

ASX: SKF

HALF YEARLY BUSINESS UPDATE

HIGHLIGHTS

- **Pipeline growth continues to surge – now at \$44m from advanced stage opportunities** assuming 5 year contract terms
- **Pipeline excludes any revenues from advertising and data services** which is increasingly part of Skyfii's value proposition with customers
- **Strong growth in operating revenues for the half-year period, up 174% on the previous half-year¹**, with customer rollouts and billings accelerating
- **Customer installations up 241% for the half-year period**, with 41 new venues going live compared to 17 in the previous half-year period
- **Customer growth continues in international markets with entry into the UK & Ireland** and Asia and further penetration into Brazil through new distribution contracts and new pilot trials commencing in large scale sites with industry leaders including Decathlon and Lorna Jane
- **Successful \$4.1m capital raise completed** via institutional and sophisticated investors, including Bruce Gordon and the White family of Ray White Property Group
- **Strong cash position of \$5.0m** – Skyfii enters the new calendar year well-funded to continue expansion
- **Advanced stage discussions for significant expansion opportunities into the US market**
- **Further contract and partnership announcements expected in 2H16** which when combined with all of the above gives the Company confidence of a very strong 2H16

Data analytics services company Skyfii Limited (**Skyfii, the Company**) is pleased to present its financial results for the half year period ended 31 December 2015.

Strong Customer & Revenue Growth

Skyfii continued to install its guest WiFi and analytics services in a growing number of large retail venues, with 41 new venues going live during the period, a growth rate of 241% on the previous half-year period when 17 new venue installations were completed.

This growth in installations and billing customers generated a significant increase in total operating revenue, which was \$1.1m for the half-year period, up 174% on the previous half-year¹.

The Company continues to have strong market penetration into the retail mall sector, with a prospective customer base that includes over 15% of the Australian retail mall market, including current customers and those in the Company's advanced stage customer pipeline.

¹ Based on revenue from operations (excluding interest, grant and other income) for the half-years ended 31 December 2015 and 30 June 2015.

In August, Skyfii signed a deal with Sprooki, a mobile engagement platform, to deliver the Skyfii services into the Crescent Mall, an iconic shopping centre in Vietnam. It also signed a distribution agreement with Originex (Singapore) Pte Ltd to provide its Guest WiFi and analytics services to re-sellers across Hong Kong, Malaysia and Singapore.

Skyfii entered the UK and Ireland markets in October 2015, signing a wholesale distribution agreement with leading IT sales and marketing distributor, Data Solutions. The distribution agreement yielded its first pilot contract with Eyre Square Shopping Centre in Galway, Ireland.

Additionally, Skyfii signed a reseller agreement with Liveconsult Technologies a leading IT consultancy headquartered in Brazil. The agreement delivered its first mall contract customer, Saga Group and Skyfii has already commenced the roll-out of its analytics and guest WiFi services in Saga's prestigious Varzea Grande mall. Saga Group owns a further 7 large retail malls and 62 large car dealerships in Brazil, providing further potential customers for Skyfii.

With a continued strong conversion rate of pilots to full contracts, Skyfii is also pleased to report that a number of new customers went to pilot during the period, namely:

- **Metro Supermarket Group**, a market leading grocery chain in Canada has deployed Skyfii services into 8 supermarkets on a 60 day trial agreement delivered through IT2Go who are a Canadian based systems integrator. Metro operate over 500+ grocery outlets nationally across Canada.
- **Springvale Homemaker Centre** has signed a 4 week trial agreement to deploy Skyfii's Guest WiFi and Analytics services across the centre. The trial is due to launch early in February.
- **Sydney Museum** who currently operate a Xirrus based wireless network has deployed Skyfii's analytics services across its network on a 4 week trial basis which is due to conclude mid February 2016.
- **Decathlon, a global sports goods retailer headquartered in France** has deployed Skyfii's Guest WiFi services into a store in Sao Paulo, Brazil on a trial basis. If successful Skyfii has the opportunity to roll-out its services to a total of 16 stores across Brazil.

Successful \$4.1m Capital Raise

In November 2015, Skyfii completed a successful capital raise of \$4.1m from institutional and sophisticated investors, including Bruce Gordon and the White family of Ray White Property Group. Funding will be used to continue the Company's customer growth plans.

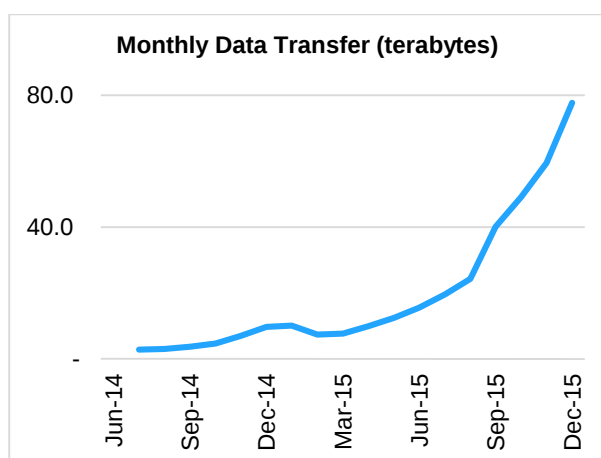
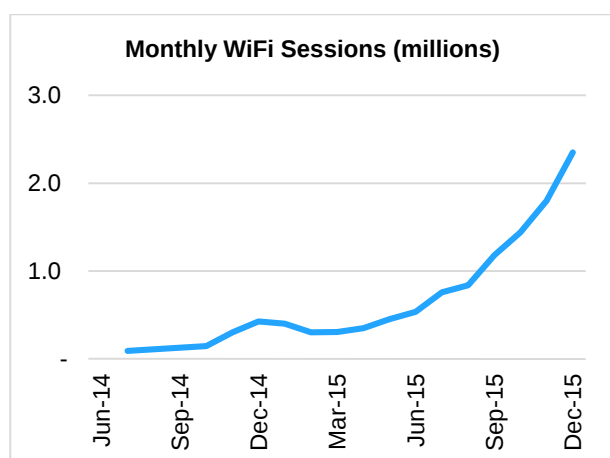
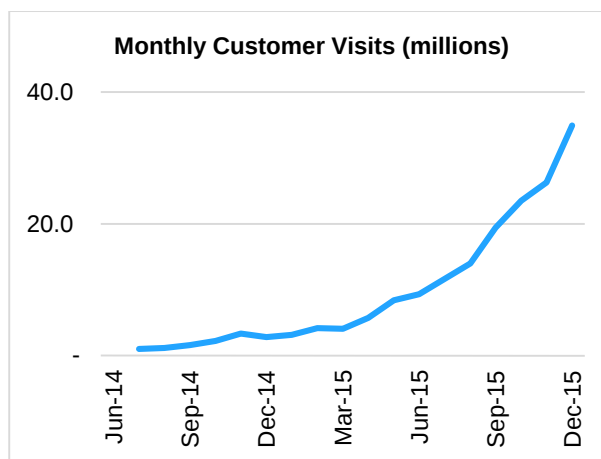
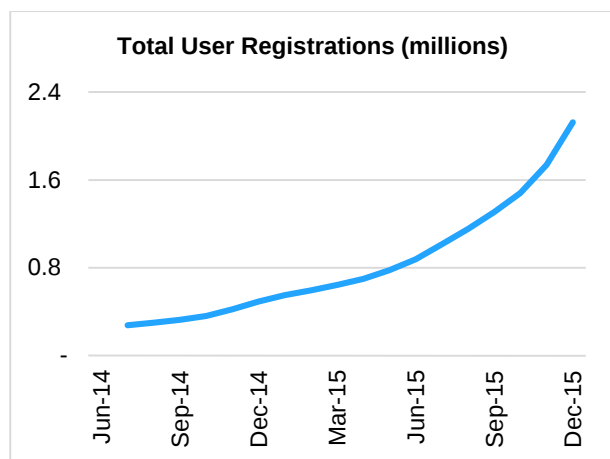
Strong Cash Position

As at 31 December 2015, the Company had a cash position of \$5.0m. This was supported by its successful capital raising of \$4.1m, along with total R&D tax incentives received of \$0.8m.

Key User Operating Metrics

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

- Total registered user base increased by +142% half-on-half (**hoh**) from 0.9 million to 2.1 million unique users
- Significant growth in new unique registered users of +223% hoh
- Growth in WiFi sessions of +257% hoh
- Customer venue visits increased by +272% hoh
- Data transferred grew by +329% hoh



Outlook

Skyfii continues to grow its advanced stage pipeline of over \$44m, assuming 5 year contract terms, excluding any revenues from advertising and data services, in Australia and internationally. With its strong pipeline conversion rate of 90%, the Company's growth outlook remains very positive.

The Company is especially excited about its growth prospects into the UK and North America markets and following strong demand for Skyfii's services, looks forward to updating shareholders on further customer wins locally and internationally in the near future.

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ABOUT SKYFII

Skyfii Limited (ASX: SKF) is an innovative data services and technology company that provides analytics and data driven marketing products for brick and mortar businesses to help them make smarter business decisions and provide a more personalised shopping experience for their customers.