

ASX: SKF

QUARTERLY BUSINESS UPDATE

HIGHLIGHTS

- **Total revenue pipeline growth continues to build - \$49m from advanced stage pipeline (up 10% on the prior quarter)** assuming full rollout and 5 year contract terms, excluding revenues from advertising or data services
- **Strong growth in recurring analytics revenues, up 52% quarter-over-quarter (qoq)**
- **New customer installations continue to grow qoq, up 14% on previous quarter**, with 8 new venues going live during the quarter
- **New landmark deals announced** with Mirvac Property Group, the Lederer Group and renewal of World Square contract with Brookfield, all on 36-month contract terms
- **Launch of the Skyfii content delivery tools with strong early adoption from existing clients**
- **Strong pipeline building within the UK and USA markets**, identified \$2m in annual recurring revenues from qualified opportunities within the first month of operations
- **Total registered user base increased 44% qoq** from 2.1 million to 3.1 million during the quarter
- **Strong cash position of \$3.9m** - Skyfii remains well-funded to continue its expansion

Data analytics services company Skyfii Limited (**Skyfii, the Company**) has today released its Appendix 4C Report for the three-month period to 31 March 2016 and is pleased to provide a review of the progress made during Q3 FY16.

Strong Customer & Revenue Growth

Skyfii continued to install its guest WiFi and analytics services in a growing number of venues, with 8 new venues going live during the quarter, including a new venue for Merivale Group (The Newport).

Monthly recurring analytics revenues were significantly up during the quarter increasing by 52% on the previous quarter.

Skyfii is also extremely pleased to have announced 36-month term contracts for the provision of its services to Mirvac Property Group (delivered in partnership with Optus Business), the Lederer Group and a renewal with an existing client, World Square Shopping Centre, further validating Skyfii's leadership position within the retail mall market in Australia.

Launch of new and improved content delivery capability

Skyfii is pleased to be able to provide its current and future customers with improved tools for targeting relevant, contextual and location-based content through SMS, email and push notifications. This product line is sold as a monthly marketing service subscription which provides incremental revenue opportunity to the traditional Guest WiFi and Analytics service revenues and promises to add significant revenue growth to Skyfii over the coming 12 months.

Accelerated growth into the North America market

With a key focus on expansion into North America, Skyfii, in March, announced it had appointed former Aruba and Aerohive wireless industry and channel sales expert, Keith Morris to the position of VP Sales and Partnerships for the region. Keith has built a very successful career managing and leveraging key channel partnerships and driving significant revenues through his relationships in the wireless industry.

Skyfii looks forward to updating the market in the near future on several significant client opportunities which are very well progressed in this market.

Strategic Investment Opportunity with Chapmans Opportunities Limited (COL)

Skyfii entered into a subscription with Chapmans Opportunities Limited (COL) to invest \$2m into Skyfii. Under the terms of the agreement, Skyfii will issue 16,000,000 ordinary shares in Skyfii at 0.125c per share. In addition, COL will receive 5 million options, in five equal tranches of 1 million options with exercise prices of 0.25c, 0.35c, 0.50c, 0.75c and \$1.00. The funds will be used by Skyfii for additional growth and expansion capital within Australia and New Zealand and with a focus on the United Kingdom and North American markets.

If the options are fully exercised by COL, this would provide an additional \$2.85m in funding to Skyfii. The completion of the transaction is subject to Skyfii shareholder approval at the EGM and COL raising a minimum of \$7m.

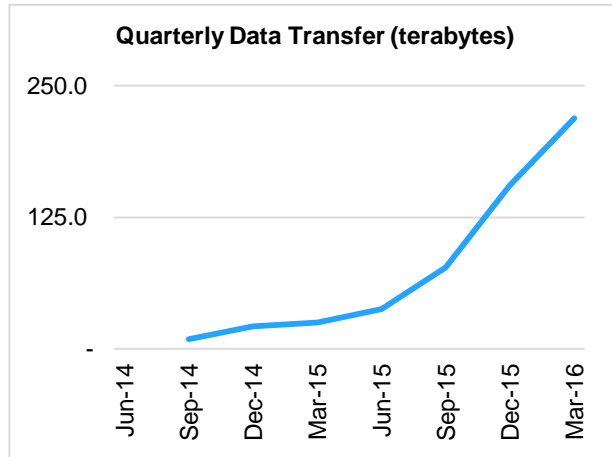
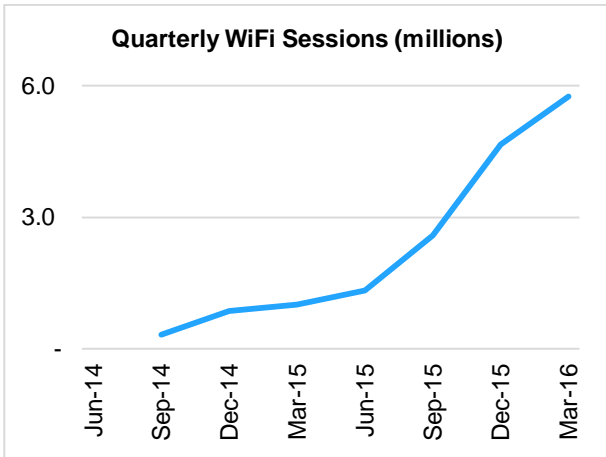
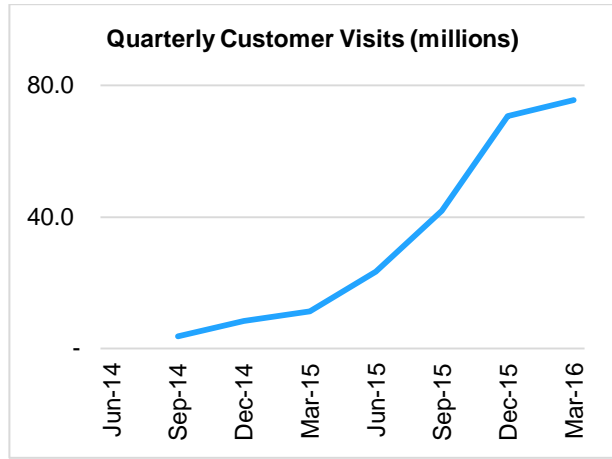
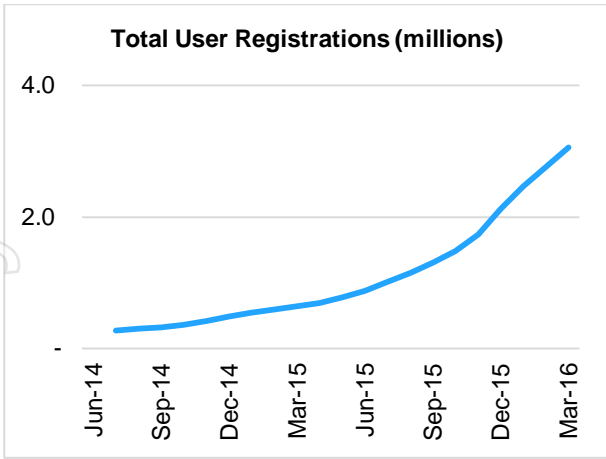
Strong Cash Position

As at 31 March 2016, the Company had a strong cash position of \$3.9m.

Key User Operating Metrics

In line with the Company's continued growth in contract deployments, all key operating metrics continue to experience significant growth, lending strong user validation of Skyfii's services:

- Total registered user base increased by +44% qoq from 2.1 million to 3.1 million unique users
- Strong growth in new unique registered users of +15% qoq
- Growth in WiFi sessions of +23% qoq
- Customer venue visits increased by +7% qoq
- Data transferred grew by +41% qoq



Outlook

Skyfii continues to grow its advanced stage revenue pipeline with significant momentum, up 10% qoq to \$49m. Outside of continued growth in its home market of Australia, the initial signs in the North America and United Kingdom markets, given their maturity, show strong support for the Skyfii offering and these markets will continue to be a core focus for the Company, with an already growing pipeline of very significant opportunities being negotiated.

In addition, with the launch of a new and improved content delivery product line, Skyfii is forecasting incremental revenue growth from its existing Guest WiFi and analytics client base over the course of the next 12 months.

Finally, following strong demand for the Skyfii product offering in new verticals of Transit, Hospitality, Healthcare and Education, Skyfii will be focussing on broadening its product offering to attract incremental revenues from new verticals.

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ABOUT SKYFII

Advancements in cloud, mobile technology and Wi-Fi systems have enabled bricks-and-mortar venues to become more competitive by better understanding the needs of their diverse types of visitors. Today, every smartphone is a chatterbox of information. The cloud-based Skyfii platform uses existing Wi-Fi infrastructure, BLE beacon networks, door-to-people counters, video sources, web and social platforms to allow various types of venues to capture this data from visitors who opt-in to free Internet connectivity. In doing so, it makes the data a critical sales and marketing tool that allows venues and their commercial tenants to deliver content that is catered to each visitor's needs and interests. For more information please visit www.skyfii.io.

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Skyfii Limited

ABN

20 009 264 699

Quarter ended ("current quarter")

31 March 2016

Unaudited consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers	547	1,333
1.2	Payments for ¹		
	(a) staff costs	(879)	(1,929)
	(b) advertising and marketing	(34)	(106)
	(c) research and development	(105)	(105)
	(d) leased assets	-	-
	(e) other working capital	(650)	(1,767)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	15	34
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes refunded/ (paid)	-	-
1.7	Other:		
	(a) Government grant revenue	11	39
	(b) R&D tax rebate	-	792
	Net operating cash flows	(1,097)	(1,710)

¹ Operating cash flows are presented after the capitalisation of employee, contractor and other expenditure attributable to software development of approximately \$820k for the half year ended 31 December 2015.

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,097)	(1,710)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property ²	-	(820)
(d) physical non-current assets	(60)	(160)
(e) other non-current assets	20	20
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities		
(a) employee advances	6	(10)
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
Net investing cash flows	(34)	(970)
1.14 Total operating and investing cash flows	(1,131)	(2,680)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	4,105
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other		
(a) capital raising costs	(8)	(251)
Net financing cash flows	(8)	3,854
Net increase (decrease) in cash held	(1,139)	1,174
1.21 Cash at beginning of quarter/year to date	4,998	2,685
1.22 Exchange rate adjustments	-	-
1.23 Cash at end of quarter	3,859	3,859

² Represents software development expenditure capitalised as an intangible asset in the half year ended 31 December 2015.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	91
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.


	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	3,854	4,993
4.2 Deposits at call	5	5
4.3 Bank overdraft	-	-
4.4 Other (provide details):	-	-
Total: cash at end of quarter (item 1.23)	3,859	4,998

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Heath Roberts
 Company Secretary

Dated 29 April 2016

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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