

5th February, 2018

SKYFII RAMPS UP NORTH AMERICAN PRESENCE THROUGH CAUSELY ACQUISITION

- **Skyfii to acquire Causely, a US-based marketing services business - inline with Skyfii's stated plans to expand its global footprint and Marketing Services offering**
- **The Causely business services over 1,850 retail, gym and religious congregation venues in North America and Europe and is highly value accretive to the Skyfii business**
- **Acquisition provides significant penetration into the SME vertical in North America**
- **Acquisition delivers strong topline revenue, profitable operations and introduces a new pedigree of investors to the Skyfii register with extensive connections in the US retail sector**
- **Acquisition significantly accelerates Skyfii's business operations in North America**
- **All scrip transaction for a consideration of 25 million new ordinary shares in Skyfii Limited to be issued at a AU\$ 0.14 per share valuing the acquisition at AU\$3.5 million**
- **Causely customer contracts will deliver a guaranteed minimum of US\$1.625 million in net profit to Skyfii over the initial three year period**

SYDNEY, AUSTRALIA, 5th February, 2018 – Skyfii Limited (ASX: SKF) (Skyfii, or the Company), a data analytics and marketing services company, is pleased to announce its plans to expand significantly in North America with the acquisition of Causely.

Causely is a marketing services company, with an existing portfolio of over 1,850 revenue generating Small and Medium-sized Enterprise (SME) retail, gym and church customers in North America, including brands such as Anytime Fitness, Orange Theory and F45.

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Growth of North American Footprint & Marketing Services Offering

In calendar year 2017, Skyfii announced that it had established a Marketing Services offering to complement its fast growing SaaS 'IO' platform and Data Consultancy Services division. The Causely acquisition provides a significant strategic growth platform for Skyfii to rapidly expand not just its business operations into North America, but specifically its Marketing Services business in North America and within a number of identified vertical market segments globally. The acquisition will substantially accelerate Skyfii's business operations within its largest prospective market, North America.

With an existing customer portfolio of over 1,850 venues, including 600 religious congregations, 1000+ gym and wellness venues and a progressed pipeline of quick service restaurant (QSR) groups - the acquisition presents a significant opportunity for Skyfii to upsell its existing SaaS 'IO' platform services to the Causely customer portfolio.

The outlined targeted verticals and customer conversions will form part of Skyfii's broader strategy to develop revenues from the very large SME market in the US, propelling the Company's pipeline opportunity and expanding its North American customer footprint.

Established North American Team

The transaction also includes a select number of personnel transitioning across to the Skyfii business. The Causely team, prior to the acquisition, were a value added reseller of Skyfii's suite of products and services and will join the Skyfii team with a qualified sales pipeline and existing client base.

Market Opportunity

The SME market in North America is one of the largest retail vertical opportunities for Skyfii's SaaS, 'IO' platform, having already successfully contracted with a number of enterprise SME venues globally. This continued approach of targeting the SME market in North America will present a significant growth opportunity for the Company. SME venue types include quick service restaurants, gyms, retail chain stores and religious congregation venues and there are over 1 million quick service restaurants in North America alone.

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New Investor Pedigree

As part of this exciting acquisition, Skyfii will welcome new, sophisticated investors and advisors into the business. These sophisticated investors include Dan Kloiber who most recently sold his enterprise software company, Exstream Software to Hewlett Packard Enterprise.

Dan Kloiber was the co-Founder and CTO of Exstream Software, a worldwide enterprise software company and also served as the Chief Technologist for HP's Enterprise Software Group. With 20-years experience as chief technologist within multiple software ventures, he is a respected authority on software architectures for processing and enhancing data.

The business also welcomes Lincoln Brown to the register. Lincoln recently sold his mobile technology business to Zynga – specialising in data science and Machine Learning.

Finally, Skyfii is extremely pleased to welcome into the business the advisory services of Mr. John Y Brown, former Governor for the state of Kentucky and the original founding CEO of Kentucky Fried Chicken. Mr Brown was also recognised by Harvard Business School as one of America's top business leaders and alongside McDonald's Ray Kroc, is recognised with launching the dynamic growth of the fast food industry.

Statement from Wayne Arthur, CEO of Skyfii

Wayne Arthur, CEO of Skyfii commented, "This transaction will bring a profitable asset onto the Skyfii balance sheet, and significant near term opportunity to grow the portfolio value through the upsell of Skyfii's SaaS based 'IO' platform and services, propelling Skyfii into a very strong market position within North America.

Skyfii remains in a very strong financial position, having recently announced its quarterly results, where we exceeded revenue growth projections and delivered a significantly improved EBITDA performance, in the first two quarters of FY18. The existing business remains very much on track to reach a near term EBITDA breakeven, with no further requirement to raise capital for the purpose of current business operations.

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It is with great pleasure that I welcome the Causely team to Skyfii, as we expand our North America business, during what will be one of our most exciting years ahead."

Transaction Structure

Purchase: Skyfii will acquire Causely including its portfolio of existing contracts in an all scrip transaction, issuing 25 million new ordinary shares in Skyfii Limited at \$0.14 per share, valuing the transaction at AU\$3.5 million.

Profit guarantee to Skyfii (buyer): As part of the acquisition by Skyfii, the sale of the asset by the incumbent Causely investors (sellers) has an underwriting agreement in place to guarantee a minimum net profit (defined as being net sales less all costs, before taxes) of US\$1.625 million over a three year period. The performance of this guarantee will be reviewed formally on a quarterly basis.

Downside protection to Causely investors (sellers): In exchange for the net profit guarantee, Skyfii has provided the Causely investors downside protection on the value of its share portfolio for a limited time. In the event that Skyfii's share price falls below \$0.14 (calculated on a 30 day VWAP), over the period 30th July - 29th August 2018, Skyfii will issue further shares to compensate the Causely investors for the reduction in their portfolio value. The available compensation is capped at a maximum of 11 million Skyfii shares, any shares issued will be at a fixed price of \$0.14 per share and expires 29th August 2018.

Capacity to issue scrip: New Skyfii shares will be issued for the acquisition of the Causely business and made available under the placement capacity outlined in ASX listing rule 7.1. The current placement capacity will be used for both the purchase consideration, as well as any additional share compensation, if required. Under the terms of the agreement 37.5% of the issued consideration shares will be held under a restricted escrow period, ending on the eighteenth month anniversary from the transaction completion date.

Proven Success with 'Wicoms Acquisition' (announced 25 October 2017)

In July 2017, Skyfii announced the acquisition of Wicoms Wireless portfolio of customers in the United Kingdom and further announced in October, only three months later, that it had significantly upsold its SaaS 'IO' platform services to one of the key contracted customers acquired in that acquisition, thereby demonstrating the value and ability of Skyfii successfully acquiring complementary and value accretive businesses.

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In line with Skyfii's stated plans to strategically expand its global footprint in 2017, the acquisition of Causely's business and portfolio of customers will see the Company expand its North American SME market footprint. The acquisition will enable Skyfii to leverage an existing revenue generating footprint and subsequently upsell the Causely customers with a greater level of product and services, currently not provisioned under Causely's existing platform and services solution.

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About Causely

Causely is a marketing services company, with an existing portfolio of over 1,850 revenue generating retail SME (Small and Medium-sized Enterprise) customers in North America. Causely provides professional marketing services to its existing customer base, focused on generating foot traffic to and improving venue visitation. It also provides a loyalty based charitable rewards marketing platform, which enables the SME venues to contribute to various charitable causes via their customers check-ins to social media. Customers are empowered to check themselves into one of these venues, as a result making a small donation to a charitable cause advocated by the SME venue, ultimately improving the organization's Corporate Social Responsibility efforts.

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.

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Skyfii offers a cloud-based solution in a subscription model consisting of three core 'IO' services:

- IO Connect: a data portal where data is collected (data collection)
- IO Insight: venue performance, customer behaviour and, loyalty & engagement (data analytics)
- IO Engage: targeted content delivery, automated marketing and monetization (marketing tools)

Skyfii also engages with clients to provide further revenue generating services:

- Data Consultancy Services: Experts in delivering compelling and actionable research outcomes through the fusion of digital and behavioural data
- Marketing Services: Delivering best in-class data-driven marketing practices, empowered through the amalgamation of a consumer's digital and behavioural data

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