

ASX: SKF

SKF QUARTERLY BUSINESS REVIEW**HIGHLIGHTS**

- **Strong growth in cash receipts for the quarter of \$1.1m up 117% on the previous quarter**
- **Recurring revenues for the quarter of \$409k¹ up 16% on the previous quarter**
- **Landmark contract signed with Sydney's Waverley council to include the iconic Bondi beach**
- **First contract win in the US market announced with Cincinnati Bell Inc. in October 2016**
- **Skyfii named as spotlight eco-system partner of Aruba Networks**, a Hewlett Packard Enterprise company, for the global launch of the Aruba OS 8 platform
- **Total revenue pipeline growth continues to build - \$58m from advanced stage pipeline - up 9% on the previous quarter²**
- **Billing venues up 12% on previous quarter**, with 9 new venues going 'live' - consistent, quarter-on-quarter growth rate
- **Total registered user base** continues to build very strongly reaching **5.2 million unique users**
- **US and UK markets building significant advanced stage pipelines with new contract announcements anticipated in the next quarter (ending December 2016)**
- **Very strong growth in new venue rollouts in Brazil and South Africa**, with landmark contracts anticipated in both markets early in the next quarter
- **Strong cash position of \$1.5m plus \$0.9m R&D tax incentive received subsequent to end of quarter**

Data analytics services company Skyfii Limited (**Skyfii, the Company**) has today released its Appendix 4C Report for the three-month period to 30 September 2016 and is pleased to provide a review of the progress made during Q1 FY17.

Significant growth in recurring revenues & cash receipts

Skyfii enjoyed a record quarter for customer receipts, banking \$1.1m in customer receipts during the quarter. This represented a significant uplift, of 117%, on the previous quarter. Most importantly, the Company's recurring revenue receipts also increased significantly, up 16% on the previous quarter. This is largely due to additional shopping centre assets coming online during the quarter. Total operating revenue for the quarter was \$635k¹. This figure was down 19% on the previous quarter due to a number of one-off implementation fees recognised in June 2016 associated with the deployment of Skyfii's Guest WiFi and Analytics across a number of Australian shopping centres. These centres will contribute positively to the Company's revenue in coming quarters.

¹ Based on unaudited revenue from operations (excluding interest, grant and other income) for the quarters ending 30 September 2016 and 30 June 2016.

² Assuming full rollout and 5 year contract terms excluding additional revenues from advertising and data services.

Further product alignment and sales pipeline growth through growing Aruba partnership

In August 2016, Skyfii was named a spotlight eco-system partner of Aruba Networks, a Hewlett Packard Enterprise (HPE) company, alongside a number of high profile US based companies. The significance of this recognition has further strengthened the collaborative partnership between Aruba and Skyfii and has resulted in immediate growth in pipeline opportunities being brought to Skyfii through the Aruba Networks sales channels across the major geographical markets in which Skyfii operates.

Also in the quarter Skyfii completed integration with Aruba's ClearPass Network Access Control solution, further solidifying the seamless alignment between the Aruba product set and Skyfii. This alignment has further incentivised Aruba sales personnel and channel partners to recommend Skyfii as a preferred analytics and marketing platform which has resulted in significant growth in new revenue opportunities in major global markets.

Huge pipeline momentum in North America & EMEA

Since launching operations in North America and EMEA in the previous quarter, both markets have continued to build very strong, qualified pipelines, with several significant pilots already underway across a range of verticals including transit, retail, education and municipal.

At 30th September 2016, the North America and EMEA advanced stage 3-year pipeline stood at \$15m+ with new contract announcements anticipated early in the next quarter.

In addition to anticipated contract announcements, the Company has several very large and significant pilot customers engaged which have the potential to deliver large recurring revenues to the business during FY17.

In October 2016, the Company was pleased to announce its first contract win in the US market, with a long-term agreement with Cincinnati Bell Inc. to provide guest WiFi analytics and its marketing engagement services to support Cincinnati Bell's ongoing "Light Up Cincinnati" campaign.

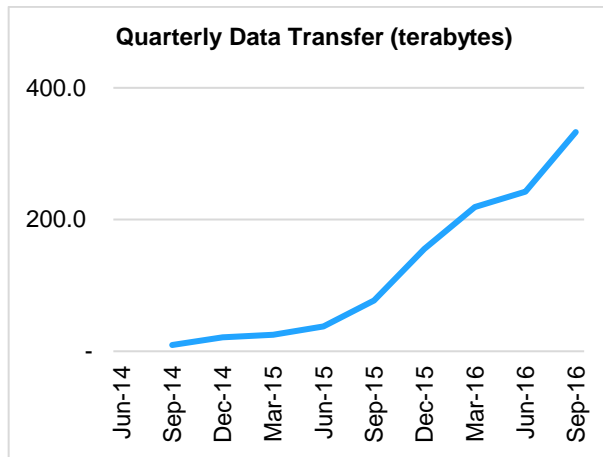
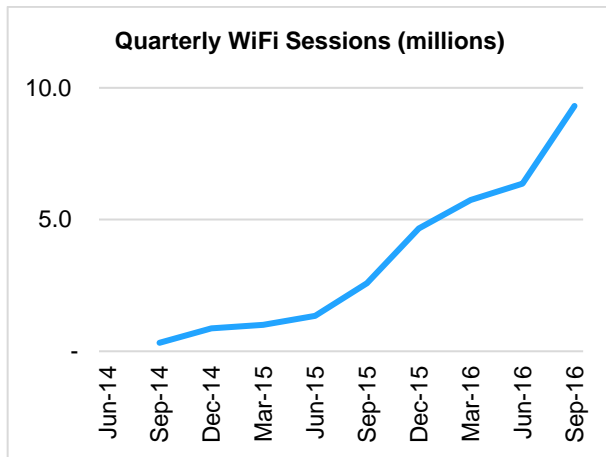
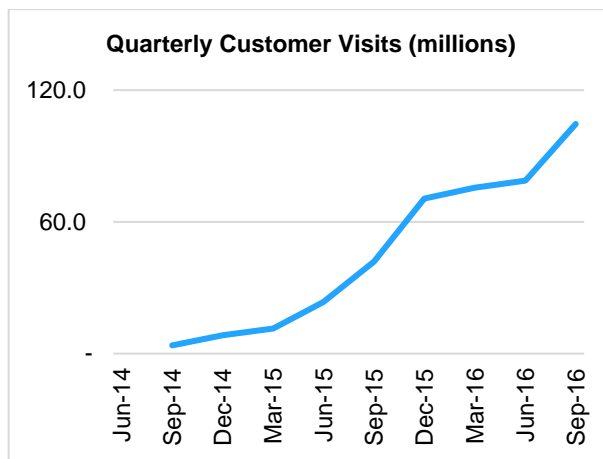
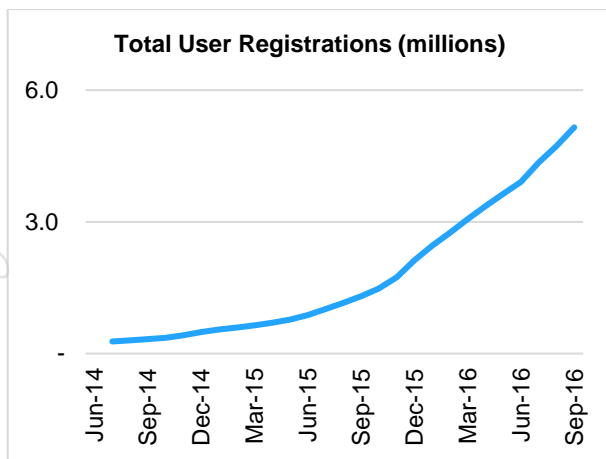
Strong Cash Position

As at 30 September 2016, the Company maintained a sound cash position of \$1.5m. In addition, in October it received an R&D tax incentive rebate of \$0.9 million relating to research and development expenditures undertaken in FY16.

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 +32% qoq from 3.9 million to 5.2 million unique users
- Growth in WiFi sessions of +46% qoq
- Customer venue visits increased by +33% qoq
- Data transferred grew by +37% qoq



Outlook

Skyfii will continue to invest in growth within the Australian and New Zealand markets and on growing its leading market share position within its key verticals. We anticipate converting new client contracts within the retail vertical early in the next quarter.

The Company's international growth rate is extremely pleasing and in addition to notable anticipated contract conversions in ANZ, it anticipates strong news flow on key contract wins within the markets of Brazil and South Africa, early in the next quarter.

Skyfii's extended product integration with key hardware vendor partners continues to drive revenue opportunities across the globe, with new and exciting opportunities across Europe, the UAE and Latin America in conjunction with North America and the United Kingdom.

Skyfii's CEO Wayne Arthur said, "We are extremely positive about the outlook for the remainder of FY17 and into FY18, and with a clear line of sight to a cash flow break even position on current trajectory, we are confident in our operating model and pleased with our continued execution against objectives."

For further information, please contact:

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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 not only analyse behaviour of anonymous visitors, but also capture data from those who opt-in to free Internet connectivity. In doing so, it converts the data into 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 visit www.skyfii.io.

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")

30 September 2016

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	1,113	1,113
1.2	Payments for		
	(a) research and development	(52)	(52)
	(b) product manufacturing and operating costs	(876)	(876)
	(c) advertising and marketing	(63)	(63)
	(d) leased assets	-	-
	(e) staff costs	(929)	(929)
	(f) administration and corporate costs	(220)	(220)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	4	4
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,020)	(1,020)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(8)	(8)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(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	(47)	(47)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(55)	(55)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

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	2,612	2,612
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,020)	(1,020)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(55)	(55)
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 quarter	1,538	1,538

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	1,538	2,612
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,538	2,612

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
55
-

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

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

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
-
-

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

- 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.

N/A

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(48)
9.2	Product manufacturing and operating costs	(329)
9.3	Advertising and marketing	(143)
9.4	Leased assets	-
9.5	Staff costs	(1,287)
9.6	Administration and corporate costs	(223)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	(2,029)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	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: 31 October 2016

Print name: Heath Roberts

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.