

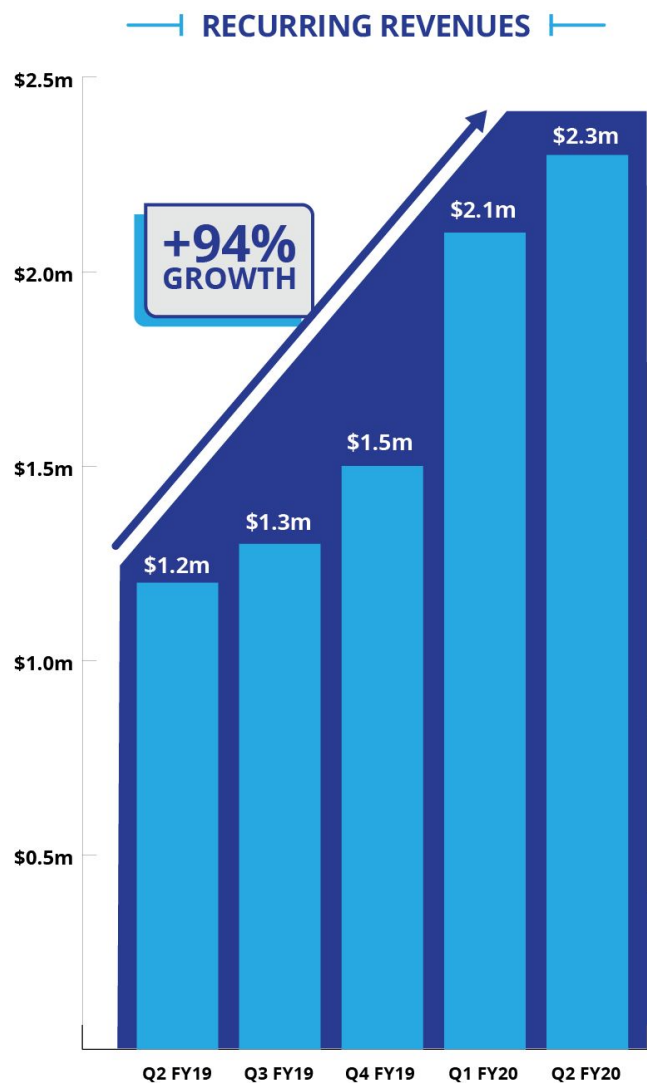
ASX: SKF

30 January 2020

Skyfii delivers 94% growth in quarterly recurring revenue

Q2 FY20 Highlights

- **Total Operating Revenues** for the Q2 FY20 of **\$3.7m** (inclusive of Beonic), **up 54%** vs Q2 FY19 and **up 20%** on the prior quarter (Q1 FY20)
- **Recurring Revenues** of **\$2.33m** for Q2 FY20, **up 94%** when compared to Q2 FY19 and **up 13%** on Q1 FY20
- **Annualised Recurring Revenue¹ (ARR)** exited Q2 FY20 at **\$10m**
- In Q2 FY20 the **underlying business** (pre-Beonic) delivered **\$1.9m** in recurring revenue, **up 57%** on Q2 FY19 and **up 14%** on Q1 FY20
- **Total Cash Receipts** of **\$3.2m**, **up 4%** on Q1 FY20
- Announced **3-year contract win** with leading Australian property group **ISPT**, secured during the quarter.
- **Notable international contract wins** secured during the quarter included Macerich Property Group (USA), TJ Morris (UK), BetFred (UK) and El Dorado furniture outlets (USA)
- **Two global roles hired in North America**; Chief Marketing Officer & VP of Channel and Strategic Alliances
- **Cash at bank of \$3.74m** at the end of the quarter, up from \$1.09m at the end of the prior quarter (30 September 2019)
- **Outlook:** The strong Q2 result has Skyfii well placed to deliver another year of significant revenue growth. The key focus areas for the remainder of FY20 include; Conversion of key contracts within our international markets; and delivery of strong topline and recurring revenue growth across all regions



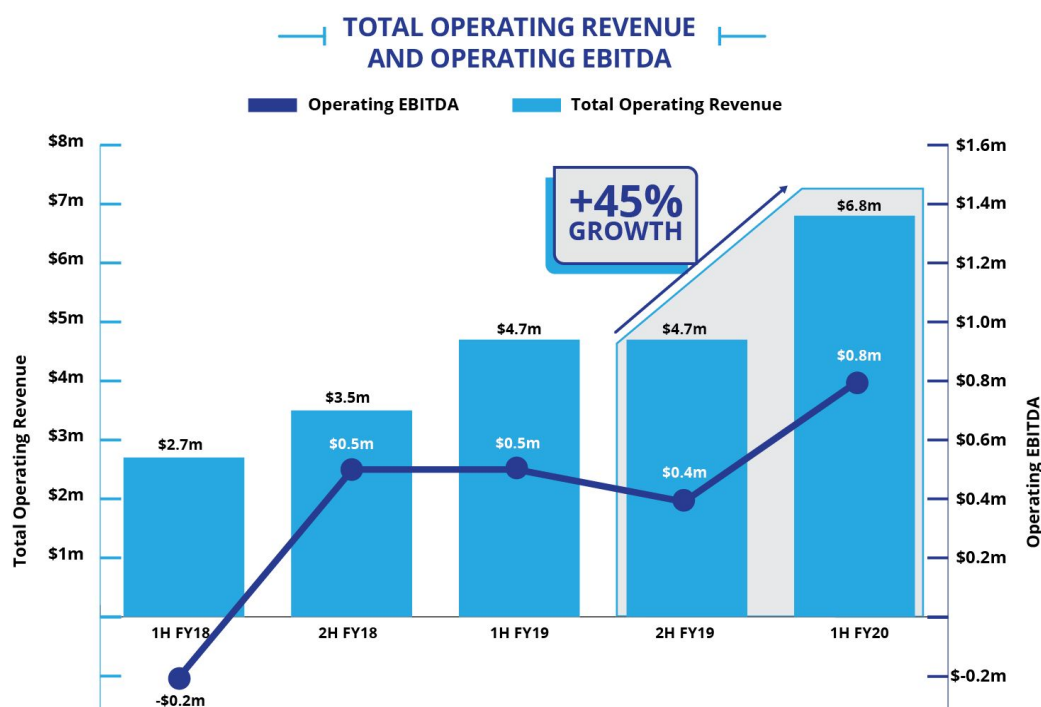
¹ Annual Recurring Revenue (ARR) based on contracted recurring revenues as at the end of Q2 FY2020

ASX: SKF

30 January 2020

Half Year FY20 Highlights (unaudited)

- 1H FY20 **Total Operating Revenues** of **\$6.8m, up 45%** versus 2H FY19. The increase in revenue was driven by strong organic growth and recognition of the Beonic revenues (acquisition completed 9 July, 2019)
- Half year FY20 **Recurring Revenues** of **\$4.4m, up 92%** versus 1HFY19
- Skyfii expects to deliver a **1H FY20 Operating EBITDA** of **c.\$0.8m, up 100%** on 2HFY19 based on unaudited financial numbers.



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

"Skyfii continues to deliver strong and consistent quarter on quarter revenue growth. The December quarter marks the Company's 6th consecutive quarter of recurring revenue growth of >10% quarter on quarter, with our annualised recurring revenue run rate now at \$10m.

We have continued to attract top tier talent, recently hiring a Chief Marketing Officer and VP of Channel and Strategic Alliances, with both roles based in our largest market opportunity, North America.

In addition we are very pleased with both the performance of the Beonic business, following the acquisition completed on the 9th July 2019, which is providing a strong contribution to the business at both the topline and recurring revenue lines, in addition to generating a significant pipeline of new opportunities for Skyfii globally."

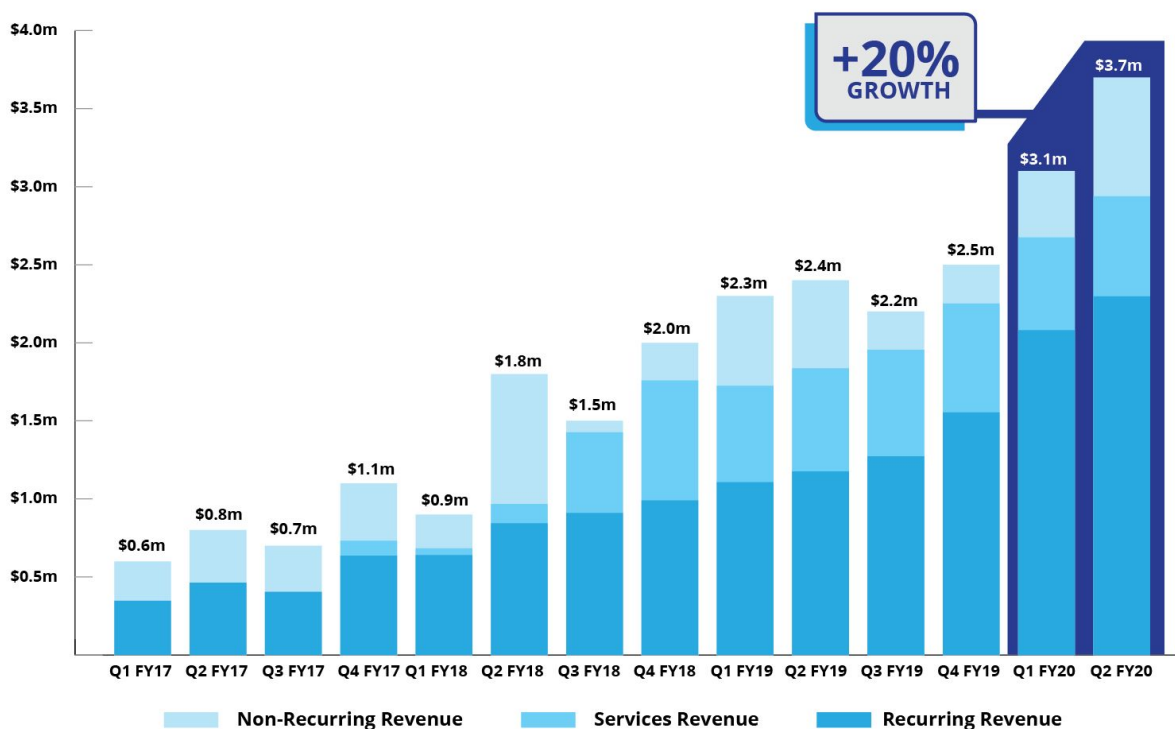
ASX: SKF

30 January 2020

Types of revenues generated by the Skyfii business model:

1. **Recurring Revenues** are generated from ongoing subscription fees for access to Skyfii's 'IO' data intelligence platform
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 deployment of hardware and infrastructure, implementations and upfront setup fees, which underpin recurring revenues including: Installation of Wireless Access Points, 2D and 3D cameras and People Counting sensors

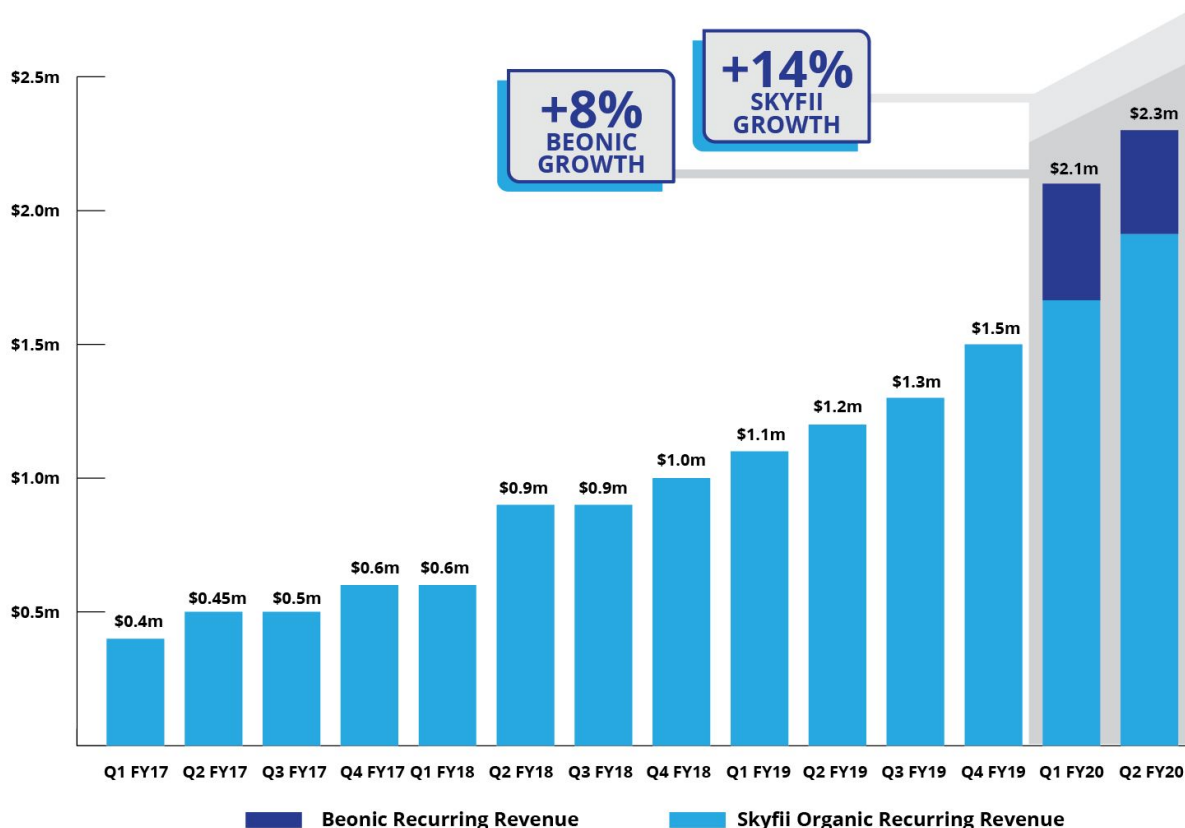
— TOTAL OPERATING REVENUES - BY QUARTER —



ASX: SKF

30 January 2020

— | QUARTERLY RECURRING REVENUE | —



Cash position

As at 31 December 2019, the Company maintained a cash position of \$3.74m, up from \$1.09m at the end of the previous quarter (ending 30 September 2019).

The Company expects to maintain a strong cash balance in the coming quarters, whilst investing for growth.

On 11 December 2019, SKF placed 15 million new shares to institutional investors, raising gross proceeds of \$2.25m. The shares were placed at \$0.15/share representing a 9% discount to the last traded price pre-placement of \$0.165/share. The funds from the placement will enable the company to;

- Scale up and execute on its overseas growth opportunities more efficiently
- Increase the size of its business development and marketing team to focus on lead generation efforts, particularly within our international markets
- Meet the increased working capital requirements for the Company as it continues to expand its product and services offering and its growth trajectory

Continued Investment in International Growth

Post quarter end the Company made two high profile hires based in the USA. We have welcomed Patricia Rilling onboard as the new VP of Channel & Strategic Alliances. Trish was formerly the global head of Ruckus Partner Alliances program and will lead and manage Skyfii's global partner program with a focus on growth through our strategic partners.

In addition, we welcome Jason Weaver to the business in the role of Chief Marketing Officer. Jason has successfully built and exited several of his own Marketing technology companies and will be focussed on driving our marketing strategy with a particular focus on building further awareness, increasing lead generation and adoption for our products and services in all markets.

Signed contracts announced during the quarter

ISPT (Australia)

Three-year Master Services Agreement signed with leading Australian Property Trust ISPT. The contract includes the provision of Skyfii IO Platform services (SaaS) including IO Connect (Guest WiFi) and IO Insight (data analytics) across 31 retail shopping centres and commercial office towers Australia wide. ISPT is a leading Australian commercial, retail, logistics, warehousing and residential property investor and developer.

Notable international contracts signed during the quarter

During the period the Company secured a range of new contract wins across a range of geographies and sectors. The below are a selection of the more notable contract wins secured in our International markets:

Macerich (USA)

Skyfii successfully concluded a Master Services Agreement with Macerich, one of America's largest operators of retail real estate. Macerich currently owns and operates 47 commercial real estate properties across the USA.

In December 2019, Skyfii deployed its IO Connect (Guest Wifi) services across 15 Macerich shopping centres on an initial 12 month contract term, with the opportunity to extend the services across the balance of the portfolio, with the potential for additional Skyfii services to be added.

TJ Morris (UK)

Skyfii has commenced rolling out its IO Connect (Guest Wifi) services into UK retailer TJ Morris in collaboration with a UK reseller. The contract is for an initial three-year term with a planned deployment across +500 stores.

BetFred (UK)

BetFred is a UK gambling company operating +1500 high street stores across the UK. Skyfii has commenced a roll-out across an initial 100 stores deploying its IO Connect (Guest Wifi) services on an initial three year term and will continue further roll-out during calendar year 2020.

ASX: SKF

30 January 2020

El Dorado (USA)

Skyfii successfully signed a Master Services Agreement with El Dorado Furniture, a leading large format furniture retailer in the USA. The Company has agreed to an initial 1 year term for its IO Connect (Guest Wifi) & IO Insight (analytics) services across 13 retail furniture outlets.

Outlook

The strong first half financial and operating results have positioned Skyfii to deliver another record result for the FY20 full year.

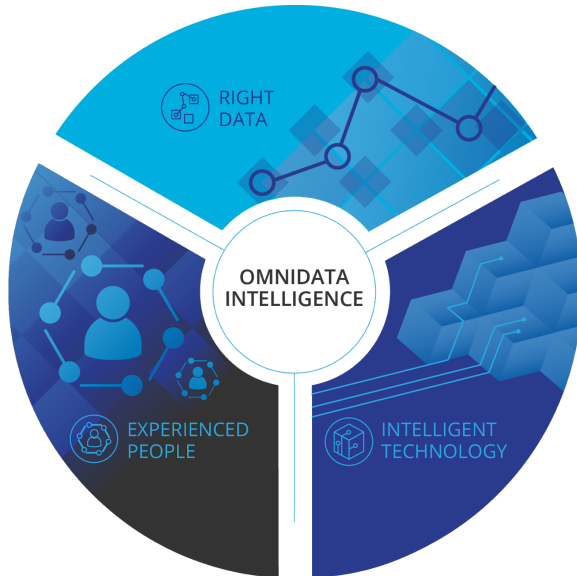
In addition to a continued focus on growing both the Topline and Recurring Revenues, the Company aims to continue to maintain its positive EBITDA position for the full year. The international markets pipeline presents a substantial conversion opportunity and the Company will continue to invest into its operating model to sufficiently deliver on these opportunities.

Furthermore, the Company will continue to build out its product offering to deliver more value to its existing client base. The inclusion of new data sources, such as those now core services from Beonic, provide a clear competitive advantage and increase the opportunity to sell additional products and services to our current and prospective customer base.

Key areas of focus for Skyfii for the remainder of FY20 include:

- Conversion of key contracts within our International markets, which will drive an increased level of revenue contribution to The Company for FY20
- Maintain strong growth in topline and recurring revenues for the full year FY20
- Focus on cash management and maintaining positive EBITDA growth
- Continue to increase the number of datasets represented in the IO platform to provide further growth within existing customer accounts
- Further build out our global partner ecosystem to accelerate growth opportunities and unlock new markets

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.com

Follow Skyfii updates at <https://au.linkedin.com/company/skyfii>

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Skyfii Limited

ABN

20 009 264 699

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	3,163	6,200
1.2	Payments for ¹		
	(a) research and development	(80)	(232)
	(b) product manufacturing and operating costs	(1,048)	(1,819)
	(c) advertising and marketing	(129)	(222)
	(d) leased assets	-	-
	(e) staff costs	(1,819)	(3,902)
	(f) administration and corporate costs	(593)	(1,172)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	3
1.5	Interest and other costs of finance paid	(31)	(71)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	1,037	1,037
1.9	Net cash from / (used in) operating activities	502	(176)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(9)	(18)
	(b) businesses (see item 10)	-	(100)
	(c) investments	-	-
	(d) intellectual property ¹	-	-
	(e) other non-current assets	(1)	(15)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-

¹Cash flows are presented before the capitalisation of employee, contractor and other expenditure attributable to software development of approximately \$1.2m for the six months to 31 December 2019. The Company expects to capitalise this expenditure as an intangible software development asset in the half year accounts ended 31 December 2019.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
	(a) employee advances	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(10)	(133)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,250	2,250
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	47	71
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	542
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	(149)	(149)
3.10	Net cash from / (used in) financing activities	2,150	2,715

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,094	1,330
4.2	Net cash from / (used in) operating activities (item 1.9 above)	502	(176)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(133)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,150	2,715
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	3,736	3,736

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	2,642	49
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (see section 8.1)	1,045	1,045
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,736	1,094

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	82
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

6.1 includes directors' fees and salaries paid in the quarter.

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	57
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

7.1 includes supplier payments made to Simple Machines a company related to CPO, Jason Martin.

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,000	1,045
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1 \$2 million 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 on funds drawn plus an annual line fee of 2% pa. The initial term of the loan facility matures 31st May 2021.

9.	Estimated cash outflows for next quarter ***	\$A'000
9.1	Research and development	(100)
9.2	Product manufacturing and operating costs	(500)
9.3	Advertising and marketing	(150)
9.4	Leased assets	-
9.5	Staff costs	(2,000)
9.6	Administration and corporate costs	(600)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows ***	(3,350)

*** The company is an operating business that generates cash inflows each quarter, including receipts from customers generated from sales. As per reporting requirements of Section 9 in this report, the above summary of anticipated cash outflows including costs of generating forecasted sales for the next quarter ending 31 March 2020, DOES NOT REFLECT ANY ANTICIPATED CASH INFLOWS i.e. it excludes sales receipts from customers.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions \$A'000	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

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.

Sign here: 
(Company secretary)

Date: 30 January 2020

Print name: Koreen White

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.