

SKYFII QUARTERLY BUSINESS REVIEW – Q3 FY2019

Q3 FY2019 highlights

- Total Operating Revenues for the March-ended quarter, Q3 FY2019, of \$2.24m¹, down 7% on the prior quarter due to expected seasonal decline in Non-Recurring Revenue, and a 46% increase when compared to Q3 FY2018
- Recurring Revenues for Q3 FY2019 of \$1.33m, up 11% on the previous quarter, and up 44% when compared to Q3 FY2018
- Service Revenues of \$639k, up 5% on the previous quarter
- Total Cash Receipts of \$2.69m, up 14.8% on the previous quarter
- Key contract wins announced in the quarter: Cincinnati Bell, Somerset County Cricket Club, Home Consortium, San Francisco Museum of Modern Art, Cafaro Company, Nando's South Africa, National Library of Australia, and post quarter end, Fortius Funds Management
- Other notable contract wins during the quarter include: Museum of Australian Democracy, Royal Australian Mint, Paradise Shopping Centre in Australia, Rice Village Shopping Centre in North America and Mega Polo Moda Shopping Centre in Brazil
- Cash at bank of \$1.2m at the end of the quarter, down from \$1.4m at the end of the previous quarter (31 December 2018)

Q3 FY2019 growth

Skyfii delivered another strong result in the quarter (ending March 2019) with Total Operating Revenues of \$2.24m, representing a 46% increase when compared to Q3 FY2018. When compared to the prior quarter, the marginal decline in Total Operating Revenues can be attributed to a seasonal drop in Non-recurring Revenues² or delivery of capital projects across the January and February holiday period. This seasonal trend is consistent with prior years.

Skyfii continued to deliver strong Recurring Revenue growth in Q3 FY2019 of \$1.33m, up 11% on the previous quarter (up 44% when compared to Q3 FY2018). The company has consistently grown at 10% or greater across each of the last four quarters. Revenues generated from Services were \$639k, up by 5% quarter on quarter.

¹ Total Revenues, based on unaudited Revenue from operations (excluding interest, grants and other income) for the quarter ending 31 March 2019.

² Non-recurring Revenues are generated from the deployment of hardware and infrastructure, implementations and upfront setup fees, which underpin Recurring Revenues.

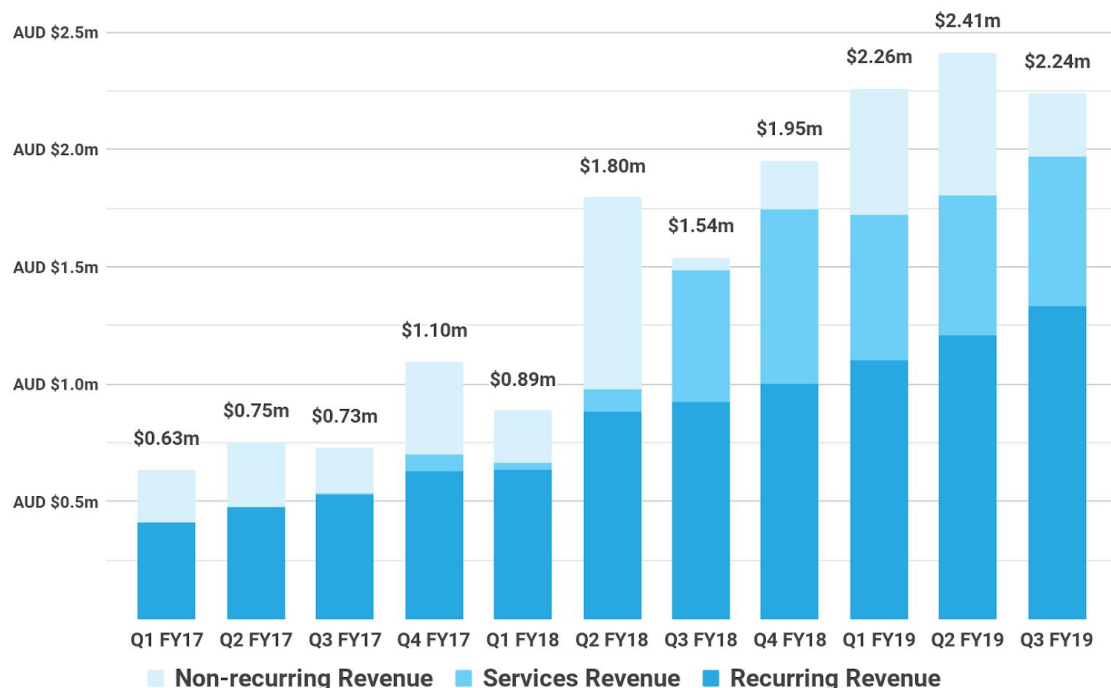
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Cash Receipts from customers for Q3 FY2019 were \$2.69m, up 14.8% from \$2.34m in the previous quarter (Q2 FY2019).

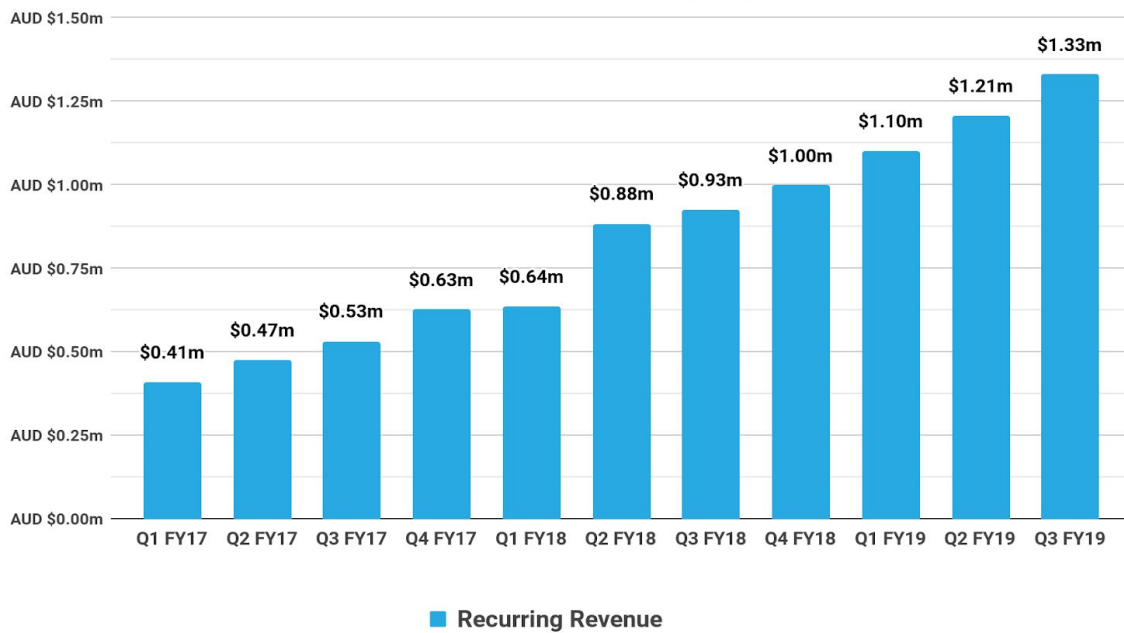
Types of revenues generated by the Skyfii business model:

1. **Recurring Revenues** are generated from ongoing subscription fees for access to Skyfii's 'IO' data intelligence platform
2. **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 business, which was acquired in February 2018. Revenues generated from Services are received as either recurring or fixed fee projects
3. **Non-recurring Revenues** are generated from deployment of hardware and infrastructure, implementations and upfront setup fees, which underpin Recurring Revenues including installation of Wireless Access Points, 2D and 3D cameras and People Counting technology

TOTAL OPERATING REVENUE



QUARTERLY RECURRING REVENUE



Major new contracts announced during the quarter

Skyfii partners with Cincinnati Bell to deploy a Smart City and University in North America (30th of January 2019)

An initial five year contract delivered by North American Skyfii reseller, Cincinnati Bell, to deploy Skyfii's full suite of 'IO Platform' services across the City of Fairborn and University of Dayton in Ohio.

Skyfii signs three year contract with Somerset County Cricket Club in U.K. (5th of February 2019)

Representing Skyfii's first stadia client in the United Kingdom, Somerset County Cricket Club signed a three year contract to deploy Skyfii's full suite of 'IO Platform' services across the stadium.

Skyfii signs contract with leading large format retail landlord - Home Consortium (13th of February 2019)

Home Consortium, a leading Australian large format retail landlord, signed a three year contract to deploy Skyfii's 'IO Connect' (data collection) and 'IO Insight' (data analytics) across 23 centres with a further 18 centres planned for future deployment.

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Skyfii signs contract with San Francisco Museum of Modern Art (26th of February 2019)

Representing Skyfii's first client in the cultural centre vertical in the United States, the San Francisco Museum of Modern Art signed an initial one year contract to deploy Skyfii's 'IO Connect' (data collection) and 'IO Insight' (data analytics) services.

Skyfii signs master services agreement with North American retail property group Cafaro (5th of March 2019)

Cafaro Company, a North American retail property group, signed a three year Master Services Agreement (MSA) to deploy Skyfii's full suite of 'IO Platform' services into Eastwood Mall in Ohio.

Skyfii extends Nando's agreement to South Africa extending international partnership (7th of March 2019)

After the initial signed MSA with Nando's Australia and expansion to Nando's in the U.K., Skyfii extended its deployment to include an additional 260 restaurants in South Africa. This expansion takes Skyfii's total deployment to 780 Nando's restaurants globally.

Skyfii secures three-year contract with National Library of Australia (19th of March 2019)

The National Library of Australia, based in Canberra, signed a three year contract with Skyfii to deploy Skyfii's 'IO Connect' (data collection) and 'IO Insight' (data analytics) across the library.

Major new contracts announced post quarter end

Skyfii signs three year contract with Fortius Funds Management (4th of April 2019)

Post quarter, Fortius Funds Management signed a three year contract to deploy Skyfii's 'IO Connect' (data collection) and 'IO Insight' (data analytics) across two Australian shopping centres, including Mid-City Centre in Sydney and Albany Creek Village in the greater Brisbane region.

Other notable contract wins during the quarter

During the quarter, Skyfii delivered other notable contract wins extending our services into a number of new verticals and regions.

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Museum of Australian Democracy

MoAD signed a 12 month contract to deploy Skyfii's 'IO Connect' (data collection) and 'IO Insight' (data analytics) services across the museum.

Royal Australian Mint

Royal Australian Mint signed a three year contract to deploy Skyfii's 'IO Connect' (data collection) and 'IO Insight' (data analytics) services across the Canberra-based cultural centre.

Paradise Shopping Centre

Owned by Fund Manager Challenger, Paradise Shopping Centre in Queensland, signed a one year contract to Skyfii's 'IO Connect' (data collection) and 'IO Insight' (data analytics) within the shopping centre.

Rice Village Shopping Centre, Trademark Property Group

Owned by Trademark Property Group, Rice Village Shopping Centre in North America, signed a 12 month contract to deploy Skyfii's 'IO Connect' (data collection) and 'IO Insight' products (data analytics).

Mega Polo Moda Shopping Centre

One of Brazil's largest shopping centres with over 400 specialty fashion stores based in Sao Paulo, Mega Polo Moda Shopping Centre signed a 24 month contract to deploy Skyfii's full suite of 'IO Platform' services, including 'IO Connect' (data collection), 'IO Insight' (data analytics) and 'IO Engage' (marketing tools).

Cash position

As at 31 March 2019, the Company maintained a cash position of \$1.2m, down from \$1.4m at the end of the previous quarter (ending 31 December 2018).

The Company expects to maintain its cash balance in the coming quarters, while at the same time continuing to invest in growing revenues.

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

Corporate

Board

In early January 2019, Mr James Scott retired from the role of Chairman and Non-Executive Director of Skyfii. James served on the Board of Directors for five years beginning as a Non-Executive Director at the time of IPO and subsequently as Chairman of the Board. Following James' retirement as Chairman, fellow Non-Executive Director Mr Andrew Johnson was appointed to the role of Non-Executive Chairman. Andrew brings extensive experience in the field of technology and telecommunications and has also served on the Skyfii Board since IPO in 2014.

Investor engagement

During the quarter, Skyfii presented at a number of retail investor conferences with the goal of delivering the Skyfii story to a broader investor base.

CEO Wayne Arthur presented at Wholesale Investor Emergence in Brisbane and Sydney in February and TechKnow in Sydney and Melbourne in March. Chief Operating Officer John Rankin presented at the Coffee Microcap event in Sydney post period end in April.

Presentations can be found on the Company's website:

<https://skyfii.io/investor/reports-presentations/>

Outlook

As we enter the final quarter for FY2019 Skyfii is well positioned to deliver another very strong financial year end result and continued strong overall top line growth year on year.

In addition to continued growth at both the topline and Recurring Revenue lines, the Company is also on track to maintain its positive EBITDA result for the full year. The Company continues to invest into its operating model to support further growth, particularly in North America, United Kingdom and European markets, where it is expecting strong contract conversion in the final quarter of FY2019, that will carry into FY2020.

The Company has successfully diversified its product and service offering to now include analytics reporting from new data sources, including People Counting technology, 2D and 3D cameras, Point of Sale terminals, Mobile Applications, Live Weather and Social Media. The inclusion of new data sources provides a clear competitive advantage and increases the opportunity to sell through additional

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products and services to our growing customer base. Skyfii is well positioned to become the preferred omnidata intelligence partner for physical venues globally.

Key areas of focus for Skyfii in the final quarter of FY2019:

- Continued conversion of key contracts within our International markets
- Further diversification of our product and service offering to include new data sources
- Maintain focus on delivering continued revenue growth at both topline and Recurring Revenue lines
- Maintain a positive EBITDA position

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About Skyfii

Skyfii helps physical venues measure, predict, and influence customer behaviour.

Thousands of shopping centres, airports, retailers, smart cities, universities, restaurants, and other venues, large and small, rely on Skyfii to help improve venue performance and create better experiences for their visitors and customers.

As the world's most trusted omnidata intelligence company, Skyfii collects and analyses billions of data points each month from venues across five continents.

Our cloud-based software platform, the IO Platform, helps venues visualise trends from digital and physical data in a single system of record. The IO Platform provides location and behaviour based communications software and tools to manage guest Wi-Fi, 2D and 3D cameras, people counting technology, weather and social media data across multiple locations.

Skyfii further augments insights generated by the IO Platform with its Data & Marketing Services offering: a team of data science and marketing consultants who help clients effectively gain more value from their data.

Skyfii offers a SaaS cloud-based solution (IO Platform) on a subscription based model, consisting of three core 'IO' services:

- IO Connect: a data portal where data is collected (multi-source data collection)
- IO Insight: venue performance, customer behaviour, loyalty & engagement (data analytics)

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- 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): Experts in delivering data-driven marketing practices, empowered through the fusion of digital and behavioural data

Learn more at www.skyfii.com

Follow Skyfii updates at <https://au.linkedin.com/company/skyfii>

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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")

31 March 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		2,685	7,200
1.2 Payments for ¹			
(a) research and development		(125)	(237)
(b) product manufacturing and operating costs		(606)	(2,171)
(c) advertising and marketing		(143)	(418)
(d) leased assets		-	-
(e) staff costs		(1,436)	(2,860)
(f) administration and corporate costs		(581)	(1,544)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		2	3
1.5 Interest and other costs of finance paid		(2)	2
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	852
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(205)	823

¹ Cash flows are presented after the capitalisation of employee, contractor and other expenditure attributable to software development of \$1.029m for the six months to 31 December 2018. The Company capitalised this expenditure as an intangible software development asset in the half year accounts ended 31 December 2018.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(7)	(70)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property ¹	-	(1,029)
	(e) other non-current assets	(2)	(4)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	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	(9)	(1,087)

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	1,415	1,465
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(205)	823
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(1,087)
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	1,201	1,201

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	1,201	1,415
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)	1,201	1,415

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
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

7.1 includes supplier payments made to Simple Machines a company related to CPO, Jason Martin.

8. Financing facilities available

Add notes as necessary for an understanding of the position

	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

9.	Estimated cash outflows for next quarter ***	\$A'000
9.1	Research and development	(120)
9.2	Product manufacturing and operating costs	(500)
9.3	Advertising and marketing	(100)
9.4	Leased assets	-
9.5	Staff costs	(1,600)
9.6	Administration and corporate costs	(450)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows ***	(2,770)

*** 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 June 2019, 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

- 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: K. White
(Company secretary)

Date: 30 April 2019

Print name: Koreen White

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.