skyfii iO | ASX Announcement
25th July 2017

ASX: SKF

SKF QUARTERLY BUSINESS REVIEW – Q4 FY2017

HIGHLIGHTS

- **Cash receipts from customers for the quarter of $1.2m[1], up 47% on the previous quarter**

- **Strong recurring revenue growth for the quarter of $626k[2] up 18% on the previous quarter**

- **Global Master Services Agreements (MSA) signed with Woolworths Group (South Africa)**

- **Services agreements signed with One Five One Property, National Museum of Australia, a Premium UK fast food chain and Wellington International Airport**

- **Significant contribution in revenue receipts from Data Consulting Services (DCS), a new and growing revenue channel**

- **Total registered user base up 18% on previous quarter reaching 9.9 million unique users**

- **Advanced stage revenue pipeline $91m[3] - up 23% from previous quarter**

- **Cash position $2.3m at the end of the quarter. The Company anticipates the receipt of an additional $0.8m in the current quarter from deferred payments on the conditional placement conducted from February 2017**

Data analytics and marketing services company Skyfii Limited (**Skyfii**, **the Company**) is pleased to release its Appendix 4C Report for the three-month period ending 30 June 2017 and is pleased to provide a review of progress made during the quarter.

Significant growth in the quarter

The Company's cash receipts from customers for the quarter increased to $1.2m[1], up 47% on the previous quarter. Revenue from operations for the quarter was $1.1m[4], 50% on the previous quarter. Recurring revenues of $626k[2] increased, up 18% on the previous quarter.

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[1] Cash receipts from customers, based on 4C Quarterly Report, Section 1.1 (excluding interest, grant and other income, and accruals).

[2] Recurring revenues, based on unaudited recurring revenue from operations (excluding interest, grant and other income) for the quarters ending 30 June 2017 and 31 March 2017.

[3] Advanced stage revenue pipeline, assuming full rollout and 3 to 5 year contract terms excluding additional revenues from advertising and data services. Advanced stage pipeline defined as proposals presented, pilots underway and submissions tendered.

Significant growth in revenue pipeline

Skyfii continued to grow its advanced stage revenue pipeline to $91m[3] - up 23% on the previous quarter. North America, Europe, Middle East, Africa (EMEA) and UK markets have shown particularly strong pipeline growth. A number of key deals are in the final stages of contract negotiation with the expectation these deals will be announced in the current quarter. Strong sales pipeline growth has also been built in the Australian market, particularly in retail and commercial property where Skyfii maintain a market leading position.

Cash position

As at 30 June 2017, the Company maintained a cash position of $2.3m. The Company anticipates the receipt of an additional $0.8m from deferred payments in the current quarter on the conditional placement conducted from February 2017.

Key user operating metrics

In line with the Company's continued growth in contract deployments, all key operating metrics continue to experience significant growth, indicating strong user validation of Skyfii's services:

- Total registered user base increased by +17% qoq from 8.4 million to 9.9 million unique users
- Customer venue visits increased by +28% qoq to 166 million.
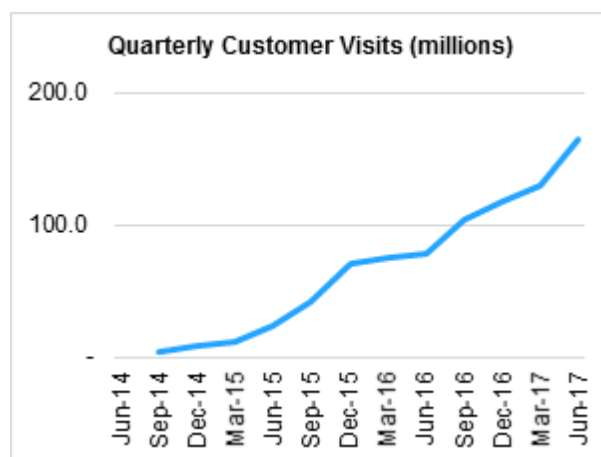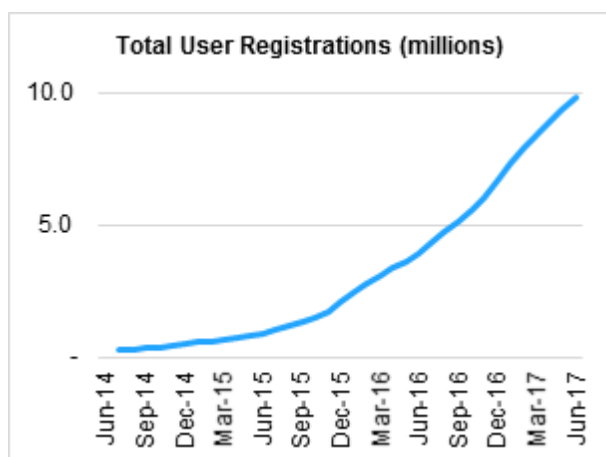
Operating metric definitions

Total User Registrations: The total number of people who have registered to use guest WiFi in venues where Skyfii's data analytics and marketing services is deployed.

Quarterly Customer Visits: The total number of physical people visits to venues where Skyfii's data analytics and marketing services is deployed.

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[4]Revenue from operations, based on unaudited revenue from operations (excluding interest, grant and other income) for the quarters ending 30 June 2017 and 31 March 2017.

Material new contracts secured during the quarter

Woolworths

Global Masters Service Agreement (MSA) signed with Woolworths Group (South Africa) to rollout Skyfii IO data analytics to 500 stores with 155 stores already deployed. The agreement was signed on an initial three year term with an option to extend for a further two years. The Woolworths Group operate +1,300 stores across 14 countries including Australia. On a practical level, the insights will provide the group with the ability to better optimize traffic flow through its stores and with richer data, have the ability to provide tailored offers and more personalized services to their customers.

One Five One Property

A portfolio contract was signed with One Five One Property to expand guest Wifi, data analytics and marketing services across all nine One Five One managed properties in Australia for a three year term. On the back of a successful trial at Top Ryde shopping centre in Sydney, Skyfii has now completed the deployment across all nine One Five One managed properties. With traditional bricks and mortar shopping centres being challenged by Amazon, the partnership between One Five One Property and Skyfii is just one example of how retailers are positioning themselves for the future.

National Museum of Australia (NMA)

The three year contract win with the National Museum of Australia (NMA) is another demonstration of Skyfii's ability to diversify, with the entry into the cultural centre vertical. Skyfii's IO platform will assist the NMA to better understand and engage with visitors to the museum. In addition, insights will be gained into visitor return rates to the museum, the frequency and recency of visits, visitor flow and dwell times in different areas of the venue. The National Museum of Australia is one of the leading cultural centres in Australia, leaving Skyfii well positioned to capture the +2000 cultural centres domestically and +55,000 internationally.

Wellington International Airport

Wellington International Airport represents the first contract in the Airport vertical for Skyfii. The contract will see Skyfii's IO platform deployed to provide greater insight into the 5.2 million visitors who use the facility annually - allowing venue management to create better experiences for passengers who use the airport's facilities, as a result of the use of location based analytics and marketing tools. This contract will also include the paid provision of Skyfii's recently formed Data Consultancy Services (DCS).

Premium Food Chain

Skyfii announced a contract with a premium retail food group chain in the UK. The contract is for an initial three year term, with an option to extend for a further two years. Skyfii's IO platform is now deployed across 165 venues with a total of 342 venues to be deployed within the current quarter. This deal is being delivered in partnership with Jade Solutions, a market leading enterprise mobility provider. The deployment with the UK-based food chain will have an opportunity to expand, with the company operating in 6 additional countries, including the US.

Update on existing contracts

Woolworths Group (South Africa) rollout
Since announcing the Global Master Services Agreement (MSA) with Woolworths Group (South Africa) in April 2017, the Skyfii IO platform is now deployed across 155 of the 500 stores that are under contract.

Durham University rollout
During the quarter, the Skyfii IO platform was deployed to all 2,800 access points installed across all 235 venues located within the Durham University campus. The Skyfii deployment is enabling the University to monitor movement across the campus (or township), dwell time, visits as well as a number of other metrics. In addition to the deployment of the platform, Durham University have engaged Skyfii's Data Consulting Services (DCS) team in a key project to better understand optimal hours of operation for key facilities.

Waverley Council
During the quarter, Skyfii extended the provision of its IO platform services for Waverley Council to include Oxford St Mall and Waverley Library. This is in addition to Bondi Beach, Bondi Park, Bondi Pavilion, Tamarama Beach and Bronte Beach that were deployed in 2016.

Update on new revenue sources

Data Consultancy Services (DCS)
The uptake of Skyfii's Data Consultancy Services (DCS) continues to gain momentum, as a paid project service in addition to Skyfii's IO platform. This service is showing strong potential as a new revenue stream from existing and new customers.

The DCS team work with 'Big Data' available in a venue environment to inform decisions and help solve complex programs. The team has built significant IP within venue analytics, particularly in retail over the past 4 1/2 years. During the quarter the DCS team completed a number of paid consultancy projects.

New international partnerships

Jade Solutions (UK)
A key addition to Skyfii's operations in the UK has been Jade Solutions, a product and services company, specialising in mobile technology and Wi-Fi spaces - providing an array of services from design, development, implementation, integration and support. Skyfii's partnership with Jade Solutions played an important role for both companies in securing a contract with the recently announced premium UK food chain.

Telcomms (Italy)
Founded in 2008, Telcomms are a value-added distributor of wireless devices and services throughout Europe. Headquartered in Italy, they have played a formative role in securing and opening opportunities in the region for Skyfii - targeting system integrators, transport companies, telecommunications operators, public administrations, SMB and enterprise. Skyfii expects to announce its first contract under this partnership imminently.

IT-Total (Sweden)

IT-Total is a leading provider of technology infrastructure in Sweden, in addition to providing managed services. As a largely untapped market, Sweden and IT-Total present a great opportunity to develop Skyfii's foothold domestically in the country and in Europe.

My Sky Networks (South Africa)

Based in South Africa, My Sky Networks is a key partner operating in the African market. Offering solutions to multiple industries, the company focuses on education, enterprise and events, with a service offering covering Wi-Fi, security, broadband, cloud, voice and infrastructure.

Product development

Social Dashboard

During the quarter, Skyfii launched its Social Dashboard as a much anticipated value added product extension for existing customers of the IO platform. Ingesting key data from Facebook, and soon to be other social platforms - this toolset enables venues to see a direct correlation between social engagement and its effect on venue footfall. For any retailer, airport, stadium, municipality or smart city with an active digital marketing strategy, it provides a platform to measure ongoing social engagement campaigns.

Organisational effectiveness

A key objective in FY17 was to further focus resources in sales and marketing activities to generate top line revenue and deliver maximum shareholder return. This has resulted in the relocation of CEO Wayne Arthur into Skyfii's international operations to focus on driving new business in the US, UK and mainland European markets.

The sales efforts in Skyfii's international markets are underpinned by a strategy to sell Skyfii's IO platform services via carefully selected channel partners. This strategy provides access to a large network of existing customers and qualified prospects, whilst reducing the requirement to establish a large dedicated sales team.

The refocus of CEO Wayne Arthur to drive sales in international markets and Skyfii's focus on carefully selected channel partners have proven effective in further building the qualified near term pipeline. Several opportunities in the pipeline are at advanced stages already.

Key staff movements

During the quarter, Koreen White joined the business as Finance Director, replacing Brone Roze. Koreen brings 20 years' experience in listed and unlisted, Australian and US based corporate entities having worked across the technology, media and telecommunications (TMT) sector.

In line with the company's stated strategy to expand internationally, CEO Wayne Arthur is now based overseas dividing his time between the US, UK and mainland European markets.

Equity research

TMT Analytics' analyst Marc Kennis, initiated a research report on Skyfii. The report can be found on Skyfii's website under the Investor tab.

Outlook

Skyfii continues to see strong interest in data analytics and marketing services across the verticals in which it operates, particularly large enterprise clients. The company will remain focused on delivering revenue growth in its key geographical markets, particularly in the US, UK and mainland Europe where several large deals are well progressed.

The advanced stage pipeline continues to build in the US, UK, mainland Europe, Brazil, South Africa and Asia Pacific region, with a large component of this pipeline sourced through key channel partners.

Revenues attributed from new sources including Data Consulting Services (DCS) built strong momentum in the final quarter of FY2017 and we expect these revenues to drive further growth in FY2018.

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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 in)
- IO Insight: venue performance, customer behaviour and, loyalty & engagement (Insights out)
- IO Engage: targeted content delivery, automated marketing and monetization

Skyfii also engages with clients to provide further revenue generating services such as Data Consulting Services (DCS) and Marketing Services (MS) arising from the insights gained from its three core services.

For more information visit www.skyfii.io.

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+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Skyfii Limited

ABN	**Quarter ended ("current quarter")**
20 009 264 699	30 June 2017

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	1,221	3,860
1.2	Payments for [1]		
	(a) research and development	(9)	(50)
	(b) product manufacturing and operating costs	(499)	(2,025)
	(c) advertising and marketing	(64)	(304)
	(d) leased assets	-	-
	(e) staff costs	(1,658)	(4,503)
	(f) administration and corporate costs	(190)	(1,078)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	17
1.5	Interest and other costs of finance paid	(0)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	5	879
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,190)**	**(3,206)**

[1] Operating cash flows are presented after the capitalisation of employee, contractor and other expenditure attributable to software development of approximately $749k for the six months to 31 December 2016. The Company expects to capitalise additional employee, contractor and other expenditure of approximately $832k as an intangible software development asset for the remainder for the full year-ended 30 June 2017.

+ See chapter 19 for defined terms

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	(5)	(57)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property [1]	-	(749)
	(e) other non-current assets	(3)	(10)
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	-	-
2.3	Cash flows from loans to other entities		
	(a) employee advances	4	(54)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(4)**	**(871)**

		Current quarter $A'000	Year to date (12 months) $A'000
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	25	3,904
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	-	(159)
3.10	**Net cash from / (used in) financing activities**	**25**	**3,745**

		Current quarter $A'000	Year to date (12 months) $A'000
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	3,450	2,612
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,190)	(3,206)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(871)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	25	3,745
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**2,281**	**2,281**

5.	**Reconciliation of cash and cash equivalents**	**Current quarter $A'000**	**Previous quarter $A'000**
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	2,281	3,450
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)**	**2,281**	**3,450**

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	57
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	

N/A

8.	**Financing facilities available**	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
	Add notes as necessary for an understanding of the position		
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

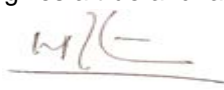| 9.	Estimated cash outflows for next quarter ***	$A'000
9.1	Research and development	(23)
9.2	Product manufacturing and operating costs	(436)
9.3	Advertising and marketing	(74)
9.4	Leased assets	-
9.5	Staff costs	(1,254)
9.6	Administration and corporate costs	(229)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows *****	**(2,016)**

*** *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 2017, DOES NOT REFLECT ANY ANTICIPATED CASH INFLOWS i.e. it excludes sales receipts from customers. For the prior quarter ended 30 June 2017, receipts from customers was $1,221k.*

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: ....   Date: 25 July 2017
        (Company secretary)

Print name: Heath Roberts

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.