



SKYFII LIMITED BUSINESS UPDATE

Sydney 24th March 2020 – Skyfii Limited (ASX:SKF) (“Skyfii”, or the “Company”) provides an interim business update to the market, in response to the changing macroeconomic conditions.

KEY POINTS:

- Q3FY20 total operating revenues expected to deliver positive quarter on quarter and year on year growth
- The Company confirms it will maintain a positive full-year operating EBITDA for FY2020
- Strong balance sheet with cash at bank of AUD\$2.7m as at 29th February 2020
- Access to an additional \$2m loan facility for working capital purposes, of which \$1.9m remains undrawn
- The Company benefits from a diverse mix of customers across 35 countries and 10+ verticals
- In 1H FY2020, 65% of revenues were generated from recurring revenue streams, typically contracted on 3-5 year terms, with no single client representing more than 5% of recurring revenues
- The Company has recently experienced an increase in customer inquiries within the Municipalities and Grocery verticals where people counting and other customer data insights are now very much in focus

CEO Wayne Arthur commented:

“Given the uncertainty of the current macroeconomic outlook, the Board and Executive team will continue to take appropriate measures to maintain business continuity whilst remaining focussed on delivering long term growth for our shareholders.

Our strong cash position and balance sheet allow us to continue to operate efficiently and our flexible operating model allows us to scale our business inline with customer demand.

Whilst some of our customers are experiencing lower levels of venue activity, others such as Healthcare facilities, Municipalities, and Grocery outlets are experiencing much higher levels of visitation. Our business model of providing accurate data insights to our customers is needed now more than ever to enable them to access accurate and business-critical data.

Our long term customer contracts, SaaS recurring revenue model and strong balance sheet leave us well-positioned to continue to deliver long term growth for our shareholders.”

Cash Position & Balance Sheet

The Company has a strong balance sheet with a \$2.7m cash balance (as of 29th February 2020) and access to a \$2m loan facility, of which \$1.9m remains undrawn. Skyfii’s strong net cash position allows the Company to continue with business as usual activities as well as explore business development opportunities when market conditions stabilise.

The Company maintains its previously stated guidance that it will deliver a positive operating EBITDA for FY2020.



Revenue model

The Company maintains a positive outlook for the balance of FY2020 and we expect to deliver positive revenue growth in Q3 FY2020 (quarter on quarter and year on year), having delivered \$3.7m in topline revenue in the prior quarter. The business has secured a number of new contract wins during Q3 FY2020 across a range of geographies and verticals.

Skyfii's Annualised Recurring Revenue (ARR) exited Q2 FY20 at \$10m, providing a significant and stable revenue platform for the company.

Skyfii generates revenue from three sources:

1. **Recurring Revenues** are generated from ongoing subscription fees for access to Skyfii's 'IO' data intelligence platform. Recurring revenues represented 65% of the Company's total revenue in 1H FY2020. 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. **Services Revenues** are generated from the payment of projects undertaken by both Skyfii's Data Consultancy Services (DCS) and Marketing Services (MS) divisions. Revenues generated from Services are received as either recurring or fixed fee projects.
3. **Non-recurring Revenues** are generated from the deployment of hardware, infrastructure, implementations, and upfront setup fees, which underpin recurring revenues, including: Installation of Wireless Access Points, 2D and 3D cameras and People Counting sensors. Skyfii continues to deploy infrastructure throughout this period.

Customer Base & Business Continuity

Skyfii has a broad customer base of more than 900 customers, in over 10,000 physical venues, across 10+ verticals in 35 countries, which provides sufficient diversity of revenue sources. Our revenue mix is heavily skewed to SaaS recurring revenue, initially contracted on 3 or 5 year contract terms. The Company's average contract length across the portfolio is approximately 3 years and our customer churn rate has historically been very low (less than 1%).

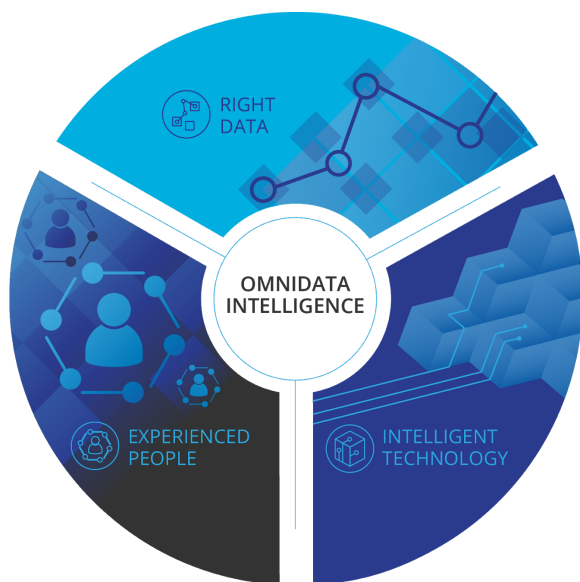
In 1H FY2020 the proportion of recurring revenue to total revenue was 65%.

The Company has implemented a strategic and immediate response plan to ensure continuity in its business operations while ensuring the safety of our teams, partners, and customers during this period. As a global software company, our already distributed teams are accustomed to operating effectively under a remote working scenario. In addition, our software products can and generally are deployed and managed remotely so we expect a minimal operational impact in continuing to provide current and new services to our customers.

In the last two weeks, we have observed a higher than normal rate of requests from existing and new customers, in particular for our people counting services as businesses seek to validate data on their operations in order to be able to continue to make business-critical decisions. Whilst some verticals are seeing lower visitation rates, there are others that are experiencing much higher than usual visitation rates in the current climate.



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 and data sources 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, car park 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 release has been approved by the CEO of SkyFii Limited.

Learn more at www.skyfii.com

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