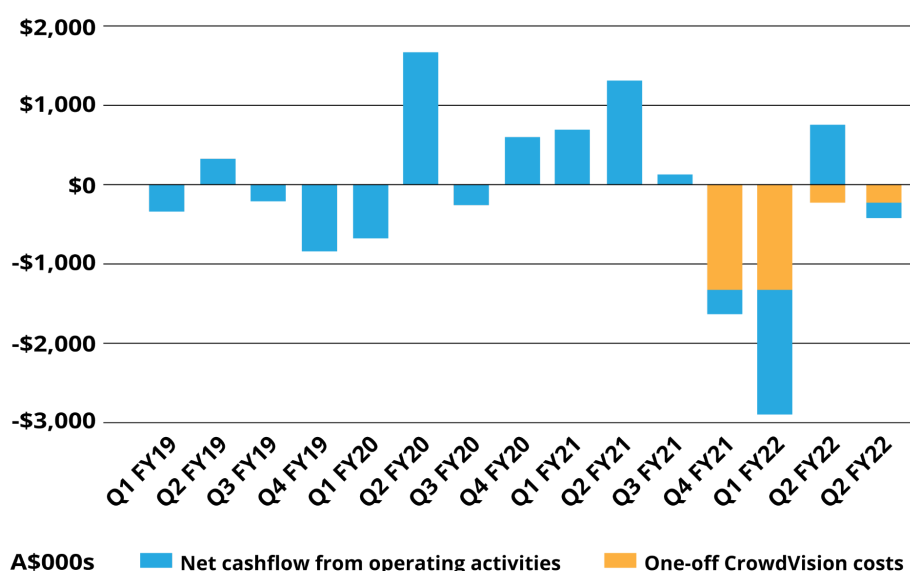
The Company maintained a strong balance sheet with \$5.0m of cash as at 31 March 2022 (\$5.4m at 31 December 2021). In addition, Skyfii has access to a \$2m loan facility, which remains undrawn.

## Net Cash Flow from Operating Activities

The Company had a net cash outflow from operating activities of \$0.4m. The cash outflow for the quarter was driven by:

- **Settlement of CrowdVision Acquisition** - A \$210k payment for the acquisition of CrowdVision as previously disclosed. 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, \$220k in Q2 FY22 and \$210k in Q3 FY22. A final payment of \$70k is due in Q4 FY22.
- **Project delivery timeframes** - timing of cash receipts predominantly relating to capital works projects were delayed and shifted into the following quarter.
- **Investment in growth initiatives** - During the quarter the Company continued to invest in global headcount. The investment was predominantly into sales and distribution and is expected to deliver meaningful earnings growth in FY23 and beyond.

### Cash Flows from operating activities<sup>1</sup>

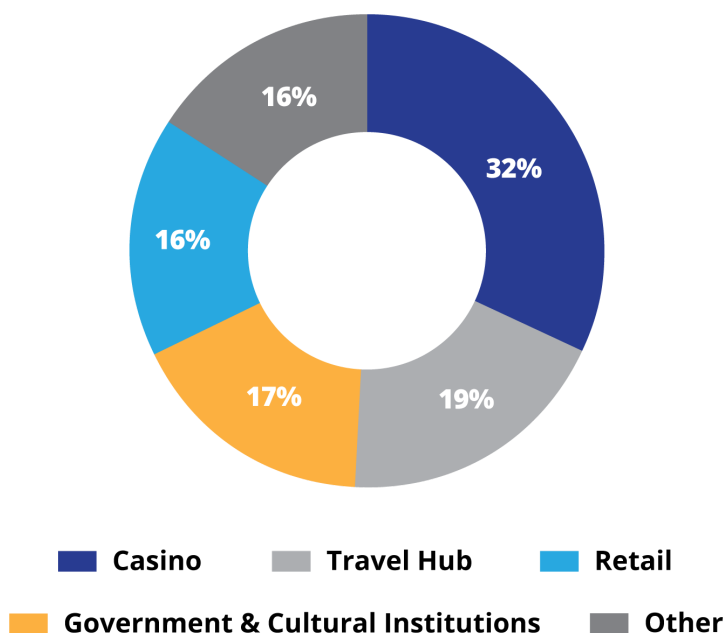


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## Strong Quarter of New Contract Wins and Renewals

The Company delivered a number of contract wins in the quarter across a range of geographies and verticals, delivering a **Total Contract Value of over \$2.8m**.



## 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

- The Company reconfirms that 2H FY22 revenues will exceed the record levels achieved in 1H FY22
- The Company's cost base is set to normalise further over the remainder of FY22 and we expect to achieve a sustainable cash flow breakeven position in FY23
- Our focus remains on expansion in the rapidly growing North America and EMEA regions
- Continued business development focus on key verticals including airports, stadiums, grocery and quick service restaurants

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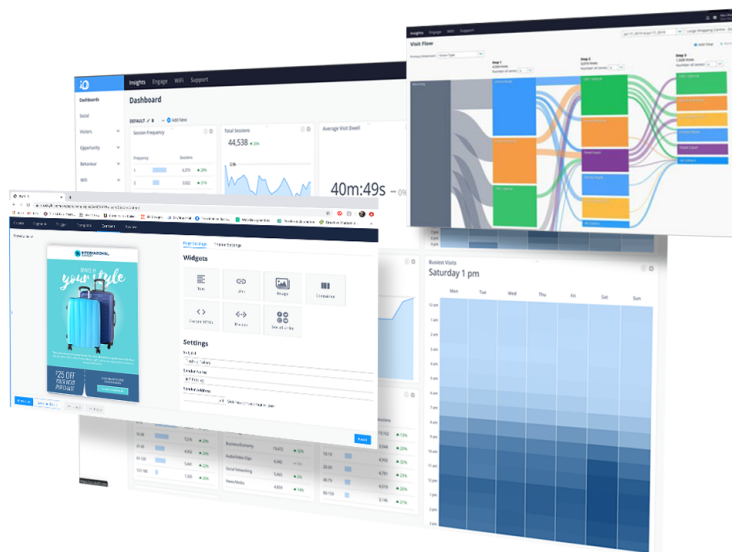
## About Skyfii

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 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 from 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](https://www.skyfii.io) or follow Skyfii updates at <https://au.linkedin.com/company/skyfii>

### Media

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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 MARCH 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,216	17,237
1.2 Payments for <sup>1</sup>		
(a) research and development	(15)	(135)
(b) product manufacturing and operating costs	(1,633)	(4,719)
(c) advertising and marketing	(194)	(622)
(d) leased assets	-	-
(e) staff costs	(4,813)	(12,287)
(f) administration and corporate costs	(997)	(3,024)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	12
1.5 Interest and other costs of finance paid	(9)	(40)
1.6 Income taxes paid	(51)	(54)
1.7 Government grants and tax incentives <sup>2</sup>	1,114	1,114
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(380)</b>	<b>(2,519)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses <sup>3</sup>	-	(314)

<sup>1</sup> Cashflows are presented after the capitalisation of employee, contractor and other expenditure attributable to software development of approximately \$1.05m for the six months to 31 December 2021.

<sup>2</sup> Government grants and tax incentives includes the ATO Research & Development Tax Incentive of \$1.08m and Export Market & Development Grant (EMDG) of \$0.03m

<sup>3</sup> In September 2020, the Company announced the acquisition of Blix with a deferred consideration payment based on revenue targets achieved. During the 2nd quarter in 2022, the final settlement payment was made of \$314k.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(c) property, plant and equipment	(47)	(145)
	(d) investments	-	-
	(e) intellectual property	-	(1,050)
	(f) other non-current assets	-	-
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(47)</b>	<b>(1,510)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	383
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	-	-
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>-</b>	<b>383</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<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	5,378	8,596
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(380)	(2,519)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(47)	(1,510)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	383
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>4,951</b>	<b>4,951</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	4,951	5,378
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,951</b>	<b>5,378</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 <sup>4</sup>	267
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>		

<sup>4</sup> \*Salaries and Director fees for Executive and Non-Executive Directors



<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	2,000	\$0
7.2	Credit standby arrangements	\$0	\$0
7.3	Other (please specify)	\$0	\$0
7.4	<b>Total financing facilities</b>	2,000	\$0
7.5	<b>Unused financing facilities available at quarter end</b>		2,000
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.		

<b>8.</b>	<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)	380
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,951
8.3	Unused finance facilities available at quarter end (item 7.5)	2,000
8.4	Total available funding (item 8.2 + item 8.3)	6,951
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	18.3
<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: 28 April 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.