

30th October 2018

ASX:SKF

SKYFII QUARTERLY BUSINESS REVIEW – Q1 FY2019

Q1 FY2019 Highlights

- Total Operating Revenues for the September ended quarter of \$2.25m, up 15% on prior quarter, representing a strong continuation of successive growth quarters
- Recurring Revenues for the quarter of \$1.1m¹, up 10% on the previous quarter
- Service Revenues of \$638k, down 14% on previous quarter
- Key new contract wins: Nando's (Global), contract renewal with Waverley Council (Australia), The Kooples (France), Frigelar (Brazil), Dasa Group (Brazil) and a large format retail landlord (unnamed, Australia) and post quarter end, Habib's (Brazil)
- Total registered user base up 12.7% on previous quarter reaching 21.1 million unique registered users (growth of 80% compared to Q1 FY2018)
- Cash at bank of \$1.1m at end of Q1 FY2019 (30 September 2018), down from \$1.47m at the end of the previous quarter (30 June 2018), a result of upfront costs in delivering multiple Australian shopping centre infrastructure deployments. In addition, Skyfii expects to receive \$850k in R&D grants in the current quarter.
- Board appointments: Jon Adgemis (Managing Director of Mergers & Acquisitions at KPMG) and Sue O'Malley (former Westfield/Scentre Group executive)
- Outlook: Total Operating Revenues for 1H FY2019 forecasted to exceed \$4.5m, representing a >28% growth on previous half year and >68% increase on 1H FY2018

Q1 FY2019 Growth

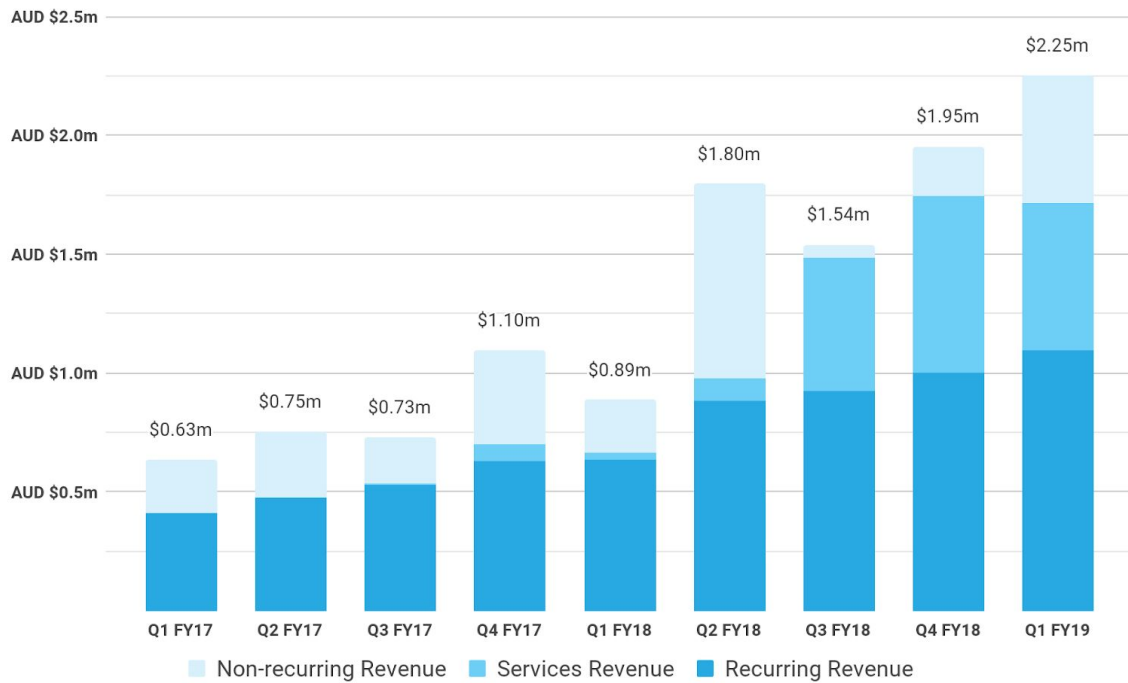
Skyfii delivered a strong Q1 FY2019 quarterly result with Total Operating Revenues in the quarter of \$2.25m, up 15% on the previous quarter. This marks a continuation of successive growth quarters since the Company's inception. Cash Receipts from customers for Q1 FY2019 of were \$2.2m, up 28% from \$1.7m on the previous quarter.

Skyfii continued to deliver strong Recurring Revenue growth in the Q1 FY2019 of \$1.1m, up 10% on the previous quarter (up 73% when compared to Q1 FY2018).

The Company's revenues generated from services of \$638k, down 14%, resulting from a number of one-off projects delivered in the prior quarter (Q4 FY2018) and a number of service agreements converting to long-term Recurring Revenue agreements.

¹ Recurring Revenues, based on unaudited Recurring Revenue from operations (excluding interest, grants and other income) for the quarter ending 30 September 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

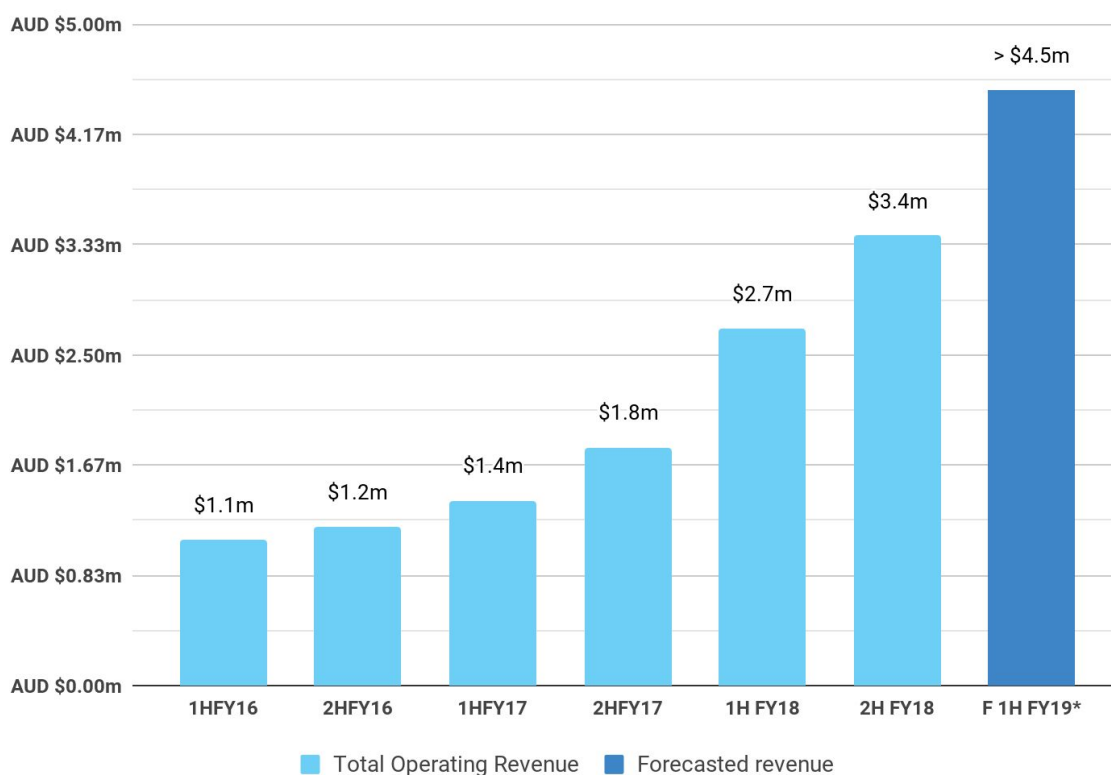
1H FY2019 Forecast Guidance

Skyfii expects to deliver a record finish to the calendar year with 1H FY2019 Total Operating Revenues forecasted to exceed \$4.5m, representing >28% growth on the previous half year period and a >68% increase on 1H FY2018.

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In addition to the very strong Total Operating Revenue growth, the Company is expecting to continue its consistent quarterly growth in Recurring Revenues and maintain a stringent focus on its cash position and EBITDA performance.

HALF YEAR REVENUE



*Forecasted revenue

Material New Contracts Secured During the Quarter

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 in the United Kingdom. This expansion takes Skyfii's total deployment to 520 restaurants, representing over 40% of Nando's global restaurant network.

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Skyfii Renews Contract with Waverley Council (14th of August 2018)

After a successful two year relationship with Waverley Council, Skyfii renewed the contract with the council for a further one year term. The renewal includes the recent inclusions of WiFi services to Bondi Junction, which provides Waverley Council with key insights into public transport utilisation between the beaches and the Bondi Junction transport hub.

Skyfii Signs Multi Year Contract with French Retailer Kooples (28th of August 2018)

Representing Skyfii's first retailer signed in France, the three year signed contract with fashion retailer Kooples, included the deployment of 'IO Connect' (data collection) with basic level of analytics across 100 Kooples retail venues.

Skyfii Signs Three Year Contract with Brazilian Retailer Frigelar (4th of September 2018)

Frigelar, a national white goods retailer in Brazil, signed a three year contract for the deployment of Skyfii's full suite of 'IO Platform' services across 31 retail venues. The agreement includes access to 'IO Connect (data collection)', 'IO Insight' (data analytics) and 'IO Engage' (marketing tools).

Skyfii Signs Multi Year Contract with Dasa Group Medical Centres in Brazil (12th of September 2018)

Skyfii signed a three year contract with Dasa Group, Brazil's largest medical services provider. The initial deployment across 92 Dasa Group medical centres provisions access to Skyfii's full suite of 'IO Platform' services with the option to extend to a further 161 venues upon successful completion of the initial deployment.

Skyfii agrees commercials with leading large format retail landlord in Australia and commences deployment of infrastructure

During the quarter, Skyfii agreed commercials and commenced the rollout of infrastructure with one of Australia's leading large format retail landlords. The project includes the deployment of WiFi and people counting technology across an initial 18 centres, with a planned rollout to a further 22 centres by mid-2019. Infrastructure rollout commenced during the quarter and has already contributed to operating revenues delivered during the quarter.

The client has requested to remain unnamed until the contract is finalised.

Appointment of Non-Executive Directors - Jon Adgemis and Sue O'Malley (24th of September 2018)

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During the quarter, Skyfii appointed Jon Adgemis and Sue O'Malley as Non-Executive Directors to the Skyfii board. These high-profile appointments will provide the Board with valuable expertise as Skyfii executes its strategy both domestically and abroad.

Jon Adgemis is currently the Managing Director of Mergers and Acquisitions at KPMG and brings a wealth of expertise to the Skyfii board. The appointment of Jon Adgemis will assist Skyfii as it continues to grow and expand its operations globally.

Sue O'Malley, a former Westfield/Scentre Group Executive, has held a number of senior managerial roles, overseeing a portfolio of Westfield shopping centres with a total asset value of more than \$10 billion. Sue O'Malley's appointment will assist Skyfii as it looks to expand its market leading position in the retail property sector both domestically and internationally.

Post Quarter Events

Skyfii Signs Multi Year Contract with Habib's Restaurant Chain in Brazil (16th of October 2018)

Skyfii continues to cement its position in the Quick Service Restaurant (QSR) vertical with its signed three year contract with Habib's restaurant chain in Brazil. The contract includes the total deployment of Skyfii's 'IO Connect' and 'IO Insight' across 360 Habib's venues, with an initial 100 venues planned for deployment by the end of December 2018.

Operating Model

Inline with the Company's FY2019 strategy, Skyfii has made a number of new hires during the quarter in the functions of sales, marketing, engineering and technical support. A total of 5 new roles were filled during the quarter as we continue to scale the Company for continued topline revenue growth in both domestic and international markets.

The Company will continue to take advantage of its market leading position in the retail property vertical, particularly in Australia.

Our services team remain a key differentiator in our go-to-market strategy as we help our customer drive actionable insights from their data strategy and we expect to continue to see growth from this team locally and internationally.

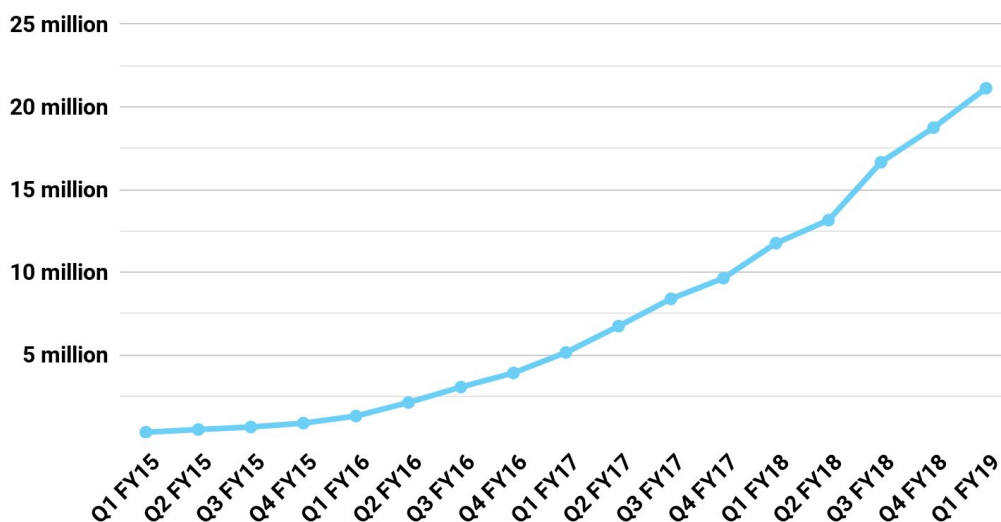
Cash Position

As at 30 September 2018, the Company maintained a cash position of \$1.1m, down from \$1.47m at the end of the previous quarter (ending 30 June 2018), a result of upfront costs in delivering multiple shopping centre infrastructure deployments in the Australian market). In addition, Skyfii expects to receive \$850k in R&D grants in the current quarter.

Consistent with previous guidance, the Company does not need to raise any additional capital to maintain current operating activities.

Key User Operating Metrics

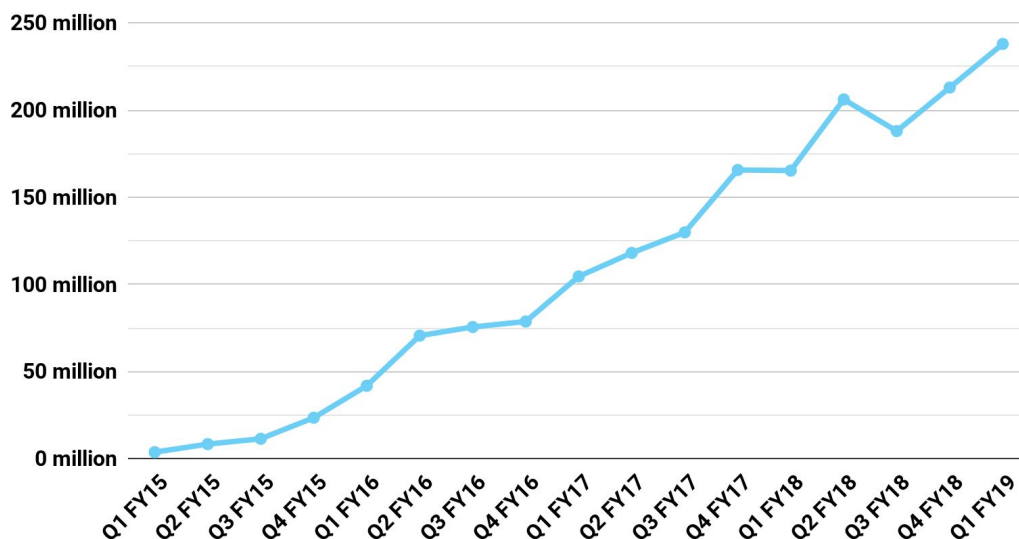
TOTAL USER REGISTRATIONS



Total registered user base increased by **+12.7%** qoq from **18.7 million** to **21.1 million**

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QUARTERLY CUSTOMER VISITS



Quarterly customer visits increased by **11.7%** qoq from **213 million** to **238 million**.

Outlook

Following on from a very strong result in Q1 FY2019, Skyfii is forecasting Total Operating Revenues will exceed \$4.5m for the first half of FY2019 (July to December), representing a >28% growth on the previous half year and a >68% growth on 1H FY2018. The Company remains focused on managing its operating costs while delivering continued growth. The Company will be investing in further building its sales and marketing capability with a particular focus on our international markets.

The Company also expects to continue to diversify its addressable verticals with further growth expected within the transit, cultural centres and public spaces and it expects to continue to take advantage of its market leading position in the retail property vertical, particularly in Australia.

Our services team remain a key differentiator in our go-to-market strategy as we help our customers drive actionable insights from their data strategy.

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Key focus areas for FY2019:

- Continued growth in both topline and Recurring Revenues
- Strong contract conversion within the ANZ retail vertical
- Continued growth within the Americas and EMEA regions
- Investment in our operating model across domestic and international markets
- Prudent management of cash flow and operating costs and a continued focus on maintaining a positive EBITDA

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Media

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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")

30 September 2018

| 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 | 2,177 | 2,177 |
| 1.2 | Payments for ¹ | | |
| | (a) research and development | (39) | (39) |
| | (b) product manufacturing and operating costs | (608) | (608) |
| | (c) advertising and marketing | (151) | (151) |
| | (d) leased assets | - | - |
| | (e) staff costs | (1,319) | (1,319) |
| | (f) administration and corporate costs | (389) | (389) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material) | - | - |
| 1.9 | Net cash from / (used in) operating activities | (329) | (329) |

| 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 | (48) | (48) |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) intellectual property ¹ | - | - |
| | (e) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | 17 | 17 |
| | (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 | (31) | (31) |
| 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) | - | - |
| | (a) Capital raising costs | - | - |
| 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 | 1,465 | 1,465 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (329) | (329) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (31) | (31) |
| 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 | 1,105 | 1,105 |

| 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 | 1,105 | 1,465 |
| 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) | 1,105 | 1,465 |

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 |
|----------------------------|
| 57 |
| - |

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 |
|----------------------------|
| - |
| - |

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 |
|-----|--|---|
| 8.1 | - | - |
| 8.2 | - | - |
| 8.3 | - | - |

- 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 | (30) |
| 9.2 | Product manufacturing and operating costs | (500) |
| 9.3 | Advertising and marketing | (100) |
| 9.4 | Leased assets | - |
| 9.5 | Staff costs | (1,400) |
| 9.6 | Administration and corporate costs | (340) |
| 9.7 | Other (provide details if material) | - |
| 9.8 | Total estimated cash outflows *** | (2,370) |

*** 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 December 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: 30th October 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.

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