



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

Interim Financial Report & Appendix 4D

For the half-year ended 31 December 2022

Appendix 4D for the half-year ended 31 December 2022

(Previous corresponding period: Half-year ended 31 December 2021)

Results for Announcement to Market

			\$
Revenue from ordinary activities	up	0.7%	11,160,917
Loss from ordinary activities after tax attributable to the shareholders	down	2.2%	6,141,552
Loss for the year attributable to shareholders	down	2.2%	6,141,552

Dividends

No dividends have been declared for the reporting period.

Comments

The loss for the group after providing for income tax amounted to \$6,141,552 (31 December 2021: loss of \$6,281,939).

Net tangible assets

		31-Dec-22 cents per share	30-Dec-21 cents per share
Net tangible asset backing per share	down	-0.58	0.80
Net assets per share	up	2.34	4.06

The financial statements have been reviewed and an unqualified conclusion has been issued.

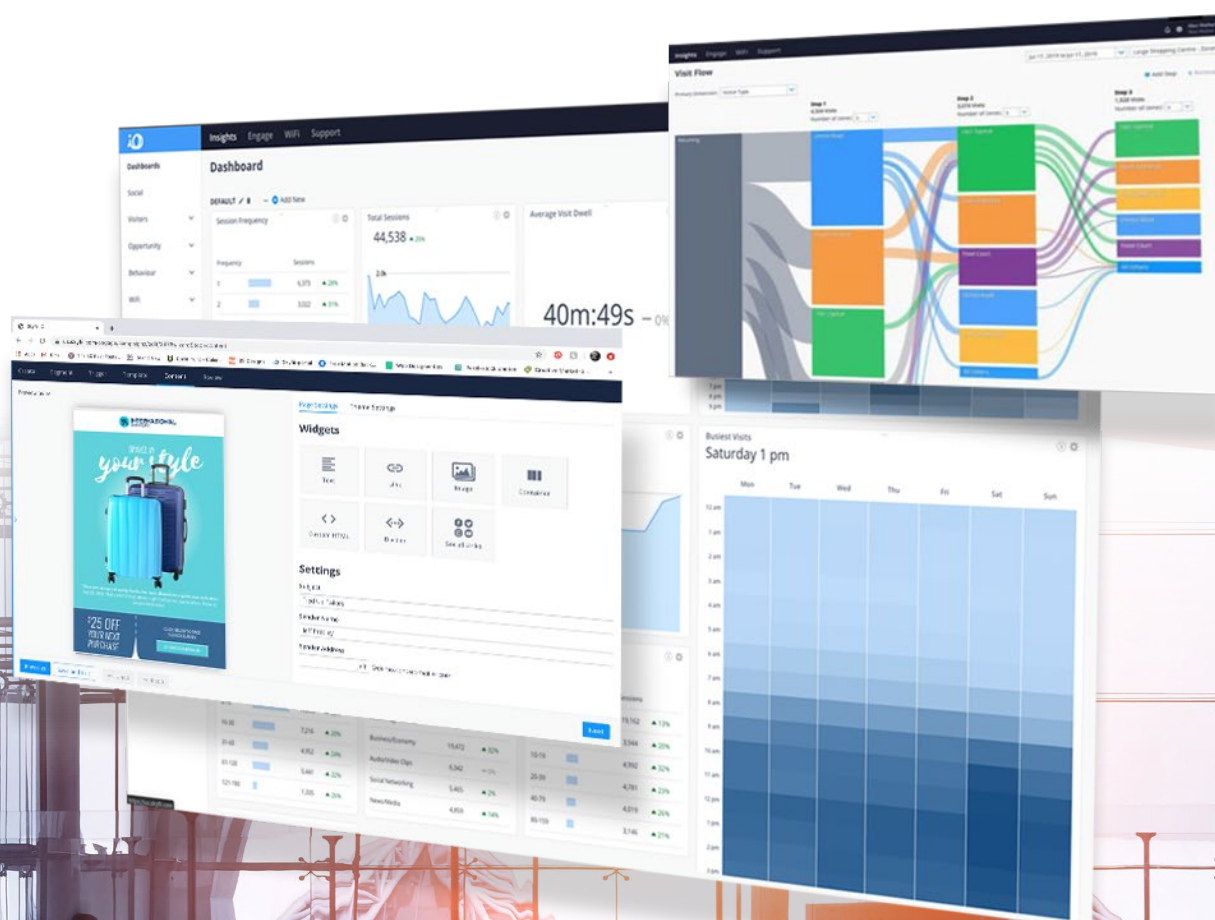


Wayne Arthur
Chief Executive Officer

Date: 28 February 2023

Contents

Directors' report.....	4
Auditor's independence declaration	7
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cashflows	11
Notes to the financial statements	12
Directors' declaration	23
Independent auditor's review report	24
Corporate directory	26



Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group), consisting of Skyfii Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2022 (1H FY23).

Directors

The names and particulars of the Directors of the Company who held office at the date of this report are:

Robert Alexander (appointed 1 July 2022)	Independent Non-Executive Chairman
Kirsty Rankin	Independent Non-Executive Director
Mark Devadason (appointed 1 July 2022)	Independent Non-Executive Director
Wayne Arthur	Chief Executive Officer/Executive Director
John Rankin	Chief Operating Officer/Executive Director
Andrew Johnson (resigned 30 December 2022)	Independent Non-Executive Chairman
Susan O'Malley (resigned 15 November 2022)	Independent Non-Executive Director

Review of operations

Our Mission

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.

Our Vision

To be the world's most trusted partner for responsibly using technology and data to positively measure, manage and influence relationships between people, and the places they visit. 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 operations. Venues around the world benefit from the data and insights we collect, analyse and action to help the performance for our customers. Our success as a business and the success of our customers are based on the following principles:

1. Right Data

More data does not always mean better outcomes. Knowing what to look for and what to ignore is key. As practitioners of data we start every customer engagement by identifying the right datasets to help solve the problem at hand.

2. Intelligent Technology

The sheer volume and variety of data means that humans could not process it all on their own. We harness the power of machine learning and artificial intelligence, combined with intelligent devices to generate value from data faster.

3. Experienced and Highly Skilled Team

To interpret data correctly, you need access to the best in class domain knowledge and analytical skills. Skyfii has a team of expert data scientists, engineers and industry experts to guide and support our customers.

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 sociodemographics to improve operational performance for retailers, airports, stadiums, smart cities and other public and commercial venues.

- IO Connect automates the collection, storage and processing of data from a wide variety of sources including; WiFi, Cameras, Video Analytics, CCTV, LiDAR, CRM systems, Survey, BLE / Mobile Apps, Weather, Point of Sale systems, & ERP / Accounting and Finance platforms
- IO Insights automates the reporting of data collected in real time, providing tangible insights such as visitor counts, dwell time metrics, traffic flow analysis and sales conversion
- IO Engage provides marketing tools to deliver & automate content across a number of channels including; Email, SMS, Mobile Push, WiFi Captive Portal and OOH Digital Screens
- IO Labs is a research and innovation environment where Skyfii's data science & strategy teams build the products of tomorrow and support more custom client needs
- Our SaaS product offering is modular, thereby allowing our customers the flexibility to 'start small' and grow with us

Data Security & Privacy

Skyfii processes over 11 billion data points every day from 90,000 devices across over 14,000 global venues. Data security and privacy is at the core of our business and continues to be our top priority. Our ability to safeguard the data we capture and analyse for our venues is at the heart of what we do and is critical to maintain the longstanding trust of our customers. Security is one of the core pillars of Skyfii's vision.

Skyfii treats data production, privacy, and security very seriously. How data is collected, stored, and used is of the

utmost importance to our business, including supporting our customers' compliance with relevant jurisdictional privacy legislation such as the General Data Protection Regulation (GDPR) within the EU or California Consumer Privacy Act (CCPA) within the USA.

Skyfii also takes a number of steps to ensure our data remains secure at every stage. This includes storing data securely in ISO 27001, SOC III, PCI DSS certified data centres. Data is kept within jurisdictional boundaries. Data is transmitted and stored using multiple levels of encryption that enforce the industry's most secure algorithms, such as 256 bit AES.

Skyfii's information security management system is based on the ISO27001 standards. Skyfii also goes above and beyond compliance to ensure the highest level of security standards and best practices are applied to enable customers to use Skyfii services securely and protect the data that we collect. We have taken the necessary steps to ensure that security is embedded in our operations and technology. Our systems are designed to enable customers to protect their data and support compliance with privacy legislations.

Skyfii encrypts data at rest and in transit for all our customers and our platform is built on secure and highly resilient infrastructure and is in line with industry best practices. In conjunction with our tier one global partners, we can protect assets, withstand and recover from sophisticated attacks.

We are committed to continuously improving and investing in our security capabilities to adapt and advance our protections against the ever evolving threat landscape.

Business and Operations Performance

Skyfii is building strong momentum across the business 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. During the half year, we announced a major multi-year contract with McDonalds, continued our global growth in the airport vertical and secured a number of new notable contracts across a range of other verticals. With a strong pipeline with over \$26m in qualified sales pipeline, Skyfii is well poised for a sustained growth trajectory.

During FY23 the Company has witnessed a significant increase in customer visitation and passenger movement volumes across many of its key verticals signaling a return to pre-covid levels in certain verticals including airports.

Whilst our product offering is not dependent on movement volumes increasing it is generally a strong indicator that the economy is improving and the venues which Skyfii services are benefiting positively.

Key contracts delivered in 1H FY23 include:

McDonalds

During the half year 31 December 2022, 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 A\$2 million will see Skyfii provide McDonald's with an industry first real-time whole 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 2H FY23.

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 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 A\$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.

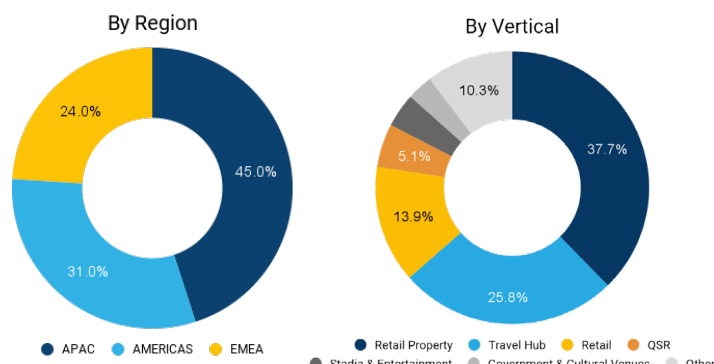
Notable new contracts in 1H FY23

JFK Airport (US), Aberdeen Airport (UK), Nashville International Airport (US), Istanbul International Airport (EMEA), 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 in 1H FY23

Baha Mar (USA), LandSecurities (UK), Charlotte Douglas Airport (USA), Nandos (UK), Wembley Stadium (UK), Metro Washington Airports (USA), Woolworths (South Africa), Autostrade (EMEA), TJ Morris (EMEA) and Somerset CCC (EMEA).

\$11.2m in Total Operating Revenue secured during 1H FY23:



Financial Performance

1H FY23 Interim Financial Report

During the half-year ended 31 December 2022, the Group generated total revenues of \$11,160,917 (1H FY22: \$11,087,613).

Recurring Revenues for 1H FY23 of \$7,778,529, an increase of 10% vs pcp (1H FY22) and the Company exited 1H FY23 with an ARR of \$16.0m.

Total operating expenses excluding depreciation, amortisation, non-cash share based payments and finance costs declined 5.8% vs pcp to \$12,846,958 as the company continued to focus on cost saving initiatives. Our offshoring strategy to unlock access to a larger talent pool including the opening of an engineering and operations centre in Portugal and the Philippines 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 Group reported an operating EBITDA loss (Earnings Before Interest, Tax, Depreciation, & Amortisation and adjusted to be inclusive of any R&D tax incentive grants accrued or received, and exclusive of share, option-based payments and acquisition expenses) of \$1,686,040 (1H FY22: \$1,625,421) and net loss after tax (Earnings After Interest, Tax, Depreciation & Amortisation and other Non-Cash transactions) of \$6,141,552 (1H FY22: \$6,281,938).

Skyfii delivered positive operating cash inflows for 1H FY23 of \$2,249,611 (1H FY22: \$2,138,751 outflows) and net cash outflows from investment activities were \$1,752,561 (1H FY22: \$1,462,716 outflow) including an investment of \$1,378,639 in software development, comprising predominantly of direct employee costs and external developer costs.

The Group's cash balance as at 31 December 2022 was \$6,614,816 (1H FY22: \$5,378,064).

During the period, the R&D tax incentive claim of \$801,765 was deemed ineligible for a cash payment under the program's guidelines. As a result, the claim was reversed from R&D tax incentive receivable.

Outlook for the remainder of 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 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 maintain margins
- Delivery of contracted recurring revenue from the high level of implementation revenue delivered in 1H FY23
- The Company expects to announce new contracts in the airport, stadium and retail verticals in 2H FY23

Dividends paid or recommended

In respect of the half-year ended 31 December 2022, there have been no dividends paid or provided for (1HFY22: nil).

Auditor's independence declaration

The auditor's independence declaration is included on page 7 of this report and forms part of the Directors' Report for the half-year ended 31 December 2022.

This report is made in accordance with a resolution of the Directors.



Robert Alexander
Chairman
28 February 2023

Auditor's Independence Declaration

HALL CHADWICK  (NSW)

SKYFII LIMITED
ABN 20 009 264 699
AND CONTROLLED ENTITIES

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SKYFII LIMITED
AND CONTROLLED ENTITIES**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fax: (612) 9263 2800

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Skyfii Limited. As the lead audit partner for the review of the financial report of Skyfii Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

S. Kumar

SANDEEP KUMAR
Partner
Dated: 28 February 2023

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Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
Revenue and other income			
Revenue	3	11,101,514	11,076,701
Other income	3	59,403	10,912
Total revenue		11,160,917	11,087,613
Expenses			
Direct costs of services		(2,644,226)	(3,061,511)
Employee benefits expenses	4	(7,478,058)	(7,784,336)
Contractor and consultant expenses		(24,001)	(119,677)
Marketing and promotion expenses		(629,552)	(428,022)
Travel and accommodation expenses		(254,490)	(160,537)
Office and other expenses		(1,599,621)	(1,960,625)
Directors' fees		(217,010)	(122,250)
Share based payments expense		(1,413,416)	(1,647,528)
Depreciation and amortisation expenses	4	(2,086,554)	(2,446,883)
Finance costs	4	(70,335)	(31,487)
Total expenses		(16,417,263)	(17,762,856)
Loss before income tax		(5,256,345)	(6,675,243)
Income tax (expense)/ benefit		(885,207)	393,305
Loss for the period		(6,141,552)	(6,281,938)
Other comprehensive income			
Items that will be reclassified to profit or loss when specific conditions are met:			
Exchange differences on translation of foreign operations		(152,929)	(375,143)
Total comprehensive loss for the period		(6,294,481)	(6,657,081)
Earnings per share			
Basic earnings per share	16	(1.4)	(1.5)
Diluted earnings per share	16	(1.3)	(1.3)

Consolidated statement of financial position As at 31 December 2022

	Note	31-Dec-22 \$	30-Jun-22 \$
Assets			
Current assets			
Cash and cash equivalents		6,614,816	5,122,538
Trade and other receivables	5	4,374,715	5,747,036
R&D tax incentive receivable		88,791	935,564
Inventories		224,422	287,466
Other assets	6	1,066,516	878,470
Total current assets		12,369,260	12,971,074
Non-current assets			
Fixed assets	7	615,937	361,510
Intangible assets	8	12,718,699	13,303,000
Other assets		91,253	113,231
Total non-current assets		13,425,889	13,777,741
Total assets		25,795,149	26,748,815
Liabilities			
Current liabilities			
Trade and other payables	9	3,454,884	4,391,531
Borrowings	10	1,845,075	884,345
Provisions	11	1,464,389	1,249,805
Current tax liabilities		123,212	67,456
Deferred revenue		7,034,735	4,230,788
Total current liabilities		13,922,294	10,823,925
Non-current liabilities			
Provisions	11	426,132	389,311
Deferred revenue		1,248,468	750,858
Total non-current liabilities		1,674,600	1,140,169
Total liabilities		15,596,894	11,964,094
Net assets		10,198,255	14,784,721
Equity			
Contributed equity	12	49,842,452	49,395,316
Reserves	13	10,153,790	9,045,839
Accumulated losses		(49,797,986)	(43,656,434)
Total equity		10,198,255	14,784,721

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity For the half-year ended 31 December 2022

		Contributed equity	Share based payments reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	Note	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022		49,395,316	9,900,012	51,424	(905,597)	(43,656,434)	14,784,721
Loss for the period		-	-	-	-	(6,141,552)	(6,141,552)
Exchange differences on translation of foreign operations		-	-	-	(152,929)	-	(152,929)
Total comprehensive loss for the period		-	-	-	(152,929)	(6,141,552)	(6,294,481)
Exercised ESP shares		447,136	(152,536)	-	-	-	294,600
Share based payments	13	-	1,413,416	-	-	-	1,413,416
Balance at 31 December 2022		49,842,452	11,160,892	51,424	(1,058,526)	(49,797,986)	10,198,255

		Contributed equity	Share based payments reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2021		42,616,044	7,225,513	691,666	(257,674)	(33,208,868)	17,066,681
Loss for the period		-	-	-	-	(6,281,939)	(6,281,939)
Exchange differences on translation of foreign operations		-	-	-	(375,144)	-	(375,144)
Total comprehensive loss for the period		-	-	-	(375,144)	(6,281,939)	(6,657,082)

Transactions with owners in their capacity as owners:

Issue of ordinary shares	12	5,174,719	-	-	-	-	5,174,719
Exercised ESP shares		571,889	(200,039)	-	-	-	371,850
Exercised EOP shares		45,896	(34,646)	-	-	-	11,250
Share based payments	13	-	1,647,528	-	-	-	1,647,528
Expiry of Options		-	-	(23,638)	-	23,638	-
Balance at 31 December 2021		48,408,548	8,638,356	668,028	(632,818)	(39,467,168)	17,614,946

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cashflows For the half-year ended 31 December 2022

	31-Dec-22	31-Dec-21
	\$	\$
Cashflows from operating activities		
Receipts from customers	15,862,355	11,020,870
Payments to suppliers and employees	(13,563,378)	(13,135,695)
Receipts from government R&D tax incentive	81,608	-
Interest received	22,803	10,912
Interest paid	(70,335)	(31,487)
Income tax paid	(83,442)	(3,350)
Net cash (outflow)/inflow from operating activities	2,249,611	(2,138,751)
Cashflows from investing activities		
Payments for plant and equipment	(378,041)	(98,114)
Payments for intangible assets	(1,378,639)	(1,049,905)
Refunds for security deposits	4,118	-
Payments for acquisitions	-	(314,372)
Payments for other assets	-	(325)
Net cash (outflow) from investing activities	(1,752,561)	(1,462,716)
Cashflows from financing activities		
Proceeds from issue of shares, net of capital raising costs	75,228	383,100
Proceeds from borrowings	1,800,000	-
Repayment of borrowings	(880,000)	-
Net cash inflow from financing activities	995,228	383,100
Net increase in cash	1,492,278	(3,218,366)
Cash at the beginning of the period	5,122,538	8,596,430
Cash at the end of the period	6,614,816	5,378,064

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Notes to the financial statements For the half-year ended 31 December 2022

Contents of the notes to the consolidated financial statements

1. Summary of significant accounting policies.....	13
2. Operating Segments	14
3. Revenue	15
4. Expenses	15
5. Trade and other receivables	15
6. Other assets	16
7. Fixed assets.....	16
8. Intangible assets.....	17
9. Trade and other payables	18
10. Borrowings.....	18
11. Provisions	18
12. Contributed equity	19
13. Equity – reserves	21
14. Contingent liabilities	22
15. Events occurring after the reporting date	22
16. Earnings per share (EPS)	22

This Interim Financial Report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Skyfii Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.



Notes to the financial statements For the half-year ended 31 December 2022

1. Summary of significant accounting policies

(a) Basis of preparation of interim financial report

These general purpose interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Skyfii Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Skyfii Limited and its controlled entities (referred to as the “consolidated group” or “group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following half-year. The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those adopted in the Group’s annual financial report for the year ended 30 June 2022, with the addition of the following:

New and Amended Accounting Standards Adopted by the Group

The Group has considered the implications of new and amended accounting standards and determined that their application to the financial statements is either not relevant or not material.

(b) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim financial report, are disclosed in the 2022 Annual Report.

(c) Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. The Group has assessed the impact of these new standards and interpretations and does not expect that initial application will affect any of the amounts recognised in the financial report, but may change the disclosures presently made in relation to the Group.

(d) Going concern

The financial statements of the Group have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

The Group continues to be in the research, development and commercialisation stage of its data analytics technology and services. During the half-year ended 31 December 2022, the Group incurred a loss after tax of \$6,141,552. On 31 December 2022, the Group had a surplus in net assets of \$10,198,255.

In addition, the Group maintains a \$1,800,000 loan facility of which is fully drawn from Export Finance Australia. The loan facility is renewed every 12 months.

Management have prepared cashflow projections that support the Group’s ability to continue as a going concern.

The Directors of the Company consider that the cashflow projections and assumptions are achievable, and in the longer term, significant revenues will be generated from the further commercialisation of intellectual property, and accordingly, the Group will be able to continue as a going concern.

Notes to the financial statements For the half-year ended 31 December 2022

2. Operating segments

The Group operates predominantly in three geographical segments, being the development and commercialisation of data analytics, marketing and advertising services to its customers in APAC, Americas and EMEA. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Historically, the group operated in four geographical segments.

1H FY23	APAC	Americas	EMEA	Total
Revenue	4,968,858	3,459,115	2,673,541	11,101,514
Other income	50,155	9,248	-	59,403
Total revenue	5,019,013	3,468,363	2,673,541	11,160,917
Segment net profit	3,811,933	2,653,711	2,051,047	8,516,691
Employee benefits expense				(7,478,058)
Depreciation and amortisation expenses				(2,086,554)
Other Expenses				(4,138,090)
Finance Costs				(70,335)
Loss before tax				(5,256,345)
Income tax benefit				(885,207)
Loss for the year				(6,141,552)

1H FY22	Australia	North America	UK & Europe	Other International	Total
Revenue	6,384,792	2,591,561	1,490,104	610,244	11,076,701
Other income	10,912	-	-	-	10,912
Total revenue	6,395,704	2,591,561	1,490,104	610,244	11,087,613
Segment net profit	4,626,377	1,877,827	1,079,719	442,179	8,026,102
Employee benefits expense					(7,784,336)
Depreciation and amortisation expenses					(2,446,883)
Other Expenses					(4,438,639)
Finance Costs					(31,487)
Loss before tax					(6,675,243)
Income tax benefit					393,305
Loss for the year					(6,281,938)

Notes to the financial statements For the half-year ended 31 December 2022

3. Revenue

	31-Dec-22	31-Dec-21
	\$	\$
Revenue from operations	11,101,514	11,076,701
Government grants	36,600	4,373
Interest income	22,803	6,539
Total other income	59,403	10,912
Total revenue	11,160,917	11,087,613

4. Expenses

	31-Dec-22	31-Dec-21
	\$	\$
Employee		
Salaries and related expenses (including superannuation)	7,371,803	7,202,926
Other employment costs	106,255	581,410
Total employee benefits expense	7,478,058	7,784,336
Depreciation and amortisation		
Plant and equipment	123,614	130,643
Software development amortisation	1,962,940	2,316,240
Total depreciation and amortisation expenses	2,086,554	2,446,883
Finance costs		
Interest expense	70,355	31,487

5. Trade and other receivables

	31-Dec-22	30-Jun-22
	\$	\$
Current		
Trade receivables	3,564,186	4,153,633
Provision for expected credit losses	(62,398)	(62,398)
Total trade receivables and other receivables	3,501,788	4,091,235
Other debtors	872,927	1,655,801
Total current trade and other receivables	4,374,715	5,747,036

Notes to the financial statements For the half-year ended 31 December 2022

6. Other assets

	31-Dec-22	30-Jun-22
	\$	\$
Current		
Prepayments	1,004,076	769,353
Security Deposits	30,900	35,018
Other assets	31,540	74,100
Total current other assets	1,066,516	878,470

7. Fixed assets

	31-Dec-22	30-Jun-22
	\$	\$
Non-current		
Fixed assets – at cost	3,415,498	3,015,873
Accumulated depreciation	(2,799,561)	(2,654,363)
Total carrying value of plant and equipment	615,937	361,510



Notes to the financial statements For the half-year ended 31 December 2022

8. Intangible assets

Reconciliations of the carrying amount of intangible assets at the beginning and end of the current and previous period are set out below:

	31-Dec-22	30-Jun-22
	\$	\$
Non-current		
Software development – at cost	16,842,967	15,464,328
Accumulated depreciation	(11,833,675)	(10,742,438)
Carrying value of software development	5,009,291	4,721,890
Customer contracts - at cost	2,250,176	2,250,176
Accumulated amortisation	(1,283,243)	(1,137,978)
Carrying value of customer contracts	966,933	1,112,198
Trademarks & Brand names - at cost	3,197,342	3,197,342
Accumulated amortisation	(1,393,100)	(1,144,925)
Carrying value of trademarks & brand names	1,804,242	2,052,417
Software - at cost	5,249,637	5,249,637
Accumulated amortisation	(3,821,823)	(3,579,847)
Carrying value of software	1,427,814	1,669,790
Customer relationships - at cost	4,282,765	4,282,765
Accumulated amortisation	(916,318)	(702,180)
Carrying value of customer relationships	3,366,447	3,580,585
Patents - at cost	221,494	221,494
Accumulated amortisation	(77,523)	(55,374)
Carrying value of patents	143,971	166,120
Total carrying value of intangible assets	12,718,699	13,303,000

Notes to the financial statements For the half-year ended 31 December 2022

9. Trade and other payables

	31-Dec-22	30-Jun-22
	\$	\$
Current		
Trade payables	3,216,393	4,154,859
Sundry payables	238,491	236,672
Total trade and other payables	3,454,884	4,391,531

10. Borrowings

	31-Dec-22	30-Jun-22
	\$	\$
Borrowings	1,845,075	884,345
Total borrowings	1,845,075	884,345

11. Provisions

	31-Dec-22	30-Jun-22
	\$	\$
Current		
Employee Benefits	1,464,389	1,249,805
Non-Current		
Employee Benefits	426,132	389,311
Total provisions	1,890,521	1,639,116

12. Contributed equity

(a) Share capital

	31-Dec-22	30-Jun-22	31-Dec-22	30-Jun-22
	Number	Number	\$	\$
Ordinary shares	435,228,726	438,328,726	49,842,452	49,395,316
Total share capital			49,842,452	49,395,316

(b) Movements in ordinary share capital

	Date	Number	Average price	\$
Reconciliation to 30 June 2022:				
Balance at 1 January 2022		433,757,295		48,408,548
Movements in ordinary shares:				
Conversion of ESP shares to ordinary shares	28-Jan-22	2,526,924	\$0.065	250,672
Conversion of ESP shares to ordinary shares	28-Jan-22	(2,526,924)	\$0.000	-
Conversion of EOP shares to ordinary shares	31-Jan-22	4,500,002	\$0.010	725,451
Conversion of EOP shares to ordinary shares	14-Apr-22	71,429	\$0.010	10,645
Balance at 30 June 2022		438,328,726		49,395,316



Notes to the financial statements For the half-year ended 31 December 2022

	Date	Number	Unit price	\$
Reconciliation to 31 December 2022:				
Balance at 1 July 2022		438,328,726		49,395,316
Movements in ordinary shares:				
Issue of ESP shares	13-Oct-22	1,000,000	\$0.046	-
Conversion of ESP shares to ordinary shares	14-Dec-22	800,000	-	69,056
Conversion of ESP shares to ordinary shares	14-Dec-22	(800,000)	\$0.086	-
Conversion of ESP shares to ordinary shares	14-Dec-22	3,400,000	-	378,080
Conversion of ESP shares to ordinary shares	14-Dec-22	(3,400,000)	\$0.111	-
ESP share buyback	30-Dec-22	(4,100,000)	-	-
Balance at 31 December 2022		435,228,726		49,842,452

(c) Employee Share Plan (ESP)

Information relating to the Employee Share Plan can be found in the Company's annual report for the year ended 30 June 2022.

(d) Executive Option Plan (EOP)

47,799 options were issued on 13 October 2022 with a strike price of 1 cent. Information relating to the Executive Option Plan can be found in the Company's annual report for the year ended 30 June 2022.



Notes to the financial statements For the half-year ended 31 December 2022

13. Equity – reserves

	31-Dec-22 \$	30-Jun-22 \$
Share based payment reserve movements		
Balance at the beginning of the period	9,900,012	7,225,513
Share based payment granted	1,413,416	2,674,499
ESP shares exercised	(152,536)	-
Balance at the end of the period	11,160,892	9,900,012
Share option reserve movements		
Balance at the beginning of the period	51,424	691,666
Share option expense	-	(640,242)
Balance at the end of the period	51,424	51,424
Foreign currency translation reserve movements		
Balance at the beginning of the period	(905,597)	(257,674)
Currency translation differences arising during the period	(152,929)	(647,923)
Balance at the end of the period	(1,058,526)	(905,597)
Total reserves	10,153,790	9,045,839



Notes to the financial statements For the half-year ended 31 December 2022

14. Contingent liabilities

There are no contingent liabilities as at 31 December 2022.

15. Events occurring after the reporting date

There are no other matters or circumstances that have arisen since 31 December 2022 that have significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in future financial affairs.

16. Earnings per share (EPS)

	31-Dec-22 Cents per share	31-Dec-21 Cents per share
(a) Basic earnings per share		
Basic EPS attributable to ordinary equity holders of the Company	(1.4)	(1.5)
(b) Diluted earnings per share	(1.3)	(1.3)
(c) Weighted average number of shares used as the denominator	Number	Number
Weighted average number of ordinary shares used in calculating basic EPS	438,735,791	442,329,183
Weighted average number of dilutive options outstanding	57,852,205	72,641,098
Weighted average number of ordinary shares used in calculating diluted EPS	496,587,997	514,970,281
(d) Reconciliation of earnings used in calculating earnings per share	\$	\$
Loss attributable to the ordinary equity holders of the Company used in calculating basic EPS	(6,294,481)	(6,657,081)



Directors' declaration

In the Directors' opinion:

The financial statements and notes, as set out on pages 8 to 22, are in accordance with the Corporations Act 2001, including:

- Complying with Accounting Standard AASB 134: Interim Financial Reporting; and
- Giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors,

A handwritten signature in blue ink, appearing to be 'Robert Alexander'.

Robert Alexander
Chairman

28 February 2023

Independent Auditor's review report

HALL CHADWICK  (NSW)

SKYFII LIMITED
ABN 20 009 264 699
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
SKYFII LIMITED AND CONTROLLED ENTITIES

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Skyfii Limited, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Skyfii Limited does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Skyfii Limited's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- 22(ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company.

Directors' Responsibility for the Half-Year Financial Report

The directors of Skyfii Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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Independent Auditor's review report

HALL CHADWICK  (NSW)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Sandeep Kumar

SANDEEP KUMAR
Partner

Dated: 28 February 2023

Corporate Directory

Company Directors

Robert AlexanderIndependent Non-Executive Chairman
Kirsty RankinIndependent Non-Executive Director
Mark DevadasonIndependent Non-Executive Director
Wayne ArthurChief Executive Officer/Executive Director
John RankinChief Operating Officer/Executive Director

Company Secretary

Koreen White

Registered Office

5 Ward Avenue
Potts Point NSW 2011
Telephone: +61 2 8188 1188

Share Registry

Boardroom Pty Limited
Level 8
210 George Street
Sydney NSW 2000

Auditors

Hall Chadwick
Level 40
2 Park Street
Sydney NSW 2000

Securities exchange listing

Skyfii Limited shares are listed on the Australian Securities Exchange
(Listing code: SKF)

Website

www.skyfii.io



**Interim Financial
Report & Appendix 4D**

For the half-year ended 31 December 2022