

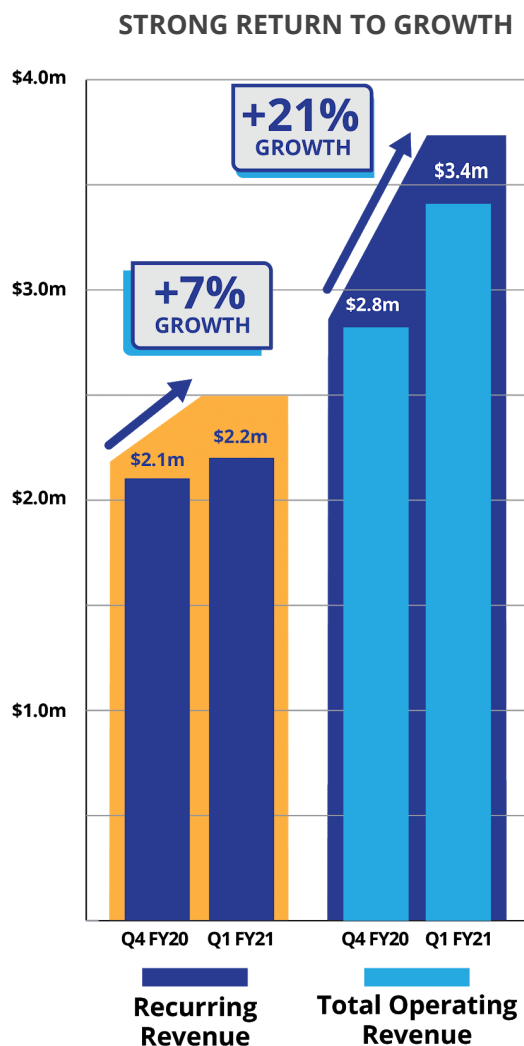
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28 October 2020

Skyfii delivers 21% growth in Total Revenues

Q1 FY21 Highlights

- **Total Operating Revenues** for Q1 FY21 of **\$3.4m**, **up 21% on the prior quarter** (Q4 FY20) and **up 11%** vs Q1 FY20 signaling a return to growth, post the impact COVID-19 had on performance in prior quarter
- **Recurring Revenues** for Q1 FY21 of **\$2.2m**, **up 7%** vs Q4 FY20
- **Annualised Recurring Revenue (ARR)** exited Q1 FY21 at **\$11m**
- **Total Cash Receipts** of **\$3.78m**, **up 27%** on Q4FY20
- **Cash at bank** of **\$2.7m** (as at 30th September 2020) **up 27%** on **Q4 FY20**, with additional access to a \$2m loan facility, of which \$1.9m remains undrawn
- **Skyfii completed the acquisition of Blix**, an Australian based venue analytics business servicing small and medium format retail venues including auto dealerships. The acquisition diversifies the Skyfii customer base and provides a cost-effective venue analytics offering for small to medium-sized venues
- **Notable Contract win:** During the quarter the company announced it has signed a strategic partnership agreement with NASDAQ listed WiFi provider Boingo (WIFI: NASDAQ)



Outlook

- With improving global business sentiment, the recent signing of a large *OccupancyNow™* customer, increasing incoming customer enquiries and a very strong pipeline, Skyfii is confident that FY21 will deliver another year of significant double-digit revenue growth.
- In addition to revenue growth the Company expects to deliver another strong, positive Operating EBITDA result for the full year FY21.

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

"The September quarter was a period of real positivity for the Company after facing some challenging trading conditions in the previous quarter due to the impact of COVID-19. Importantly, we have retained all of our enterprise clients throughout this period, managed our cash position well and we have continued to win some major new contracts, building on our strong and diversified portfolio of existing customers.

We have maintained a focus on growth through acquisition. In September we announced the acquisition of Blix, a venue analytics business which has a strong customer base of approximately 50 blue chip customers, including high-end brands Chanel, Swarovski and Watches of Switzerland and an impressive portfolio of customers in the Automotive industry. The acquisition of Blix reinforces our strategic focus on delivering a diversified mix of products and services into physical venues globally and supports our stated strategy to grow both organically and via accretive and complementary acquisitions. Customers of Blix will now benefit from Skyfii's technology platform which provides richer insights and more comprehensive reporting.

Our latest product OccupancyNow™, which was first launched in April, continues to gain traction following a contract win with a large multinational grocery chain in July. We see this product being a crucial part of the 'COVID Normal' way of operating physical stores and venues moving forward, where managing occupancy and social distancing will continue to be crucial.

It was another strong quarter of sales for Skyfii with total operating revenues up 21% QoQ and Recurring revenues up 7% QoQ, demonstrating a return to growth for the business. Pleasingly, we have continued to protect our cash position which grew 27% QoQ to \$2.7m. Given the strength of our underlying business and our growth profile we expect to deliver another year of strong, positive Operating EBITDA whilst continuing to grow our customer and revenue base."

Types of revenues generated by the Skyfii business model:

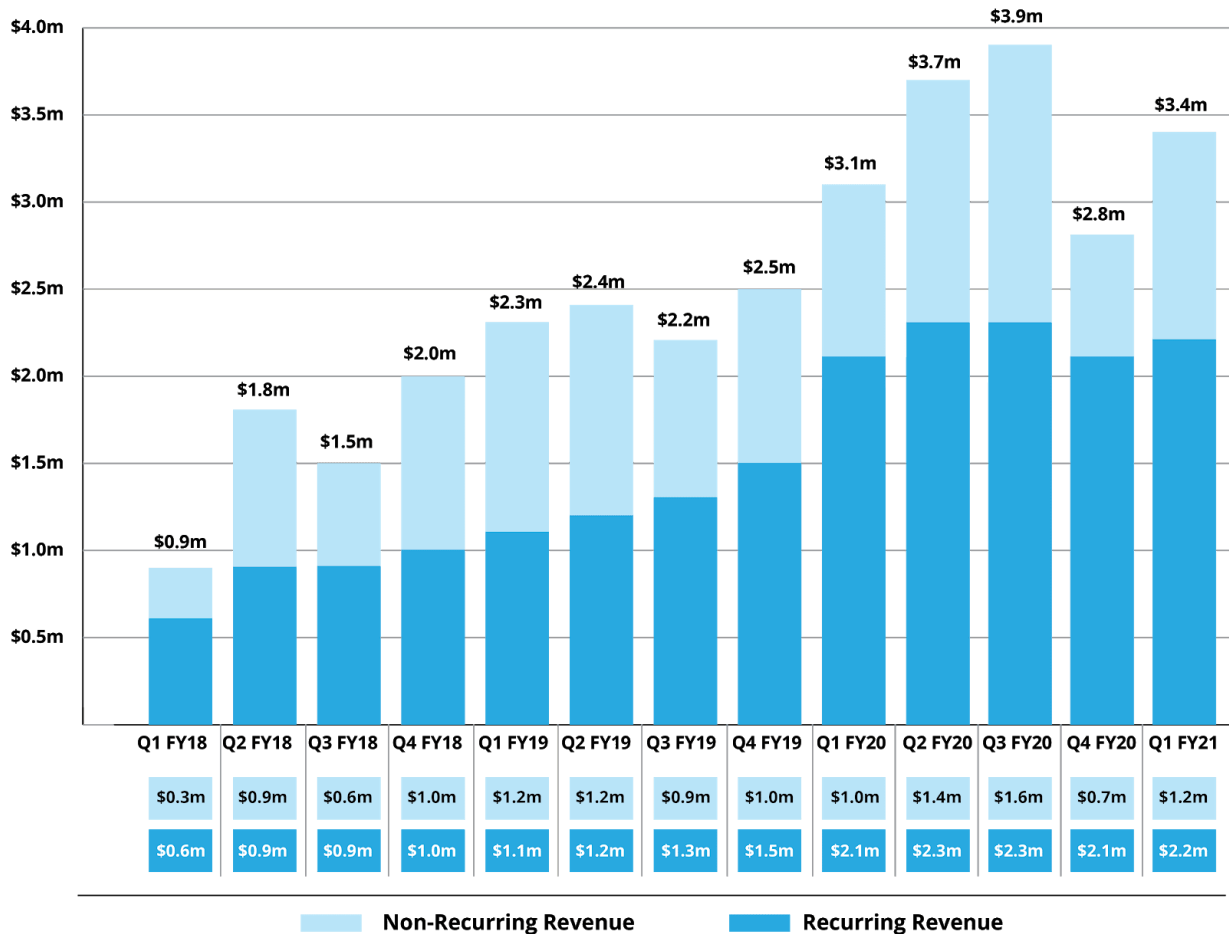
In FY21, Skyfii has simplified its revenue reporting by consolidating revenues as assigning services revenues as non-recurring revenues.

1. **Revenue Revenues** - revenues generated from ongoing subscription fees for access to Skyfii's 'IO' data intelligence platform. Recurring revenues are charged on a fixed fee per venue per month basis and not volume based on traffic. The majority of our recurring revenues are typically contracted on 3-5 year terms with a monthly subscription fee.
2. **Non-recurring revenues** - revenues generated from a combination of professional services generated by our data and marketing services team, the deployment of hardware, infrastructure, implementations, and upfront setup fees, which underpin recurring revenues, including: Installation of Wireless Access Points, 2D and 3D cameras, People Counting sensors and Artificial Intelligence cameras that monitor pedestrian, car and bicycle traffic.

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Quarterly Revenue



Cash position

The Company maintained a strong balance sheet with a \$2.7m cash balance (as at 30th September 2020) and in addition has access to a \$2m loan facility, of which \$1.9m remains undrawn. The Company remains well positioned to continue to develop new business opportunities as market conditions trend more positively.

As mentioned in section 6 of the Appendix 4C, the Company made a payment to The 5 Ward Avenue Trust, a related party to Director, Mr Jon Adgemis for the amount of \$49,500 for the company office rent of 5 Ward Avenue Potts Point, during the quarter.

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Business & Operations Update

The company has performed exceptionally well in the first quarter of FY21 with the company delivering strong revenue growth during the quarter. The quarter delivered a notable uplift in lead generation activity and we have witnessed a return of several pre-covid opportunities to the advanced sales pipeline.

- The Company's sales pipeline continues to build, with a return to advanced negotiations on several opportunities which were in process pre-covid
- The OccupancyNow product continues to gain momentum with both existing customers and new business development opportunities
- Due to a return to growth and a strong cash balance and cash equivalents, the company is not forecasting any further requirement for COVID-19 related government assistance packages and support
- The recent acquisition of Blix is helping Skyfii penetrate the lucrative automotive industry with a number of notable new business opportunities already in negotiation

Acquisition of Blix

During the quarter the Company acquired the business and assets of Blix, an Australian headquartered customer insights technology platform, largely servicing the mid market retail and automotive sectors.

Established in 2013, Blix sells and manages an analytics technology platform that combines sophisticated WiFi and people counting technology. Blix's technology solution, named CountSmart™, counts foot traffic, measures sales conversion, manages staffing rostering and improves the overall business efficiency of small to medium-sized venues. The Blix customer base is largely spread across Australia and New Zealand with a growing number of customers across North America and parts of Asia. The customer portfolio comprises approximately 50 blue chip customers including brands such as Porsche, Volkswagen, Hyundai, Toyota, Country Road Group, Chanel, Swarovski and Watches of Switzerland.

The acquisition is forecasted to deliver a pro-forma \$1.1m increase in Skyfii's Annualised Recurring Revenue (ARR). The purchase price includes an upfront cash consideration of \$0.3m, with an earnout based on Q1 FY22 revenue contribution from both current customers and an agreed new business pipeline, payable in Q2 FY22. Skyfii anticipates the total purchase price to be less than 1x Annualised Recurring Revenues contributed by Blix customers in the first year of ownership.

Notable contracts wins

Skyfii signs Strategic partnership with Boingo

During the quarter, Skyfii announced it had signed a strategic partnership with NASDAQ listed WiFi service provider Boingo (WIFI: NASQ). The partnership will equip Boingo to resell the full suite of Skyfii's IO products and services. Boingo has a vast footprint of DAS, WiFi and small cell networks across North America and Europe and is one of the largest providers of indoor Wireless networks reaching more than a billion people globally. Skyfii already announced a large customer contract win in the airport vertical in Brazil, delivered through Boingo and anticipates further contract wins to be announced soon.

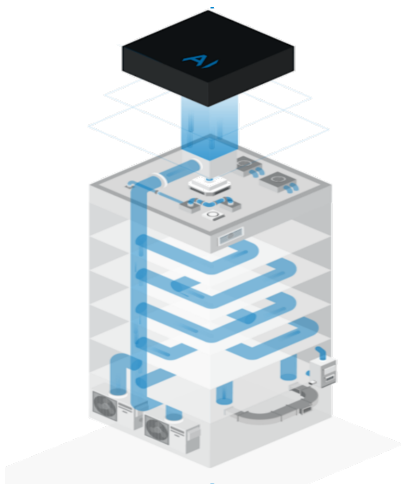
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New Product Innovation

Skyfii's software development team and data scientists have continued to focus their efforts on product releases that encompass both machine learning and artificial intelligence, particularly in the area of computer vision for video analytics. These advancements in the product and processing power of the IO platform is allowing our venues and customers to harness the data Skyfii collects to improve the operational performance of venues and ensure their customers, employees and visitors remain safe.

Below are some of the more notable products releases delivered during the last quarter:



Intelligent Assets & Infrastructure Artificial Intelligence HVAC Optimisation

Integrating with HVAC systems to provide predictive analytics around occupancy levels & visitor behaviour to optimise energy consumption, save money & improve the carbon footprint for buildings.

Employee Safety Stop & Go, Mask Detection

Provides customers a simple indicator of when it's safe to enter a space with the new Stop and Go feature. This is great for any venue that needs to manage live occupancy limits in real time. The Stop and Go screen can be displayed outside entrances to venues, restrooms, and other communal spaces via a URL on any web-enabled device.



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Mask Detection

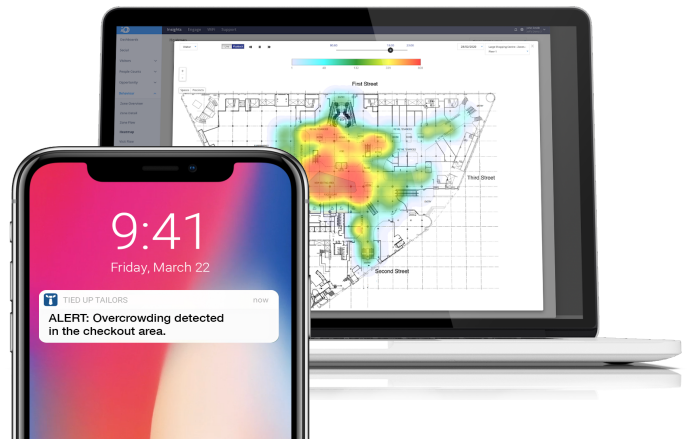
Using advanced AI video analytics, Skyfii can identify and report on whether customers or staff are wearing masks as they enter a venue and send out any alerts or prompts to staff or customers as required.

OccupancyNow™

Real-time Occupancy & Crowd Management

The Skyfii IO Platform provides the tools to measure & maintain safe occupancy and social distancing guidelines.

- Accurate, Automated Counting
- Proactively Manage Congestion
- Provide Visitor Assurance



Outlook

The company has started FY21 with a strong result which provides a great platform to build upon for the remainder of the year.

Despite the uncertainties of the impact of COVID-19 on global macroeconomic conditions, Skyfii has remained a highly relevant product and technology offering for all public spaces and physical venues as they seek to operate their businesses safely. Skyfii's data capture & analytics are becoming ever more critical in allowing businesses to understand their customers behaviour to make business critical operating decisions and provide the public with confidence to return to public spaces in safe, clean and effectively managed environments.

With recent new contract wins, particularly in the US market, an increase in customer enquiries globally and the return of revenues from many of the temporary customer suspensions experienced in the June quarter, the Company is pleased to be returning to its pre-covid growth trajectory and we expect to deliver a strong FY21 result. The acquisition of Blix will also provide further avenues for growth throughout the year.

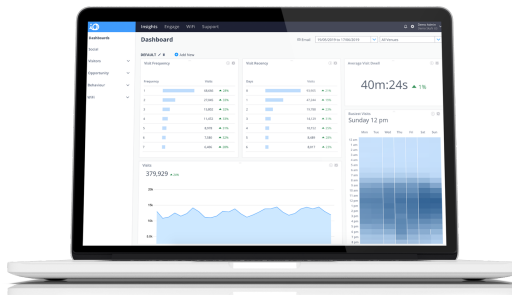
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As business activity continues to normalise post COVID-19, the key areas of focus for Skyfii's management team during FY21 include:

- Continued investment into Marketing activities to drive quality leads across all markets
- Significant focus on key verticals including Grocery, Corporate offices, Universities, Schools and Municipalities
- Ongoing development and rollout of new products (such as OccupancyNow™), to drive new revenue streams
- Specific focus on driving growth within our people counting product and service offering across ANZ, UK and USA
- Continued focus on cash management and maintaining a strong balance sheet position
- Continuing to pursue highly complementary accretive acquisitions to drive further growth and broaden our offering to current and new customers

About Skyfii



As the world's most trusted omnidata intelligence company, Skyfii collects and analyses billions of data points each month from a range of venue types across five continents.

Our SaaS cloud-based solution, the IO Platform, helps venues visualise, measure, predict, and influence customer behaviour, creating better experiences for their visitors and customers.

The IO Platform provides location and behaviour based communications software and tools to manage guest Wi-Fi, 2D and 3D cameras, people counting technology, weather and social media data across multiple locations.

Skyfii further augments insights generated by the IO Platform with its Data & Marketing Services offering: a team of data science and marketing consultants who help clients effectively gain 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>

Media

John Rankin
Chief Operating Officer
P: +61 2 8188 1188
E: john.rankin@skyfii.com

Investors

Craig Sainsbury
Market Eye
P: +61 428 550 499
E: craig.sainsbury@marketeye.com.au

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 2020

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	3,775	3,775
1.2 Payments for		
(a) research and development	(11)	(11)
(b) product manufacturing and operating costs	(1,164)	(1,164)
(c) advertising and marketing	(33)	(33)
(d) leased assets	-	-
(e) staff costs	(1,250)	(1,250)
(f) administration and corporate costs	(585)	(585)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(9)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	724	724
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses ¹	(150)	(150)
(c) property, plant and equipment	(2)	(2)
		-

¹ On 16 September, the Company announced the acquisition of Blix with an upfront cash consideration of \$300,000. \$150,000 has been paid on completion with the remainder payable in Q3 FY21.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) investments	-	
	(e) intellectual property ²	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(152)	(152)

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	-	-
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)		
	(a) Capital raising costs	-	-
3.10	Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,114	2,114
4.2	Net cash from / (used in) operating activities (item 1.9 above)	724	724
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(152)	(152)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,687	2,687

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	2,607	2,607
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	80	80
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,687	2,687

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1*
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

50

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

*6.1 includes rental payments made to The 5 Ward Avenue Trustee a company related to Director, Mr Jon Adgemis.

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	2,000	80
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	2,000	80

7.5 **Unused financing facilities available at quarter end** 1,920

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.

7.1 \$2million unsecured loan facility as per ASX announcement 14 May 2019. Lenders include Thorney Technologies Ltd, Jagafii Pty Ltd a company related to Director Jon Adgemis and BMR Securities Pty Ltd. The annual interest rate is 8% pa funds drawn plus an annual line fee of 2% pa. The initial term of the loan facility matures 31st May 2021.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	724
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,687
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,920
8.4 Total available funding (Item 8.2 + Item 8.3)	4,607
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	Not applicable. The Company has positive operating cashflows for this quarter.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

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 October 2020

Authorised by: By the Board

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.