14th May 2019

SKYFII TO ACQUIRE BEONIC TECHNOLOGIES – STRENGTHENING ITS OMNIDATA INTELLIGENCE CAPABILITY

Highlights:
- **Acquisition agreements executed to acquire Beonic Technologies (Beonic), a leading Australian customer insights provider specialising in camera and people counting technology**
- **Portfolio of leading blue chip Australian and international customers in key verticals of retail, retail property, municipality, cultural centres, education and transit**
- **Pro-forma 30% increase in Skyfii's annualised Recurring Revenue base from $5.3m to $6.9m[1] plus $1.5-$2m expected in non-recurring revenues in the first year post completion**
- **The acquisition is anticipated to be EBITDA accretive in the first year post completion and provides significant opportunity to upsell Skyfii's full suite of SaaS services under its 'IO Platform' and data consulting services to Beonic's existing portfolio of customers**
- **Attractive valuation multiple of ~1.05x annual Recurring Revenue contract value; total consideration of up to ~$1.667m (comprised of $0.1m cash and $0.4m in Skyfii scrip upon completion, with up to $1.167m in deferred scrip consideration based on successful contract renewals in the first year post completion)**
- **Skyfii anticipates completion to occur prior to 30 June 2019, after the satisfaction of a customer continuity condition and other customary conditions**

SYDNEY, AUSTRALIA, 14th May, 2019 - Skyfii Limited (ASX:SKF) ("**Skyfii**" or "**the Company**"), an omnidata intelligence company, is pleased to announce that it has entered into acquisition agreements to acquire customer insights provider, Beonic Technologies (Beonic), a highly complementary offering to Skyfii's Australian REIT focused SaaS business model and existing operations.

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[1] Pro-forma annualised Recurring Revenue based on Skyfii's annualised Q3 FY19 Recurring Revenues of $5.3m and subject to 100% retention and renewal of all existing Beonic recurring contracts at existing rates.

The transaction will see Skyfii acquire Beonic's portfolio of customers and technology[2] which is focused on generating customer insights, for physical venues, primarily from sophisticated camera and people counting technologies.

Beonic's camera and people counting solutions are used by over 300 customers. Its customers include a high quality portfolio of blue chip customers in the Australian retail sector and several well known and high profile public venues within Australia. The acquisition of Beonic will provide Skyfii with a significant opportunity to broaden its service offering to existing Beonic customers with the provision of Skyfii's analytics, marketing and data services offerings available within the 'IO Platform'[3]. The acquisition will also strengthen Skyfii's already market leading position in the retail property vertical in Australia and internationally.

As Skyfii's 'IO Platform' already supports the ingestion and analysis of data from camera and other people counting technologies, Skyfii anticipates that Beonic's customers will be transitioned to the 'IO Platform' over time. Skyfii expects to fast-track the integration of other Beonic service offerings identified to have commercial application to its existing customer base.
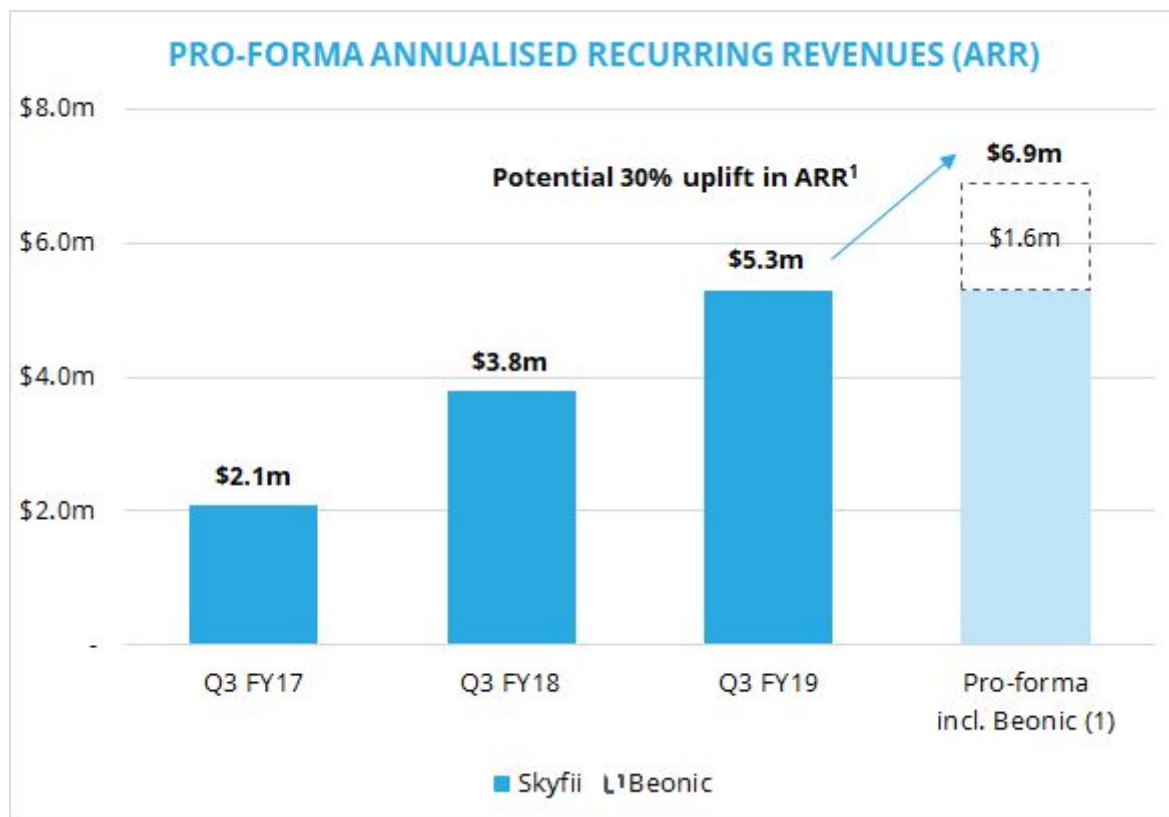
About Beonic

Beonic generates revenues from upfront deployment fees (non-recurring) and annual recurring contract fees from its analytics and reporting platform, which supports industry leading camera, infrared, video and other people counting technologies, as well as remote management and support.

Beonic's annual recurring revenue run rate is currently approximately $1.6 million, providing an opportunity to increase Skyfii's annualised Recurring Revenues by up to 30%, from $5.3 million to $6.9 million[1]. In addition to Recurring Revenues, Skyfii anticipates Beonic to contribute between $1.5-2.0 million in Non-recurring Revenues in the first year post completion. The acquisition is anticipated to be EBITDA accretive in the first year post completion and will provide significant opportunity to upsell Skyfii's full suite of SaaS under its IO Platform and Data consulting services to Beonic's existing customer base.

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[2] Acquisition includes customer contracts, technology, certain operating assets and employees.
[3] There is limited customer crossover between Skyfii and Beonic, with less than 20% of Beonic's recurring revenue base derived from current Skyfii customers.

PRO-FORMA ANNUALISED RECURRING REVENUES (ARR)

Potential 30% uplift in ARR[1]

$6.9m

$1.6m

$5.3m

$3.8m

$2.1m

| Q3 FY17 | Q3 FY18 | Q3 FY19 | Pro-forma incl. Beonic (1) |

■ Skyfii   L¹Beonic

Mr John Rankin, Skyfii Chief Operating Officer commented, *"We are very excited to acquire Beonic including its portfolio of blue chip retail property and other venue customers, strengthening and extending our Australian, New Zealand and Asian presence and further extending our diversified product and service offering to our growing customer base. From the outset of our due diligence process, we identified the acquisition of Beonic to be highly complementary to Skyfii's strategy and operating model. The business generates strong annualised SaaS Recurring Revenues from a portfolio of blue chip customers and operates on its own operating cash flow"*.

Mr Wayne Arthur, Skyfii Chief Executive Officer further commented, *"Consistent with our stated strategy to grow both organically and through strategic acquisition, we are extremely pleased to announce the acquisition of Beonic. We have been familiar with Beonic since our inception and it is a business that has clearly led the people counting technology market in Australia and New Zealand for many years. The integration of people counting analytics into Skyfii's IO Platform in the past year has strengthened our ability to tender for contracts and resulted in a number of contract wins due to a broader product and service offering.*

Acquiring Beonic will significantly strengthen our existing capability in camera and people counting solutions and offers a step change in our revenue growth.

We also see significant upsell opportunities in Beonic's existing customer base. This acquisition will provide Skyfii with a more comprehensive foundation and track record to successfully sell a more diversified product and service offering into our International markets and positions Skyfii to become the preferred omnidata intelligence partner for physical venues globally".

Key transaction terms

Under the acquisition agreements, Skyfii will acquire Beonic's portfolio of customer contracts, operations and the intellectual property supporting its analytics technology for a total consideration of up to $1.667 million representing an attractive ~1.05x underlying annual recurring contract values.

The total consideration structure[4] includes:

- an Initial Cash Consideration of $0.1 million payable upon completion;
- an Initial Scrip Consideration of $0.4 million issued upon completion, with ordinary SKF shares issued at the greater of the 5 trading day VWAP prior to completion and $0.16 per share. The Initial Scrip Consideration will be subject to an 18 month escrow period; and
- a Deferred Scrip Consideration of up to $1.167 million, determined by the proportionate renewal of recurring customer contracts in the 12 months following completion. The Deferred Scrip Consideration will be issued 18 months from the date of completion, with ordinary SKF shares issued at the greater of the 5 trading day VWAP prior to completion and $0.17 per share and not subject to any escrow period thereafter.[5]

Completion of the acquisition agreements is conditional upon Beonic's top ~30 customers agreeing to continue business with Skyfii in the ordinary course and providing all necessary consents required under their relevant contracts, amongst other customary conditions being fulfilled. Skyfii anticipates that completion will occur prior to 30 June 2019.

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[4] The consideration structure will also be subject to a net working capital adjustment payable 3 months from the date of completion to reflect the net balance of certain balance sheet assets and liabilities acquired at completion, which is not anticipated to be material.

[5] Note that the Company is not required to seek shareholder approval for the issue of the Initial Scrip Consideration or the Deferred Scrip Consideration.

Funding

Skyfii also notes its announcement today in relation to obtaining an unsecured loan facilities of $2 million in aggregate, provided by sophisticated investors including Thorney Technologies Ltd, an existing institutional investor associated with the Thorney Investment Group and Jagafii Pty Ltd, a company associated with Skyfii director Jon Adgemis. The loan facilities will provide Skyfii with additional funding capacity to invest for organic growth across its international markets and to support the integration of the Beonic business from completion. Further details on the terms of the unsecured loan facilities are provided in a separate Company announcement released today.

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More about Beonic Technologies

Beonic was founded in 1994 and is based in Clayton, Melbourne. It is a leader in consumer insights, improving business operations and performance using data-driven solutions.

Beonic offers a data analytics platform with a product suite of traffic, video, shopper, workforce, population and proximity based customer insight solutions that facilitate people counting, mobile engagement, analytics, customer understanding, and staff optimisation.

Beonic serves businesses in various sectors including retail, supermarket, FMCG, shopping centres, public facilities, sports events/stadiums, airports, and casinos in Australia and internationally. Beonic operates a reseller agreement in Hong Kong covering the Asian market.

Further information can be found at www.beonic.com

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)
- 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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