

25th July 2018

ASX:SKF

SKYFII QUARTERLY BUSINESS REVIEW – Q4 FY2018

Full-Year FY2018 Highlights (unaudited)

- Skyfii expects to deliver a modest full year FY2018 profit, at an EBITDA level, compared to $-\$3.75\text{m}$ in FY2017
- Full-year FY2018 total operating revenues of $\$6.17\text{m}$, exceeding previous guidance, representing a 92% growth compared to FY2017
- Full year FY2018 recurring revenues of $\$3.4\text{m}$, representing a 68% growth compared to FY2017
- A 254% reduction in net cashburn year on year to an average of $\$130\text{k}$ per month in FY2018 from $\$330\text{k}$ per month in FY2017

Q4 FY2018 Highlights

- Total operating revenues for the quarter of $\$1.95\text{m}$, up 26% on previous quarter, representing Skyfii's best performing quarter since the Company's inception
- Recurring revenues for the quarter of $\$1\text{m}$ ¹, up 8% on the previous quarter, another key milestone delivered by the Company
- Strong growth in services revenues for the quarter of $\$746\text{k}$, up 33% on the previous quarter
- Cash at bank of $\$1.46\text{m}$ at end of Q4 FY2018 (30 June 2018), down from $\$2.1\text{m}$ at the end of the previous quarter (31 March 2018), due to timing of accounts receivables ($\$800\text{k}$ of cash receipts billed in June, to be received in July)
- Key new contract wins: Master Services Agreements signed with Nandos (ANZ), Precision Group (ANZ), Lewisland Property (ANZ), Versace Retail (Italy), Nuffield Health (UK), National service station & Tollway operator (Italy), The City of Covington (USA) and post quarter end, Nandos (Global)
- Total registered user base up 12.6% on previous quarter reaching 18.7 million unique users (growth of 94.4% when compared to Q4 FY2017)
- Dr. David Morgan AO (former Westpac CEO), appointed as Advisor to the Board, strategically assisting in furthering adoption of Skyfii's analytics platform within the banking and financial sector

Data analytics and marketing services company, Skyfii Limited (ASX:SKF) (Skyfii or the Company), is pleased to release its Appendix 4C report for the three-month period ending 30 June 2018 (Q4 FY2018) and full year FY2018 results (unaudited), and provide a review of progress made during the quarter and full year.

¹ Recurring revenues, based on unaudited recurring revenue from operations (excluding interest, grants and other income) for the quarter ending 30 June 2018.

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Full-Year FY2018 Highlights (unaudited)

Skyfii is very pleased to announce that it expects to deliver a modest full year profit, at an EBITDA level, for FY2018, compared to the FY2017 result of -\$3.75m, a significant milestone for the company.

The Company has delivered full year FY2018 total operating revenues of \$6.17m, representing a 92% improvement when compared to FY2017. This places the Company in a very strong financial position for FY19.

The growth in revenue is the result of the Company's focus on delivering high margin, multi-year, recurring revenue contracts and growth in our services offering to our customer base, both domestically and internationally across a growing number of industry verticals.

The Company has also benefited from the acquisition of Wicoms Wireless (July 2017) and the more recent acquisition of Causely in North America (Feb 2018) with both acquisitions having delivered income accretive results for the Company.

FY2018 Highlights

- Skyfii is expected to deliver a modest full year profit, at an EBITDA level
- Total operating revenues of \$6.17m, representing a 92% growth when compared to FY2017 of \$3.2m
- +4,500 venues now deployed across our global footprint of customers
- Annualised reduction of \$1.0m in operating expenditure when compared to FY2017
- A 254% reduction in net cashburn year on year to an average of \$130k per month in FY18 from \$330k per month in FY17

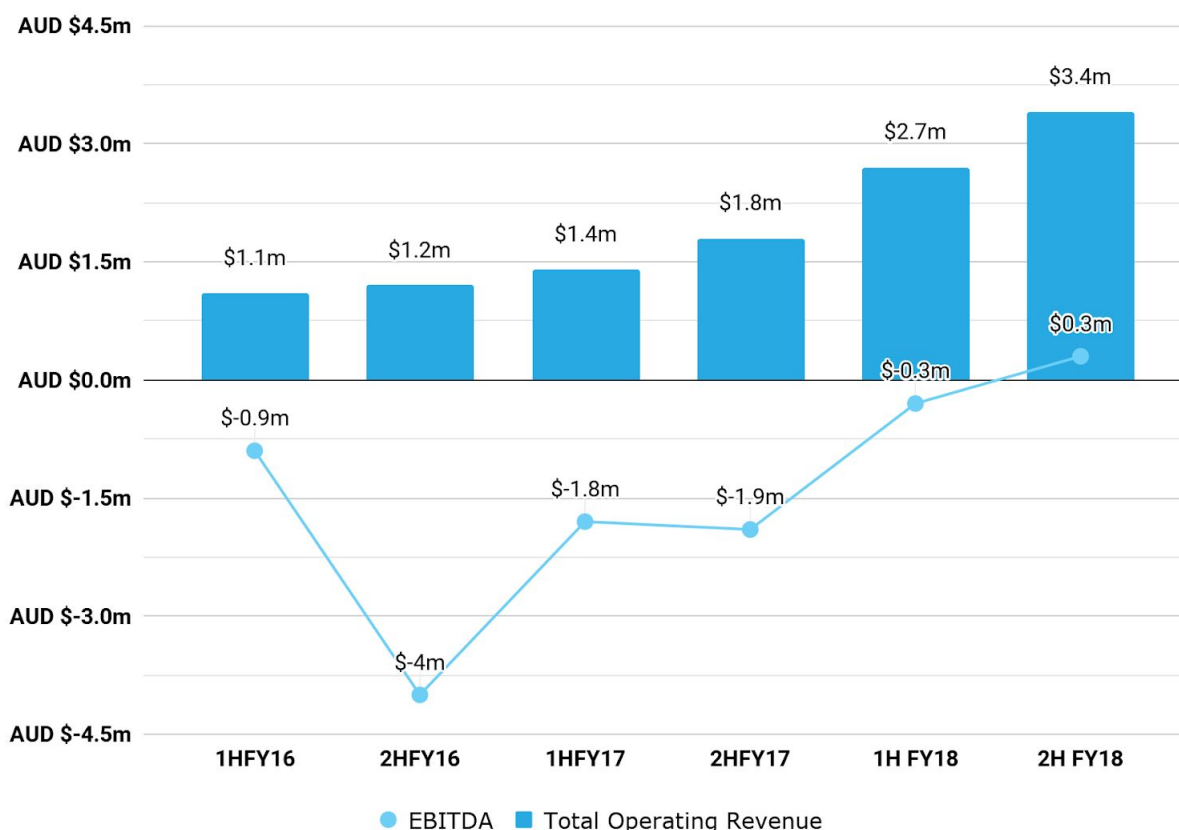
2H FY 2018 Highlights

The strong full year FY2018 results were led by a very strong 2H revenue contribution, in particular, Q4 FY2018.

- 2H FY2018 profit to exceed \$300k, at an EBITDA level
- 2H FY2018 total operating revenues of \$3.4m delivered, representing a 91% improvement when compared to 2H FY2017
- 2H FY2018 revenues generated from services of \$1.3m

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HALF-YEAR REVENUE & EBITDA



Cost control and capital allocation

Throughout FY2018 Skyfii has remained prudent in its capital allocation. This strategy has afforded the Company the ability to continue its global expansion and accomplish an expected first full year profit at an EBITDA level in FY2018.

We look forward to sharing our audited full year FY2018 results in August 2018.

Q4 FY2018 Growth

Skyfii continued to deliver strong operating revenues, with revenues in the quarter of \$1.95m up 26% on the previous quarter. The Company's cash receipts from customers for Q4 FY2018 of \$1.7m, up 4% from \$1.64m on the previous quarter.

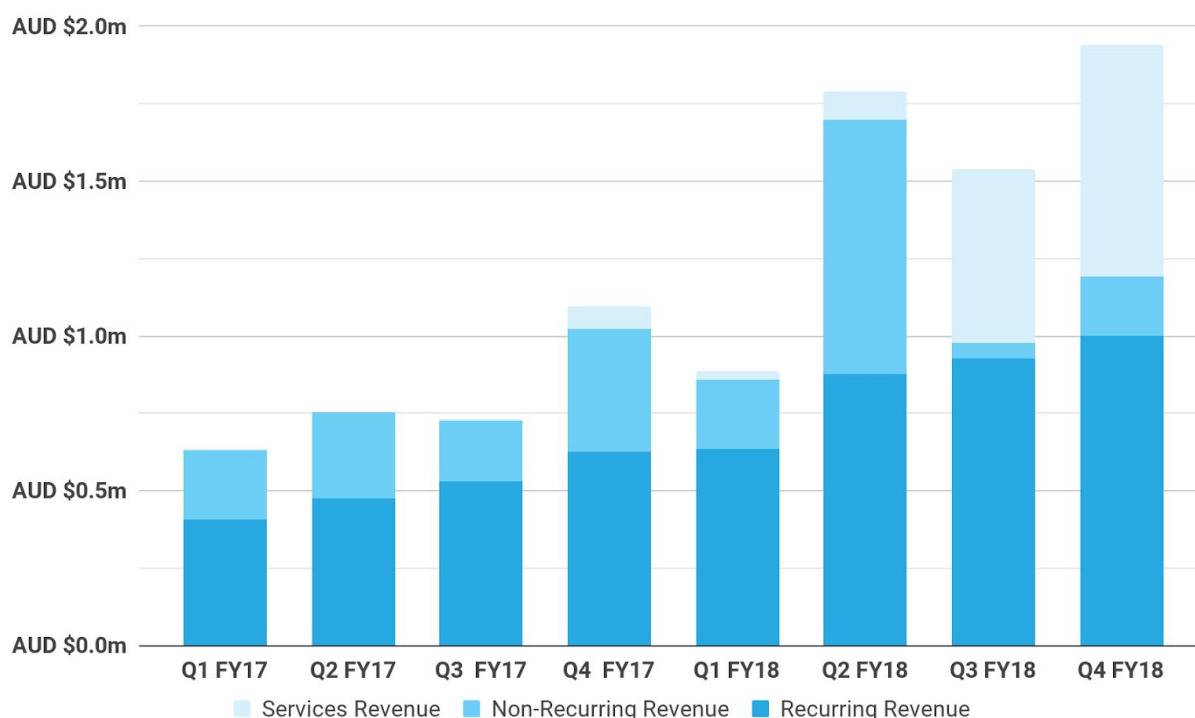
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Skyfii continued to deliver strong Recurring Revenue growth in the June ended quarter (Q4 FY18) of \$1.0m, up 8% on the previous quarter (up 60% when compared to Q4 FY2017).

The Company's revenues generated from Data Consulting Services (DCS) and Marketing Services (MS), in the June quarter were \$746k, up 33% on the previous quarter, positively influenced by the integration of the Causely business, acquired during the period (consolidated from February 2018).

TOTAL OPERATING REVENUE



Revenue Descriptions

- **Non-recurring revenues** are generated from the deployment of hardware and infrastructure, implementations and upfront setup fees, which underpin recurring revenues.
- **Recurring revenues** are generated from ongoing subscription fees for access to Skyfii's 'IO' data analytics platform.
- **Services revenues** are generated from the payment of projects undertaken by both Skyfii's Data Consultancy Services (DCS) and Marketing Services (MS) divisions, including revenues generated from customers of the Causely (US) business, which was acquired in February 2018. Revenues generated from services are received as either recurring or fixed fee projects.

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Material New Contracts Secured During the Quarter

Skyfii Signs Multi-year contract with Precision Group, Australia (11th of April 2018)

The Precision Group signed a three year contract term for the deployment of Skyfii's full suite of 'IO Platform' services across five shopping centres. In addition to subscribing to the IO platform services, Precision Group have provisioned Marketing Services to accelerate and support the application of their digital and data strategy, a core focus for the organisation's long term competitive advantage.

Skyfii Signs Multi-year contract with Lewis Land Group, Australia (18th of April 2018)

Skyfii has signed a three year contract with Lewis Land Group. Lewis Land Group own two large open plan shopping centres, Harbour Town Adelaide and Harbour Town Gold Coast that have been heralded by the the Australian Tourism Awards for excellence in specialised tourism services.

Skyfii's three-year deployment across the two assets will provide Lewis Land Group with the IO Platforms unique data analytics and data collection services, in what Chris Calvert, CEO Lewis Land Group described as "bringing their first-class retail experience to life". The engagement also included the deployment of infrastructure to the two properties (non-recurring, one-off upfront charges).

Skyfii Signs Contract with Luxury Fashion Brand Versace (15th of May 2018)

The agreement will see Skyfii deploy its 'IO Connect' (data collection) product across 45 Versace retail venues in Europe on an initial one year contract, replacing an incumbent provider. Upon completion of the initial 12-month contract, Versace has expressed their intent to move to a multi-year contract term.

Skyfii Doubles Deployment with Nuffield Health in the UK (17th of May 2018)

Having already successfully contracted Nuffield Health for the deployment of 'IO Platform' services across 70 venues, the contract extension added an additional 72 sites to the agreement, taking the total number of hospital and gym venues deployed to 142 across the UK.

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Skyfii Signs Leading Service Station Group in Italy (13th of June of 2018)

Representing Skyfii's first customer in the petrol convenience retail vertical, the signed contract with the Italian national service station group, will see Skyfii deploy its services across 210 venues.

The contract is being delivered in partnership with Skyfii's Italian based distributor, Telcomms and system integrator, Tecnosistemi - reseller of Skyfii's products and services across Europe.

Nando's Australia and Skyfii Sign Multi-year Contract (19th of June 2018)

Skyfii has signed a Master Services Agreement to cover Australian corporate owned and franchised owned restaurants. The initial contract will provision access to 'IO Connect' (data collection) and 'IO Insight' (data analytics) on a two-year contract for Nando's 120 Australian corporate owned restaurants, with an option to extend services to an additional 100 franchise owned restaurants.

Skyfii Delivers Smart Cities Solution to Covington, USA (26th of June 2018)

Following initial success with the city of Cincinnati, Skyfii and Cincinnati Bell will deliver a Smart Cities solution to Covington, Kentucky, USA. The three-year agreement will see Skyfii provide a local area marketing and communications platform for events, advertising, and business to promote their good and services throughout Covington central business district.

Post Quarter Events

Skyfii Extends Nando's Contract with Global Deployment (3rd of July 2018)

After the initial contract and signed MSA with Nando's Australia, Skyfii extended its deployment with the global restaurant chain to include an additional 400 restaurants. This expansion brought Skyfii's total deployment to 520 restaurants, over 40% of Nando's global restaurant network.

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Appointment of Senior Independent Board Advisor - Dr David Morgan

Skyfii has appointed Dr David Morgan as a Senior Independent Advisor. The high-profile appointment will assist Skyfii as it looks to expand the deployment of services into the banking and financial industry, following the successful execution of a contract with HSBC Australia (announced 16th of January 2018). In addition, Dr Morgans expertise and experience will be used to support Skyfii as it continues to expand across North America and Europe.

Dr Morgan is delighted to have taken up his new role with Skyfii, stating "The financial services sector around the world needs to get smarter about how it uses data analytics and better services its customer base. That's why I believe Skyfii can make a real difference to this global industry."

Revenue Pipeline

The Company continues to benefit from a strong advanced stage pipeline across all operating regions including Australia, North America, Europe, Middle East, Africa, UK and the Brazilian markets. Skyfii is further diversifying outside of retail and into new verticals, with representation in health and lifestyle, banking and finance, and cultural centres (museums). The introduction of Skyfii's Data Consulting Services and Marketing Services offering, continues to offer opportunities for the Company to upsell its services, anchored by its IO SaaS platform.

Cash Position

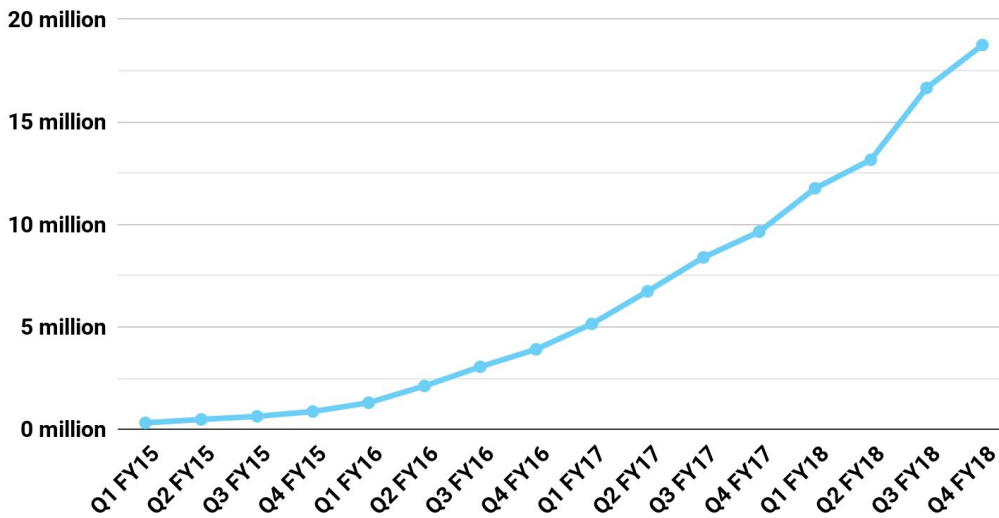
As at 30 June 2018, the Company maintained a cash position of \$1.46m, down from \$2.1m at the end of the previous quarter (ending 30 March 2017), which was largely the result of the timing of accounts receivables for the month of June. The Company has cash receipts of \$800k billed in June, due to be received during July 2018.

Consistent with the guidance provided in the previous quarter, Skyfii has maintained a prudent strategy towards capital allocation, which has successfully steered the company towards expected profitability in FY2018 at an EBITDA level. The Company does not need to raise any additional capital to maintain current operating activities.

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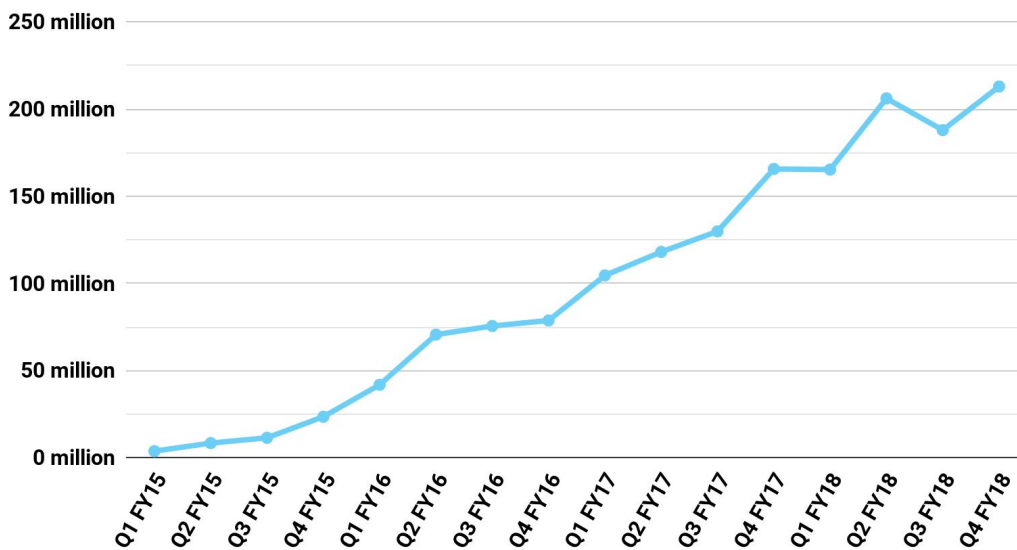
Key User Operating Metrics

TOTAL USER REGISTRATIONS



Total registered user base increased by **+12.6%** qoq from **16.6 million** to **18.7 million**

QUARTERLY CUSTOMER VISITS



Quarterly customer visits increased by **13.3%** qoq from **188 million** to **213 million**.

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Outlook

Following a very strong year of financial results in FY18, Skyfii enters the FY19 year with \$5.9m in booked revenues that will be recognised over the FY19 year, including a recurring revenue run rate of over \$1m per quarter.

In addition to the IO platform recurring revenues, there is a very strong undercurrent of services revenues, which continue to supplement and support the Company's IO platform sales and provide a clear differentiator for Skyfii globally.

Our international markets continue to deliver growth, evident by the increase in international contracts reported in FY2018, across a growing number of industry verticals. These markets are also supported by a developing channel partner network, which is allowing the Company to continue delivering new business whilst running capital prudent operations.

As a result, these financial and operational successes strongly position Skyfii to achieve its strategy to deliver enhanced shareholder returns in FY19.

Key focus areas for Q1 FY19

- Continued growth in both topline and recurring revenue
- Strong contract conversion within the ANZ retail vertical
- Continued growth within the Americas and EMEA regions
- Prudent management of cash flow and operating costs and a continued focus on maintaining a positive EBITDA

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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.

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 clients to provide further revenue generating services:

- Data Consultancy Services (DS): Experts in delivering compelling and actionable research outcomes through the fusion of digital and behavioural data.
- Marketing Services (MS): Delivering best in-class data-driven marketing practices, empowered through the fusion of digital and behavioural data.

Media contact:

John Rankin
Chief Operating Officer
Skyfii
P: +61 2 8188 1188
E: john.rankin@skyfii.com
W: www.skyfii.com

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 June 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,696	6,078
1.2	Payments for ¹		
	(a) research and development	(19)	(56)
	(b) product manufacturing and operating costs	(613)	(2,478)
	(c) advertising and marketing	(38)	(235)
	(d) leased assets	-	-
	(e) staff costs	(1,351)	(3,986)
	(f) administration and corporate costs	(293)	(1,101)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	10
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	943
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(617)	(827)

¹ Operating cash flows are presented after the capitalisation of employee, contractor and other expenditure attributable to software development of approximately \$732k for the six months to 31 December 2017. The Company expects to capitalise additional employee, contractor and other expenditure of approximately \$889k as an intangible software development asset for the remainder for the full year ended 30 June 2018.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(4)	(7)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property ¹	-	(732)
	(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	-	4
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	(4)	(735)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	12	746
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)	-	-
	(a) Capital raising costs	-	-
3.10	Net cash from / (used in) financing activities	12	746
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	2,074	2,281
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(617)	(827)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(735)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12	746
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,465	1,465

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	1,465	2,074
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)	1,465	2,074

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	69
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	-
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	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
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.		

N/A

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9. Estimated cash outflows for next quarter ***		\$A'000
9.1	Research and development	(15)
9.2	Product manufacturing and operating costs	(445)
9.3	Advertising and marketing	(130)
9.4	Leased assets	-
9.5	Staff costs	(1,410)
9.6	Administration and corporate costs	(300)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows ***	(2,300)

*** 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 30 September 2018, 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	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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 25th July 2018

Print name: Koreen White

Notes

- 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.
- 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.
- 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.