

## Skyfii Limited

### Data analytics and marketing services for physical spaces

Skyfii Limited (ASX:SKF) is a data, analytics and marketing services company that has developed a Software-as-a-Service (SaaS), subscription-based Platform named "IO". This platform is based on three pillars that enables SKF's customers (i.e. physical venues), such as shopping centres, retailers, airports and universities, to gain valuable "insights" (IO Insights) into their visitors' in-venue movements and behaviour. This is achieved through data collection (IO Connect) and is based on in-depth analysis of anonymous mobile device movements, Wi-Fi usage, CCTV streams, BLE (Bluetooth), Point-of-Sale data and other third party data sources. The third pillar of the IO Platform provides these venues with tools to action these location-based visitor "insights" by delivering real-time, location based, contextual and relevant engagements to its IO Platform customers using IO Engage.

#### Monetizing high growth in Venue Analytics and Digital Marketing

SKF is addressing several market segments, including venue Analytics, which is expected to grow by 19% CAGR through 2020 as well as Digital marketing. Growth of Digital Marketing services in SKF's relevant geographical markets is expected to be even higher than venue Analytics growth, enabling SKF to carve out lucrative niches in both of these markets.

#### Strategy focused on monetizing SKF's rich-data assets

The company's strategy is to monetize this IO SaaS subscription-based Platform with venues subscribing monthly and to leverage the inherent value of its rich-data assets (visitors' behaviour) by offering additional services over IO's three pillars including bespoke Data Consulting Services (DCS) and bespoke Marketing Services (MS).

#### Accelerated revenue ramp

Skyfii has successfully built up a strong blue chip customer base over the course of FY15/16 through the sales of its IO SaaS Platform services. During FY17, its newly launched additional services, including Data Consulting Services (DCS) and soon to come Marketing Services (MS), will provide significant upsell opportunities to its existing customer base and a basis for attracting a broader customer set into the future. With bespoke Data Consulting Services (DCS) and Marketing Services (MS) ramping up in CY17, we expect SKF will be able to accelerate revenue growth beyond the already attractive revenue growth (20%+) it achieves from the IO Platform to over 50% CAGR through to 2020.

#### Impressive list of customers and qualified sales funnel worth A\$ 74M

Through direct sales and high-value channel partners, SKF has been able to build an impressive list of customers in just the last few years, including Scentre group (Westfield), Mirvac, Lend Lease, The GPT Group and One

## Company report

### Skyfii Ltd.

(ASX:SKF)

Information Technology

Australia

Risk: High

Skyfii is an Australia-based, global technology company, which has developed a software platform that captures, analyses and visualizes location-based data within physical spaces. In addition, the platform provides actionable insights to its clients, which solve real business challenges and also provides a marketing platform to allow real time, contextual and targeted engagement with customers within these physical spaces.

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**BUY**

**Current price: A\$ 0.07**

**Price target: A\$ 0.14**

4 May 2017

Five One Property group. The company is also gaining strong traction in the UK, Brazil and the US. Furthermore, SKF recently signed Woolworths Group South Africa (500+ retail venues across Africa) as a customer. The current qualified sales funnel amounts to A\$74M over five-year contract terms.

Starting coverage with a BUY rating and a A\$ 0.14 price target

SKF's management team is highly experienced in media sales, property, retail, technology development and data processing. Furthermore, given a substantial valuation discount versus listed peers and strong M&A activity specifically in the Venue Analytics sector, we start our research coverage of SKF with a BUY recommendation and a price target of A\$ 0.14, which implies substantial upside to the current share price.

	(A\$ M)		<b>FY16A</b>	<b>FY17E</b>	<b>FY18E</b>	<b>FY19E</b>
Number of shares (m)	241	Revenues	3.3	3.7	6.3	10.6
Number of shares FD (m)	265.5	EBITDA	-1.9	-5.3	-4.0	-1.0
Market capitalisation (A\$ m)	16.9	NPAT	-5.4	-6.1	-4.5	-1.0
Free Float (%)	100%	EPS FD	-0.038	-0.023	-0.013	-0.003
12 month high/low A\$	0,125/0,044	EV/EBITDA	N/A	N/A	N/A	N/A
Average daily volume (k)	81	EV/Sales	2.4	4.2	2.5	1.5

**Skyfii Limited**

(A\$) FY-end June

Profit & Loss account	FY16A	2017E	2018E	2019E
Revenues	3.3	3.7	6.3	10.6
EBITDA	-1.9	-5.3	-4.0	-1.0
EBITDA %	-58.3%	-145.1%	-64.3%	-9.0%
Depreciation & Amortisation	-0.5	-0.7	-0.5	0.0
EBIT	-2.4	-6.1	-4.5	-1.0
EBIT %	-72.1%	-165.3%	-71.7%	-9.3%
Interest income & expense net	0.0	0.0	0.0	0.0
Other items	-3.0	0.0	0.0	0.0
<b>Profit before Tax</b>	<b>-5.4</b>	<b>-6.0</b>	<b>-4.5</b>	<b>-1.0</b>
Taxes	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>-5.4</b>	<b>-6.1</b>	<b>-4.5</b>	<b>-1.0</b>
Ordinary shares outstanding	141	241	307	347
Fully diluted # shares	141	265	331	371
<b>Earnings per share</b>	<b>-0.038</b>	<b>-0.025</b>	<b>-0.015</b>	<b>-0.003</b>
Earnings per share fully diluted	-0.038	-0.023	-0.013	-0.003

Cash Flow Statement	FY16A	2017E	2018E	2019E
Net income P&L	-5.4	-6.1	-4.5	-1.0
Depreciation & amortisation	0.5	0.7	0.5	0.0
Impairments	0.0	0.0	0.0	0.0
Change in working capital	0.1	-0.4	-0.4	-0.6
Other items	2.8	0.7	0.0	0.0
<b>Cash flow from operations</b>	<b>-2.0</b>	<b>-5.0</b>	<b>-4.4</b>	<b>-1.6</b>
<b>Net cash flow from investments</b>	<b>-2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Dividend paid	0.0	0.0	0.0	0.0
Change in equity	4.1	3.8	4.0	2.4
Change in debt	0.0	0.0	0.0	0.0
Other items	-0.2	0.0	0.0	0.0
<b>Cash flow from financing</b>	<b>3.8</b>	<b>3.8</b>	<b>4.0</b>	<b>2.4</b>
<b>Net cash flow</b>	<b>-0.1</b>	<b>-1.2</b>	<b>-0.4</b>	<b>0.8</b>

Balance Sheet	FY16A	2017E	2018E	2019E
<b>Current assets</b>				
Cash and marketable securities	2.6	1.4	1.0	1.8
Accounts receivable	1.5	0.6	1.0	1.7
Inventories	0.0	0.0	0.1	0.1
Other current assets	0.1	0.4	0.6	1.1
<b>Total current assets</b>	<b>4.2</b>	<b>2.4</b>	<b>2.7</b>	<b>4.8</b>
<b>Fixed assets</b>				
Net property, plant & equipment	0.2	0.1	0.1	0.0
Goodwill	0.0	0.0	0.0	0.0
Other intangible assets	2.8	2.1	1.7	1.7
Other assets	0.0	0.0	0.0	0.0
<b>Total fixed assets</b>	<b>3.0</b>	<b>2.2</b>	<b>1.8</b>	<b>1.7</b>
<b>Total assets</b>	<b>7.2</b>	<b>4.6</b>	<b>4.5</b>	<b>6.5</b>
<b>Current liabilities</b>				
Short-term debt	0.7	0.0	0.0	0.0
Accounts payable	0.4	0.7	0.3	0.5
Dividends payable	0.0	0.0	0.0	0.0
Other current liabilities	0.1	0.2	0.2	0.3
<b>Total current liabilities</b>	<b>0.8</b>	<b>0.5</b>	<b>0.8</b>	<b>1.4</b>
Long-term debt	0.0	0.0	0.0	0.0
Total provisions	0.1	0.1	0.1	0.1
<b>Total group equity</b>	<b>6.2</b>	<b>4.0</b>	<b>3.5</b>	<b>4.9</b>
<b>Total liabilities and equity</b>	<b>7.2</b>	<b>4.6</b>	<b>4.5</b>	<b>6.5</b>

Valuation	FY16A	2017E	2018E	2019E
<b>Relative valuation</b>				
P/E (reported)	-1.8	-2.8	-4.8	-24.9
P/B	1.6	4.2	6.1	4.9
P/CF	N/A	N/A	N/A	N/A
Price to sales	3.0	4.6	3.4	2.3
EV / sales	2.4	4.2	2.5	1.5
EV / EBITDA	N/A	N/A	N/A	N/A
Dividend yield	0.0	0.0	0.0	0.0
EV / EBIT	N/A	N/A	N/A	N/A

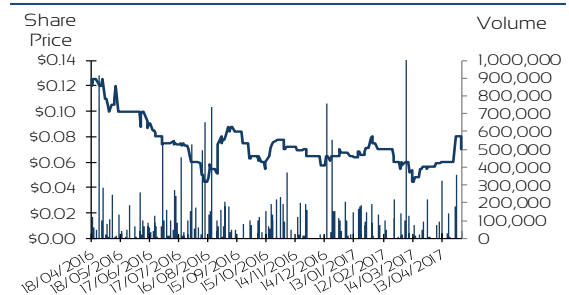
Discounted Cash Flow		
<u>Assumptions</u>		
Long term interest rate		2.5%
Risk premium		4.3%
Marginal tax rate		30%
Long term growth		3%
Leveraged Beta		1.29
Implied WACC		8.6%

TMT Analytics applied WACC 15%  
DCF fair value range per share A\$ 0.18

Profitability ratios	FY16A	2017E	2018E	2019E
Return on Equity	-86%	-151%	-127%	-20%
Return on Assets	-75%	-131%	-100%	-15%
Return on Invested Capital	-51%	-84%	-121%	-26%
EBITDA margins	-58.3%	-145.1%	-64.3%	-9.0%
EBIT margins	-72.1%	-165.3%	-71.7%	-9.3%
Net margins	-160.8%	-165.2%	-71.4%	-9.2%

Financial Strength	FY16A	2017E	2018E	2019E
Net debt (cash)	-1.9	-1.4	-1.0	-1.8
Net debt / Equity	-0.3	-0.4	-0.3	-0.4
Net debt / EBITDA	1.0	0.3	0.2	1.9
Interest coverage	N/M	N/M	N/M	N/M

Capital Structure	
Ordinary shares	241
ESP shares	19
Options and warrants (m)	5
Fully diluted	265
Market capitalisation (A\$ m)	16.9
Market cap. fully diluted (A\$ m)	18.6
Free float %	100%
12 month high/low A\$	0,125/0,044
Average daily volume (tr)	81.0



Source: Factset, TMT Analytics

## A highly scalable analytics and data driven "IO" SaaS subscription Platform

Sydney-based Skyfii Limited's (ASX:SKF) Software-as-a-Service (SaaS) monthly subscription IO Platform, comprising of three pillars (IO Connect, IO Insights and IO Engage) enables shopping centres, retailers, airports, schools and other venues to gain valuable insights into visitors' movements and spending behaviour, based on visitors' unique attributes. These attributes are collected from sources, such as in-venue Wi-Fi usage, mobile phone identifiers, CCTV streams, Point-of-Sale data, beacons etc.

Data is used to generate individual and demographic profiles

The collected data is gathered in two forms a.) Anonymous and b.) Personally identifiable. The anonymous data is gathered through observation of mobile phone identifiers (MAC ID's), but these remain completely anonymous and not linked to any particular user unless that user opts in to the Wi-Fi service. Users are also able to remove their mobile device from observation by simply turning off their Wi-Fi or location services. Personally identifiable data is collected from those users who opt in to the Wi-Fi service in the venue and consent to the terms and conditions of the service provided.

Skyfii's IO SaaS subscription-based Platform gathers each of these data sets together to generate specific user profiles for groups of visitors to a venue to provide higher level insights into demographics, for instance for a specific venue. The data can also be overlaid with 3<sup>rd</sup> party data (such as weather or live news feeds) and data from social media to create an even more comprehensive picture of individual visitors, behaviours and demographics.

Behavioural insights can be monetized by SKF's clients in a number of different ways

The insights generated by SKF's data analytics can be used for different purposes by commercial property owners, retailers and brands. For instance, the owner of a shopping centre can use SKF's insights to optimize store locations, tenancy mix and rents based on footfall, dwell and demographic segmentation. A retailer might use push notifications to visitors with a certain consumption and demographic profile and brands can use SKF's insights for nationwide marketing campaigns, to drive sales and loyalty.

SKF's customer base includes leading commercial property players

Key customers in the Retail segment using the IO Platform include GPT, Westfield shopping centres (part of Scentre Group, ASX:SCG), Lend Lease, Mirvac, Dexus Property Group, One Five One Property, Woolworths Group South Africa and Uniqlo, Singapore.

In the Education segment, SKF recently won Durham University in the United Kingdom as its first education customer, which has opened up a new and lucrative vertical.

Additionally, the company signed new customers in the Municipality vertical, specifically The City of Cincinnati (USA) and Waverley Council (Sydney, Australia).

SKF is currently active in Australia, Brazil (over 50+ shopping centres under contract), the United States, South Africa, United Kingdom and South East Asia.

Strong sales momentum backed by very substantial commercial pipeline

SKF's IO Platform with its three pillars - IO Connect (generating data, amongst other things through venues' free guest Wi-Fi access points), IO Insights (customer behavioural analytics) and IO Engage (data-driven location-based marketing) generated revenues for FY16 (ending June) amounting to A\$ 2.3M in operational revenues and A\$ 1M in government grants and R&D tax incentives. Operating revenues for 1HY17 (ending December) amounted to A\$ 1.4M, an

increase of 26% year-on-year. The current sales pipeline consists of qualified prospects worth a total of A\$ 74M over an assumed five-year contract term for each.

*In the age of the connected consumer, we believe this product offering is very-well suited to capture this market opportunity and monetize the ever-growing amount of behavioural consumer data.*

#### Leveraging current data assets to generate additional revenue streams

Additional revenue streams will be generated from Data Consulting Services (DCS), a consultancy style revenue stream following its recent launch in 2017 and Marketing Services (MS) is under development. Both new services leverage SKF's existing data assets, consisting of 8.4M unique registered users and over 300M customer visits analysed per annum and growing. Both revenue streams are transactional, i.e. based on bespoke DCS projects and bespoke marketing campaigns or projects. Both new service offerings also serve as strong lead generators for recurring sales from the IO Platform.

#### SKF very well-placed to monetize the connected consumer on-the-go

SKF's product offering is very-well suited to capture the opportunity arising from the increasing availability of data from consumers on-the-go, in our view. Skyfii brings new accountability to marketing and to the advertising industry in that it can geographically pinpoint, match and then target individual customers with unique offers, unlike for example mass billboard advertising. We estimate SKF's operational revenues to grow strongly, from A\$ 2.3M in FY16 to ~A\$ 3M in FY17 and A\$ 5.8M in FY18 respectively with predictable recurring revenues, generated from within the IO Platform's IO Connect and IO Engage pillars, accounting for an increasing share of total revenues.

SKF's comprehensive IO Platform product offering consists of three pillars;

- Data capture, generated through IO Connect;
- Data analytics, offered through IO Insights; and
- Data-driven location based marketing, offered through IO Engage.

These three pillars currently account for nearly 100% of SKF's revenues to date. However, as we will elaborate on below, newly launched Data Consulting Services and soon-to-be-launched Marketing Services will add additional, transaction-based revenue streams going forward (Figure 1). While these may be offered stand-alone, we expect they will also serve to generate new leads for the IO Platform more broadly (IO Connect, IO Insights and IO Engage respectively).

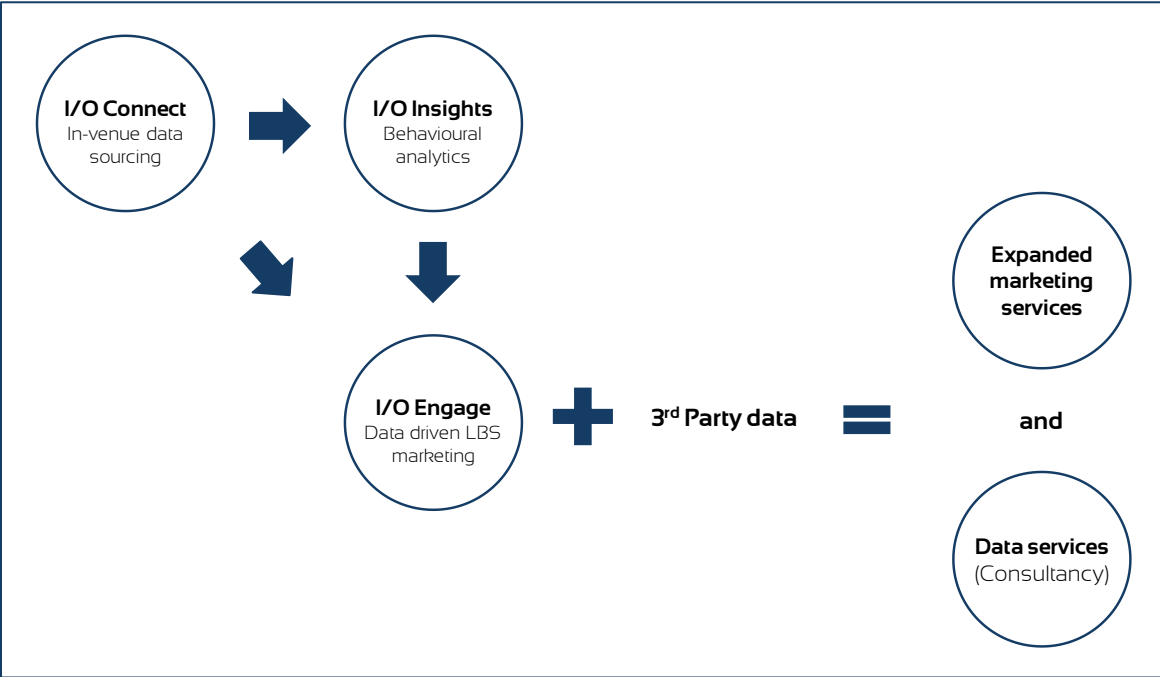
#### Data is proprietary as well as sourced from third parties

The first pillar of the IO Platform, and the foundation of SKF's product offering, consists of consumer/visitor data that is collected in customer venues, such as shopping malls and retail stores.

##### 1. Data Sources: IO Connect

A very substantial part of data is currently very securely collected through visitors' mobile phones that have Wi-Fi switched on. Even if visitors don't sign on to a venue's free guest Wi-Fi network, their smart phones still emit a unique signal that Wi-Fi hotspots can pick up on and monitor throughout a venue. This unique signal can be monitored into the future in any venue SKF's IO Platform is operating in, for example, across all Westfield malls.

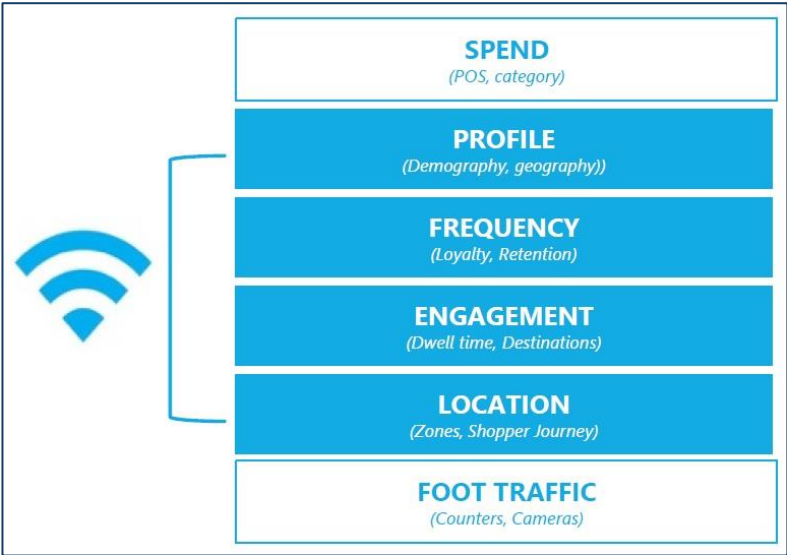
FIGURE 1: SUMMARY OF SKYFII'S GO-TO-MARKET MODEL



Source: TMT Analytics

As it monitors these Wi-Fi signals, SKF can start to build anonymous user group journeys based on their movements in the venue, which stores are visited, dwell times, return visits etc. Approximately 65% to 80% of smartphones have Wi-Fi turned on at all times throughout the day, providing a great source of aggregate visitor data in SKF’s customers’ venues, even though these visitors may not have registered to actually use the venues’ free Wi-Fi networks.

FIGURE 2: DATA TYPES COLLECTED



Source: Skyfii, TMT Analytics

When visitors do sign on to use a venue’s free Wi-Fi network, which up to 30% of visitors typically do, they are prompted to enter personal information, such as their name, email address, phone

number or they can simply log on using their social media details, such as Facebook. The data that SKF can now collect off these registered visitors' smart phone Wi-Fi signals is no longer anonymous and is significantly richer, allowing venues to be able to push marketing materials or relevant offers to customers in real time (using customers' proximity or geographic location advantageously). The profile that SKF can build up based on an individual's in-venue behaviour can be used for a number of different applications that we will elaborate on below, predominantly to improve overall customer experience.

SKF's IO Connect product connects in-venue Wi-Fi hot spots with SKF's SaaS Cloud-based back end systems in order to collect, store and process the data generated by these Wi-Fi hot spots (Figure 2).

#### In-venue data sources other than Wi-Fi

Other technologies, such as Bluetooth Low Energy (BLE), can also be used or ingested in venues by the IO Platform to collect information from visitors' smartphones. These are mainly shorter range signals when compared to Wi-Fi, however they can provide enhanced location data.

In-store BLE beacons send out short range signals that can be received and responded to by an application on visitors' smartphones with proximity sensors embedded in the beacons, collecting information about device movements. ABI Research estimates the number of BLE beacons in retail stores globally will grow from just 8M at the end of 2016 to 400M by 2020, providing retailers with an increasingly rich source of visitor data. SKF's IO Platform is ready to take advantage of this trend.

People counters are another source of information for shopping malls and retailers about their visitors. These devices, such as 2D and 3D cameras, thermal and infrared sensors, scan visitors coming in to and exiting venues.

#### SKF facilitates data collection through Wi-Fi, BLE and beacons

In addition to providing connectivity between a venue's Wi-Fi network and SKF's SaaS Cloud hosting environment, the company also provides solutions to collect data through BLE sensors and beacons. BLE data is gathered via mobile applications on the iOS or Android platforms. SKF's Software Development Kit (SDK) can be used by SKF's customers to enable their own mobile applications, that are running on visitors' smartphones, to collect BLE and beacon data and send that to SKF's SaaS Cloud. Furthermore, SKF can integrate data coming from different types of people counters. In this way, SKF is future proofing the availability and integration of future data sources and ensuring its location data analysis remains relevant into the future.

#### Point-of-Sale provides highly valuable information

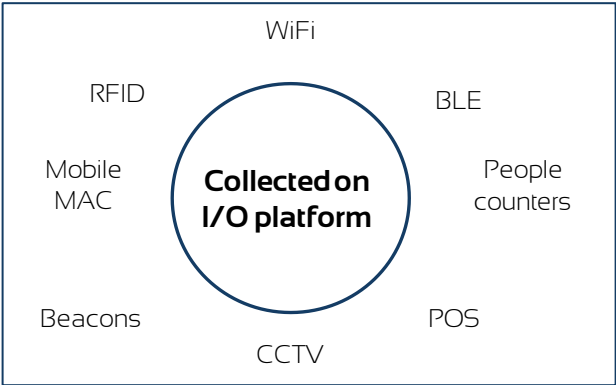
Highly valuable data is generated at the Point-of-Sale (POS), i.e. the cash register. POS data provides insights into where consumers are spending money, how much and on which product categories. When overlaid with location-based data from Wi-Fi and BLE signals, SKF can match POS data with user-specific information very accurately and further enhance individual consumer profiles. POS data will need to be made available to SKF by individual retailers.

#### Anonymized CCTV footage can enhance visitor profiles even further

By law, footage from retailers in-venue Closed Circuit TV systems (CCTV) needs to be anonymized, i.e. blurred, in order to safeguard visitors' privacy. However, even on an anonymous basis CCTV footage is very useful in visitor profiling as a lot of information, such as gender, age, lingering etc, may still be derived from this footage. When overlaid with location and POS data, consumer profiles can be made highly granular.

Overall, today's technologies enable data harvesting from many different sources (Figure 3).

FIGURE 3: IN-VENUE DATA HARVESTING TECHNOLOGIES



Source: Skyfii, TMT Analytics

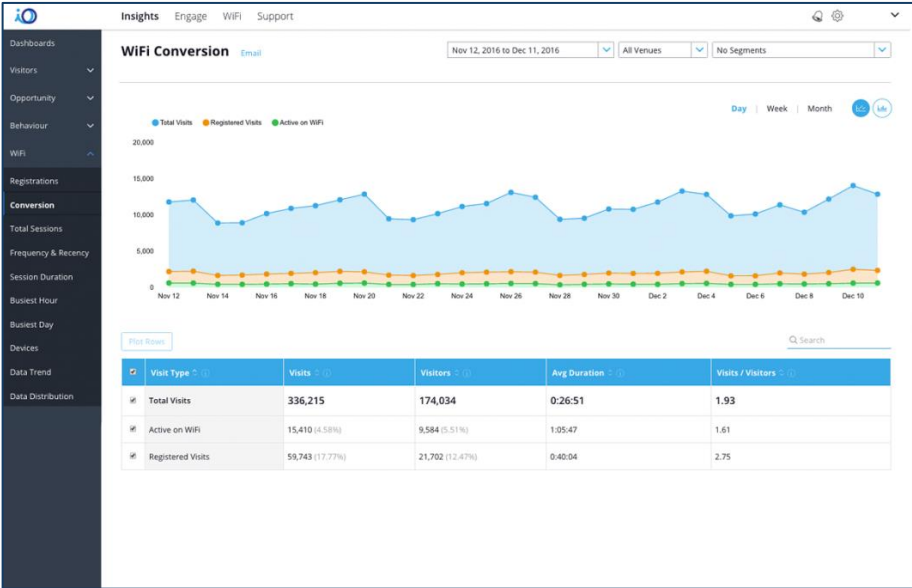
2. Third-party data collected outside of customer venues

Visitors registering for free Wi-Fi in customer venues, who are subscribed to SKF’s IO Platform, are able to use Social Media platforms, such as Facebook, to sign on. This enables SKF to substantially enhance visitor profiles. Not only is SKF able to put a name to a specific smartphone, but the company is also able to augment a visitor’s profile with very specific user preferences registered in his or her Facebook profile. This data becomes richer over time, particularly if the customer frequents the same or different types of venues where SKF is present, e.g. across Westfield malls.

Visitor analytics: turning visitor data into actionable insights

The second pillar of SKF’s IO Platform is IO Insights, which revolves around visitor analytics, i.e. combining all available visitor data to perform highly granular behavioural analytics. The insights generated by these analyses are provided back to customers through online dash boards (Figure 4) and provide deep insights into visitor loyalty, engagement and performance, for instance on conversion rates of visitors into purchasers.

FIGURE 4: I/O INSIGHTS DASH BOARD



Source: Skyfii, TMT Analytics



Additionally, IO Insights provides tools around predictive analytics, for instance to see how weather conditions may affect visitor behaviour. The IO Platform can overlay customer behaviour in a specific venue with, for example, localised weather patterns.

In general, the insights provided to shopping centres can be used in asset management, leasing optimization, such as tenancy mix and performance of anchor tenants, mall design, real estate development and retail management.

Not just for retail, but other venue types as well

Municipalities, airports, universities, RSL clubs and even museums are using IO Insights to be able to enhance their understanding of visitor and customer movements in-venue, dwell time in aisles, use of precincts, or at specific exhibitions. Additionally, SKF's customers are able to measure customer conversion and understand who their customers are, based on their profiles and demographic similarities.

Educational facilities, such as universities and schools, are able to get a better understanding of lecture attendance and student flows inside buildings using IO Insights, which can help with facilities and workforce management, such as class room occupancy.

### Data-driven location-based marketing through I/O Engage

The third pillar of SKF's IO Platform focuses on leveraging the company's ever-growing data base of visitor/consumer data through IO Engage, which is a marketing toolkit that can be used for CRM marketing using push notifications, email marketing, text messages and video advertising through Wi-Fi connections. SKF clips a ticket on each notification pushed out by a venue to a uniquely targeted customer. This function is self-driven by the venue within the IO Engage Platform requiring no input from SKF.

Given the high level of granularity that SKF can achieve in visitor profiling, advertisers such as venue owners and retailers using IO Engage can target very specific sub segments within large populations of visitors. This is a substantial leap forward in advertising when compared for example to mass advertising on bill boards.

Even though IO Engage has only been on the market for twelve months and revenues are still relatively small compared to IO Connect and IO Insights, we believe IO Engage's CRM style marketing push notifications and advertising generally, can potentially be one of the larger revenue components within SKF, especially taking into account SKF's longer term strategy around data enrichment and partnering models.

*Shopping centres typically only spend a maximum of 25% of their advertising budget on digital marketing. We believe SKF has a large revenue opportunity to substantially increase that percentage through the roll out of IO Engage with their shopping centre customers.*

### Extrapolating the database opens up vast advertising market

In addition to location-based marketing through IO Engage, SKF's database of visitor/consumer data can be leveraged for regional and national advertising campaigns as well.

### Data Consultancy to drive development of analytics tools

A fourth revenue stream revolves around Data Consulting Services projects for customers. These bespoke projects focus on driving business outcomes using customers’ existing data around visitor and consumption behaviour.

While these revenues are project-based and non-recurring, they typically serve as inroads for SKF to sell recurring, subscription-based services, such as IO Insights, to these customers.

Furthermore, these one-off revenue streams can be fairly substantial and in all cases the domain knowledge acquired from data services positions SKF to build new and value-adding IO platform features that can be made available to other customers.

### Three addressable markets, each with its own attractions

SKF’s product and service offering, current and under development, enable the company to address three separate markets; Retail Analytics, Mobile Advertising and Data Consulting Services. Each of these markets has its own growth characteristics and attractiveness.

#### Venue Analytics market growing by 19% annually

The Venue Analytics market can be broken down into four segments; Marketing & Customer Analytics, Merchandizing & In-Store Analytics, Supply Chain Analytics and Strategy & Planning. SKF is predominantly active in the first two segments. In-Store Analytics is among the fastest growing segments within this industry.

Overall, the Venue Analytics market totaled US\$ 2.2BN in 2015 and is expected to grow to US\$ 5.1BN by 2020, representing a Compound Annual Growth Rate (CAGR) of more than 18% over that period.

Within the Venue Analytics market we believe customer and in-store analytics are the most relevant segments for SKF, i.e. leveraging the IO Platform with shopping centres globally (Figure 5) and establishing a base from which to harvest visitor and consumer data.

FIGURE 5: SNAPSHOT OF SKF’S GLOBAL MARKET OPPORTUNITY



Source: Skyfii, TMT Analytics

Roll out of Wi-Fi networks expands SKF’s addressable market

Apart from the large number of shopping centres globally, which presents an attractive Digital Marketing opportunity by itself, many of these malls don’t have fully operational, modern Wi-Fi networks installed yet. For instance, of the 1,500 shopping centres in Australia, only 500 have Wi-Fi networks installed. In other words, SKF’s addressable market continuous to expand as more malls roll out Wi-Fi networks in the coming years. Shopping centres are, however, now quickly coming up to speed and are laying out Wi-Fi infrastructure, advantageous to SKF’s business model.

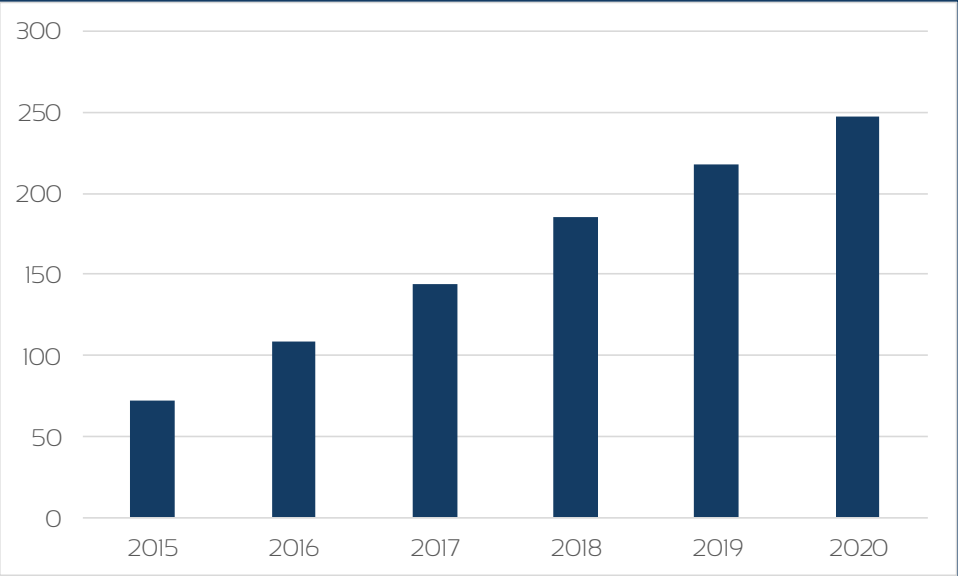
Digital Marketing is a main longer term attraction

As attractive as the growth in Customer and In-Store Analytics may be, we believe Digital Marketing and location-based mobile advertising represents an even more attractive market opportunity for SKF, i.e. location-based push notifications, email marketing, display ads and text messages based on insights derived from IO Connect and IO Insights. SKF is capturing this market opportunity with its IO Engage product (CRM-style push marketing) and its recently launched, project-based Data Consulting Services (DCS) and soon to be launched Marketing Services (MS) offerings.

Studies have shown that advertising to consumers just prior to their moment of purchase is highly effective, and thus highly valuable to advertisers. Therefore, we believe the consumer and visitor insights SKF can provide to brands, retailers and shopping centres, combined with the highly-targeted advertising capabilities of business partners present a very compelling solution for SKF’s customers and prospects. Especially in light of the rapid growth of mobile advertising (Figure 6).

The United States and China are by far the largest markets for mobile advertising globally, according to eMarketer, and will provide fertile hunting ground for SKF as its mobile advertising capabilities develop further.

FIGURE 6: GLOBAL MOBILE INTERNET ADVERTISING SPEND (US\$ BN)



Source: Statista, TMT Analytics

Australia and Brazil among the fastest growing mobile advertising markets

While markets in the United States and China present the largest addressable market in absolute terms at approximately US\$ 50BN and US\$ 31BN respectively in 2017, Australia and Brazil are among the countries with the highest growth in mobile advertising in the medium term.

The Brazilian market for mobile advertising is growing at around 62% CAGR (2016-2018), while Australia is growing at 35% in the same period, according to eMarketer. Both countries are highly relevant for SKF given the company’s presence in these countries.

The mobile advertising market in the UK, another important market for SKF, is growing at 24% CAGR, which is lower than both Australia and Brazil, but clearly higher than the US market, which is growing at 20%. Chinese mobile advertising growth is at par with Australia’s at 35%, but obviously the sheer size of the Chinese market puts China in a different category altogether.

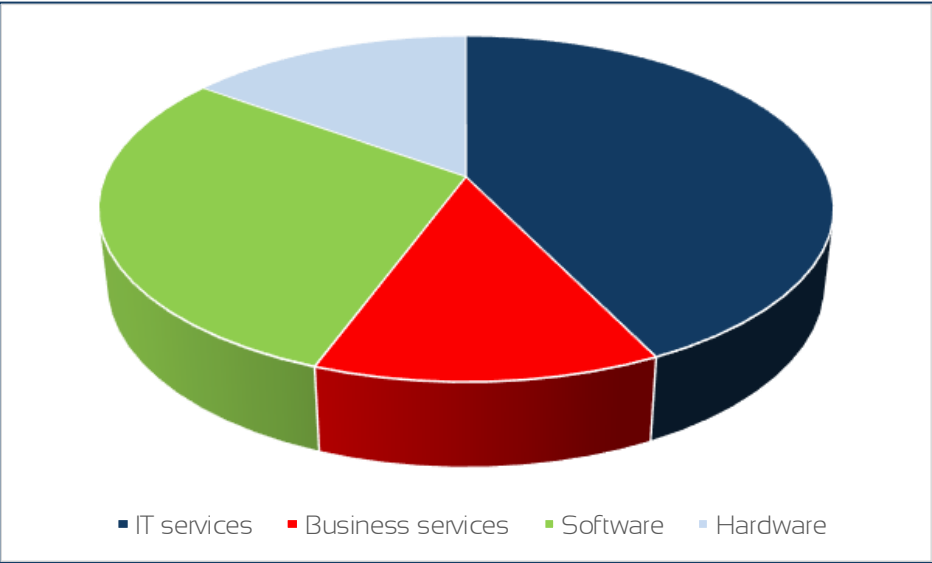
Data Consulting Services (DCS) in Retail to drive revenues

The overall, global, market for Big Data analytics, i.e. the use of predictive analytics, user behavior analytics or other advanced data analytics methods that extract value from very large data sets, amounted to US\$ 122BN in 2015 and is expected to grow to US\$ 187BN in 2019, according to IDC, representing a CAGR of 11.3%.

IDC further estimates that approximately 56% of global Big Data-related revenues are generated by consultancy and support services, while software and infrastructure account for 29% and 15% respectively (Figure 7).

The main industries applying Big Data analytics have traditionally been Banks, Insurance companies, Process industries, Manufacturing etc. Relatively speaking, the Retail sector hasn’t been a large buyer of data analytics services. However, this is changing rapidly.

FIGURE 7: BIG DATA ANALYTICS MARKET BREAK DOWN BY PRODUCT/SERVICE (US\$ BN)



Source: TMT Analytics

In addition to the consumer insights services SKF provides, the company is seeing increasing demand for project-based data science and data consultancy services, which SKF terms Data Consulting Services (DCS). Even though these revenues are non-recurring, we believe that Consulting Services can grow into a sizeable business for SKF given the strong growth in Big Data analytics requirements on the part of retailers.

## SKF's footprint is expanding rapidly

SKF is a young company, having been incorporated in 2013, but it has been able to gather very substantial commercial traction in a short period of time.

The company has signed commercial deals in Australia with Westfield shopping centres (35 malls) through Scentre Group (ASX:SCG), with Mirvac Property Group, which owns 11 malls in Australia, GPT Group which owns 16 shopping and retail centres in Australia, including the MLC Centre in Sydney and Melbourne Central. Furthermore, SKF signed Lederer Group, which owns 6 shopping centres including the Imperial Centre Gosford, as well as One Five One Property, which manages 9 shopping centres, including Top Ryde City Shopping Centre in Sydney.

Additionally, in 2015 SKF signed Wests Ashfield Leagues Club (WALC) in NSW for the provision of its Wi-Fi and analytics services. This agreement has opened the Club market in Australia, such as RSL's. SKF also signed a three-year master agreement with New Zealand Retail Property Group (NZRPG) for the provision of analytics and guest Wi-Fi services. NZRPG owns and operates 4 shopping centres in New Zealand.

### Brazilian market presents highly attractive opportunity

One of SKF's largest overseas' opportunities is Brazil. The company signed Iguatemi Shopping Group, which owns 16 large shopping centres. Through reseller Liveconsult Technologies in Brazil, SKF also secured a shopping centre deal with Saga Group, which owns 8 large malls in Brazil.

SKF also agreed a five-year contract with Aliansce Shopping Centre group, which owns 33 malls in Brazil. In addition to subscription services, SKF was granted brand and advertising sponsorship rights for these malls enabling the company to attract targeted advertising sponsorship campaigns.

### South Africa as a stepping stone to the wider African market

SKF also signed Woolworths Holdings in South Africa as a customer. Woolworths is also listed on the Johannesburg stock exchange (JSE:WHL) and owns various retail brands across the Clothing and Food sectors in Africa and Australia, including Woolworths South Africa, David Jones, Country Road and Witchery. WHL owns approximately 500 venues in South Africa in which SKF will roll out its services through a three + two-year contract. Of these venues, 119 are already live.

In total Woolworths owns approximately 1,300 large format retail outlets in 14 countries across Africa and in Australia. We believe there may be good opportunities for SKF to roll out its services across several of WHL's Australian banners as well.

*In our view, South Africa presents an excellent stepping stone for SKF to expand further across the African continent, especially given WHL's presence in other African markets.*

### Expanding into other verticals

SKF recently announced the roll out of IO Insights to Durham University, which will utilise 2,800 Wi-Fi access points to be equipped by SKF's partner, Aruba Networks. This agreement has opened up the Education vertical for SKF. In addition to Education, we expect SKF will be able to make further inroads into other verticals, such as Transit (airports, train stations etc) and Hospitality (hotels, Quick Service Restaurants etc), which have strong use cases, some of which are undergoing pilots.

## Partner strategy to expedite commercial roll out

In addition to direct sales, one of SKF's strategic focus points is to develop a strong partner network, both to resell the IO Platform applications and for future Marketing Services.

In July 2016, SKF signed an exclusive agreement with McGavren Guild Malls (MG Malls), an Out-of-Home focused media company that operates advertising and media formats in 3,000 malls in the United States. MG Malls will exclusively market SKF's product offering to its customer base of mall owners and incorporate this offering into its own services. It also signed on with Cincinnati Bell Telecom, a leading telecoms company, which led to its first US customer, The City of Cincinnati.

Generally speaking, we consider the United States to be SKF's largest opportunity given the 100,000+ malls in the US. However, it is also the market with the highest competitive pressures and is not Greenfield, such as Brazil and South East Asia, implying different margin opportunities.

In New Zealand SKF signed a reseller agreement with Select IT and through a distribution agreement with Irish company Data Solutions, SKF is targeting the reseller channel in the United Kingdom and Ireland. Data Solutions itself is reseller of Aruba Networks' Wi-Fi equipment.

For the Singapore and Hong Kong markets, SKF signed a distribution agreement with Originex, which will on-sell SKF's solution to resellers in these geographies.

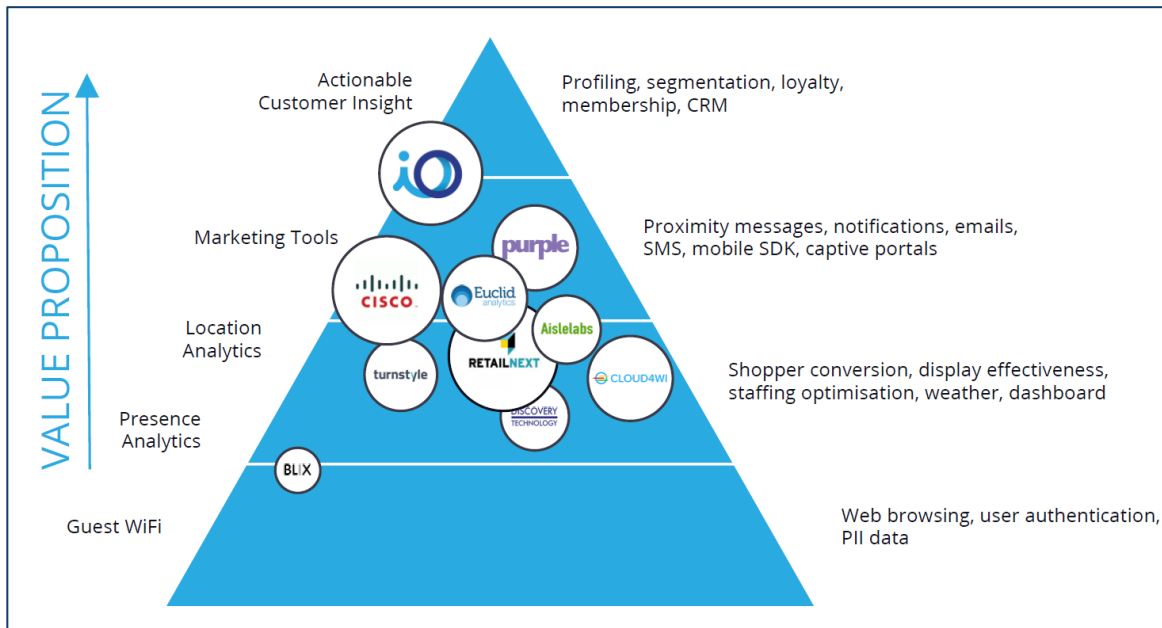
Optus Business is another of SKF's channel partners and landed Westfield shopping centres and Mirvac property group as SKF customers, with Optus facilitating the network roll out and SKF providing the IO SaaS Platform applications.

Just recently, SKF signed a reseller agreement with Jade Solutions for the UK market, which resulted in an agreement with a UK-based Quick Service Restaurant to deploy the IO SaaS Platform across 342 stores in the UK. Furthermore, SKF also signed another reseller agreement for the South African market with Infoprotect, an IT services company, in March 2017.

## Competition comes in different shapes and forms

Most companies within SKF's competitive landscape have a certain level of integration, i.e. from data collection to customer insights and marketing (Figure 8). However, the depth of integration, expertise and functionality of the respective platforms differs quite substantially, i.e. from basic in-store BLE beacons with simple analytical functionality to very high integration into advanced marketing toolkits.

FIGURE 8: SKF'S COMPETITIVE LANDSCAPE



Source: Skyfii, TMT Analytics

We count SKF among the highly-integrated companies together with companies such as RetailNext, with estimated revenues of US\$ 60M according to S&P CapitalIQ, Purple, Aislelabs and Sydney-based Discovery Technology, owned by Data #3 (ASX:DTL). Other competitors include Cisco CMX, Turnstyle and Euclid. Most of these players are active on multiple continents, similar to SKF, and all have a cloud-based back end.

### Digital Marketing dominated by Google and Facebook

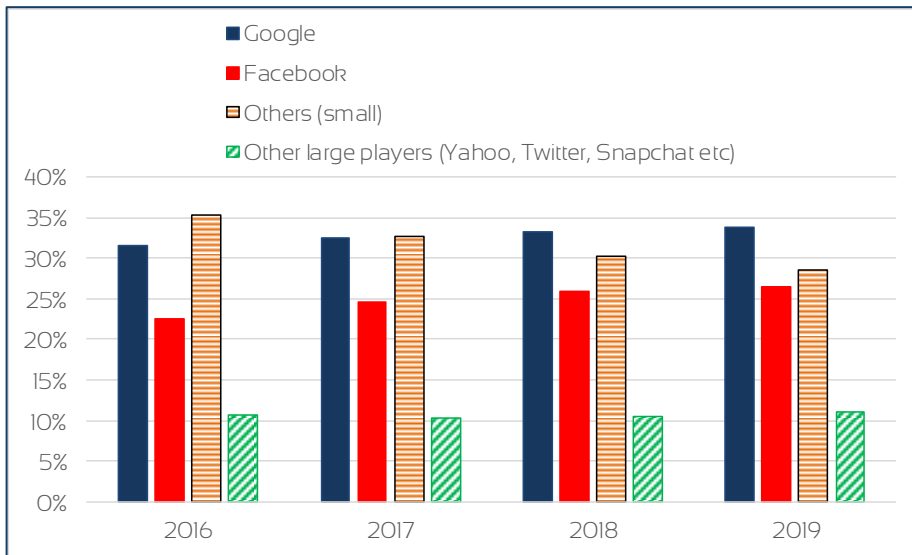
On the Digital Marketing side of the business, SKF along with many other smaller firms, will be competing for a slice of the pie left over by giants Google and Facebook, who account for two thirds of the digital advertising market in the US (Figure 9). This market is valued at US\$ 83BN in 2017, according to eMarketer, with mobile digital advertising accounting for 70% of that market.

Google and Facebook are capturing a large share of the growth in the mobile ads market as illustrated by eMarketer's forecast that both companies combined will own about 70% of the mobile advertising market by 2020. SKF sees itself a being complementary to these players with the possibility to enter into partnerships down the track as the sector evolves.

On a global basis, the picture is somewhat different with Google expected to maintain a fairly stable market share in digital marketing of approximately 32% through 2020, according to Statista. Facebook's global market share is estimated at approximately 15%. The combined

market share of Chinese players Baidu, Alibaba and TenCent is approximately 16%, highly concentrated in China.

FIGURE 9: US MOBILE ADS REVENUE SHARE



Source: eMarketer, TMT Analytics

High granularity of visitor insights will be key in growing market share for SKF

We believe the best way for SKF, and other small players in the Digital Advertising space for that matter, is to provide the highest possible level of granularity where visitor location data and insights are concerned. This should result in superior advertising outcomes, such as reach, conversion, engagement etc, when compared to ads run on Facebook and Google. Importantly SKF enables traditional brick and mortar venues to directly analyse and engage with unique customers.

SKF is well positioned in this respect, given its already vast database of in-venue data, data collected through Wi-Fi sessions and Social networks as well as the overlay with in-store data, such as POS. We believe the granularity SKF can offer its customers is superior to both Facebook's and Google's, and should help the company cross sell its Marketing Services to existing IO Platform customers.

## Business model is a mix of recurring and non-recurring sales

SKF generates revenues through various sales models, each with different pricing and/or revenue sharing characteristics:

### 1. Subscription-based recurring revenues from IO Platform

SKF's IO Platform products are sold using a subscription-based, Software-as-a-Service (SaaS) pricing model. The list price for a single, mid-sized venue can range from A\$ 149 per month for guest Wi-Fi only up to A\$ 2,250 for the full IO suite of services, i.e. data collection (IO Connect), data analytics through IO Insights and marketing tools through IO Engage.

Full functionality across IO Connect, IO Insights and IO Engage for large venues ranges from A\$ 629 up to A\$ 8,100 per month. Occasionally, SKF may price IO Connect per access point for smaller shopping centres. However, this is not typical. SKF charges one-off set up costs of A\$ 5,000 to A\$ 20,000 per venue.



2. Project-based revenues from Data Consulting Services

Newly launched Data Consulting Services projects generate non-recurring revenues between A\$ 100,000 and A\$ 250,000 per project. While these services are lucrative to SKF and provide additional cash flow, we typically prefer predictable, recurring revenues. However, SKF’s Data Consulting Services also provide the company with an effective tool to cross sell its IO SaaS subscription-based Platform services to these consultancy customers and convert them into subscription-based customers.

*Data Consulting Services were launched only three months ago, and together with soon to be launched Marketing Services, should provide an accelerated revenue growth path for SKF in the next several years.*

Channel partner strategy substantially expands SKF’s commercial reach

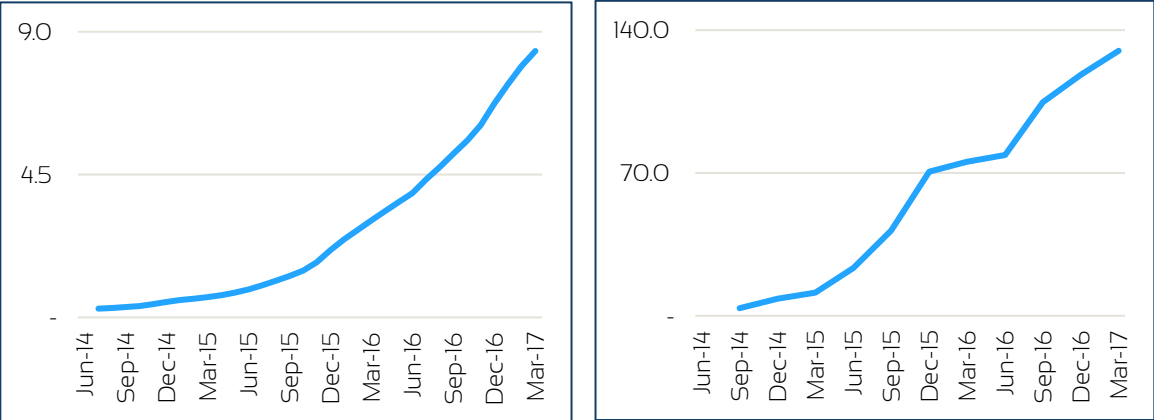
In addition to its direct sales team, SKF employs a reseller model that includes Telecom providers, such as Optus and Cincinnati Bell and advertising agencies, such as MNET/Ansible. The agreements with these partners are essentially wholesale contracts, where channel partners purchase SKF’s IO Platform services at wholesale prices and on-sell these to their customers, or resell the SKF services for a commission.

Recent developments underscore high growth potential

In its 3Q17 quarterly report, SKF showed continued strong revenue growth, with recurring revenues from the IO Platform growing by 12% quarter-on-quarter to A\$ 532k and registered users growing by 24% q-o-q to 8.4M unique users (Figure 10). As SKF rolls out its IO Platform across an ever-increasing number of retail venues, we expect the number of unique users to continue to grow very strongly.

*This unique user base forms the core of SKF’s ability to add value for customers, i.e. providing deep insights into visitors’ behaviour in-venue as well as into their purchasing patterns. Hence, a 24% q-o-q growth of this key asset is very significant, in our view, as in turn this key asset enables SKF to add value for its shareholders through strong growth of high margin SaaS revenues.*

Figure 10: Total User Registrations (millions) and quarterly Customer Visits (millions)



Source: Skyfii, TMT Analytics

Non-recurring revenues were down to A\$ 198k versus A\$ 278k in the previous quarter, due to lower one-off fees, such as upfront set up fees.

More importantly, SKF's advanced stage revenue pipeline for its IO Platform grew by 10% during the quarter, from A\$ 68m to A\$ 74M, which we believe signals continued strong demand for SKF's offering.

## Revenue model implies >60% revenue CAGR through 2020

In modelling SKF's revenues we have made the following assumptions:

- Mid and large-sized venues dominate SKF's venue portfolio, with each category accounting for 44% and 55% respectively. Small-sized venues only account for 1% of the portfolio.
- The blended monthly recurring revenue fee per venue generated from the IO SaaS subscription-based Platform amounts to approximately A\$ 1,024.
- Half of newly onboarded venues pay an upfront provision fee of A\$ 6,600 on average for IO Connect.
- The quarterly increase in new venues is conservatively estimated at 30 in 1Q18, growing to 70 by 4Q20.
- The number of Data Consulting Services projects in each quarter is estimated to grow from 1 in 1Q18 to 8 in 4Q20 with an average revenue per project of A\$ 100,000.

These assumptions result in the following operating revenue forecasts (Figure 11).

FIGURE 11: SKF REVENUE MODEL SUMMARY (A\$ M) (EX. TAX INCENTIVES & R&D GRANTS)

	FY17E	FY18E	FY19E	FY20E
Revenues from I/O Platform - upfront	0.8	0.6	0.8	0.9
Revenues from I/O Platform - recurring	2.1	4.3	7.1	10.4
Revenues from Digital Advertising	0.03	0.3	1.3	2.7
Revenues from Data Consultancy services	0.0	0.6	1.1	2.6
<b>Total operating revenues</b>	<b>3.0</b>	<b>5.8</b>	<b>10.3</b>	<b>16.6</b>

Source: TMT Analytics

These revenue forecasts translate into the P&L summary in Figure 12, which includes income from tax incentives and R&D grants.

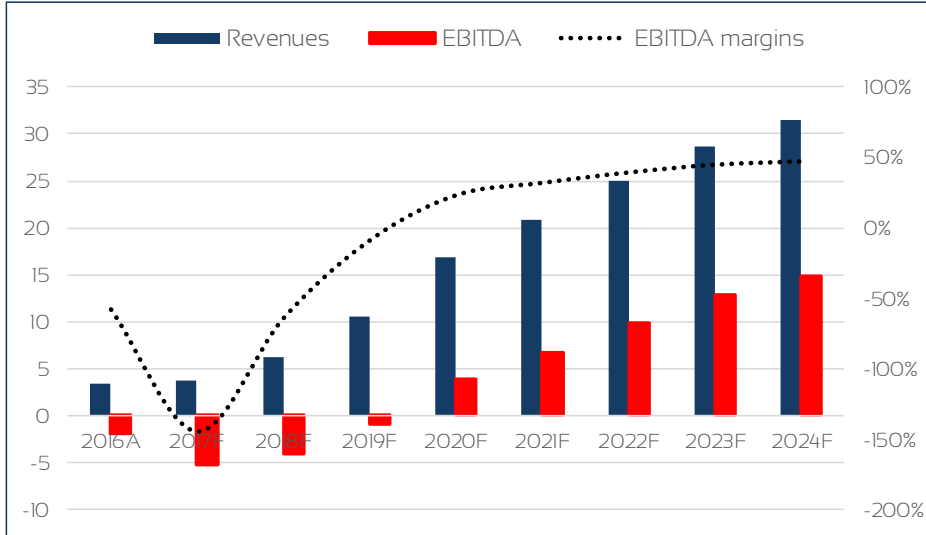
FIGURE 12: SKF'S KEY P&L LINE ITEMS

A\$ M	2016A	2017F	2018F	2019F	2020F	2021F
Revenues	3.3	3.7	6.3	10.6	16.8	20.9
EBITDA	-1.9	-5.3	-4.0	-1.0	3.9	6.7
EBITDA margins	-58%	-145%	-64%	-9%	23%	32%
NPAT	-5.4	-6.1	-4.5	-1.0	3.9	6.7
EPS fully diluted (c)	-0.04	-0.02	-0.01	0.00	0.01	0.02

Source: TMT Analytics

A long-term projection of revenues, EBITDA and EBITDA margins is provided in Figure 13.

FIGURE 13: LONG TERM DEVELOPMENT OF REVENUES, EBITDA (A\$ M) AND MARGINS



Source: TMT Analytics

## Substantial upside to SKF's valuation on any metric

In order to value SKF's shares we used two valuation methods, Discounted Cash Flow (DCF) and a peer group valuation. In addition, we have also taken into account recent M&A transactions in the Retail Analytics space.

Discounted Cashflow indicates value of A\$ 0.18 per share using 15% WACC

The theoretical WACC for SKF amounts to 8.6% using a long interest rate of 2.5%, long term growth of 3%, a marginal tax rate of 30%, a cost of debt of 5% and a leveraged beta of 1.29. However, the risks associated with small cap stocks and early stage companies in particular warrant a clearly higher required return on investment, in our view.

We believe a required rate of return of 15% more accurately reflects these investment risks, which translates into a fair value for SKF of A\$ 0.18 per share, well above the current share price.

We have illustrated various fair values in Figure 14 below, based on different discount rates.

FIGURE 14: DISCOUNTED CASH FLOW SENSITIVITY ANALYSIS

<b>8.6%</b>	<b>0.45</b>
10%	0.36
11%	0.31
12%	0.27
13%	0.23
14%	0.20
<b>15%</b>	<b>0.18</b>
16%	0.16
17%	0.14
18%	0.13
19%	0.11
20%	0.10

Source: TMT Analytics

Peer group valuation metrics suggests substantial undervaluation for SKF

Many Retail Analytics companies are VC funded, with a limited number of companies being publicly listed. With regards to peers listed on the ASX, we believe companies such as The Gruden Group (ASX:GGL), Tech Mpire (ASX:TMP) and Pureprofile (ASX:PPL) are good comparables for SKF's Marketing Services.

Companies such as Tomizone (ASX:TOM) and Invigor Group (ASX:IVO) share some of SKF's free guest Wi-Fi characteristics, albeit at a mostly domestic scale only. SKF has a much more international footprint compared to the latter two companies and is much more forward integrated into Digital Marketing.

However, while these peers are all listed on the ASX, no reliable forecasts for these companies are available due to lack of research coverage. Consequently, we have expanded the scope of our peer group to include companies with similar business models, such as Catapult Sports on the ASX. Additionally, we have included companies listed on overseas' markets with a high resemblance to SKF, such as ComScore and Alliance Data Systems.

Catapult Sports (ASX:CAT) captures athletes' data for clubs' own use and is working towards a monetization model around captured data, e.g. to sell on to third parties on an anonymous basis. ComScore (OTCPK:SCOR) is provider of digital audience measurement tools and Alliance Data Systems (NYSE:ADS) provides data and analytics for digital marketing campaigns and customer loyalty programs.

The relevant valuation metrics for this peer group are summarized in (Figure 15).

FIGURE 15: PEER GROUP VALUATION METRICS

Company	Code	EV/Revenues			EV/EBITDA		
		FY17	FY18	FY19	FY17	FY18	FY19
Catapult Sports	CAT	4.8	3.5	2.7	60.8	24.0	12.1
ComScore	SCOR	2.5	2.1	1.8	9.9	8.1	7.0
Alliance Data Systems	ADS	4.5	4.1	3.7	15.9	15.2	12.8
<b>Average valuation</b>		<b>3.9</b>	<b>3.2</b>	<b>2.7</b>	<b>28.9</b>	<b>15.8</b>	<b>10.6</b>
<b>Skyfii</b>	<b>SKF</b>	<b>4.2</b>	<b>2.5</b>	<b>1.5</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Source: TMT Analytics, S&P Capital IQ

Based on EV/Revenue multiples for FY18 and FY19, we believe SKF is clearly undervalued compared to the peer group. While these peers are obviously more established, we would argue that SKF has already proven it can gain commercial traction with its I/O Platform and is therefore likely to show far superior revenue growth in the next three to five years when compared to these peers. In our view, this warrants clearly higher valuation multiples for SKF than the company's current EV/Revenue valuations for FY18 and FY19.

*Applying a 3x EV/Revenue multiple to our FY19 revenue estimate would suggest a value per share of A\$ 0.14.*

M&A and VC funding activity indicates double digit P/S multiples

The Visitor & Venue Intelligence sector has seen strong Venture Capital (VC) funding and M&A activity recently.

### Extensive Venture Capital funding in recent years

To date, RetailNext has received a total of US\$ 184M in five funding rounds, while UK-based Purple received a total of US\$ 12M in VC funding and US\$ 4M in debt funding as recently as September 2016.

Founded in 2014, Cloud4Wi has received US\$ 12M in funding to date, while 7-year old Euclid Analytics has received a total of US\$ 44M in VC funding.

Established in 2008, Capillary Technologies out of Singapore has received total funding of US\$ 82M with its last round completed in August 2016. The company aims to reach US\$ 50M in revenues in the current financial year, ending March 2018.

### Zenreach funded at 20x P/Sales

In March 2017, Zenreach completed a Series C funding round of US\$ 30M, bringing the total funding to US\$ 80M over four years. This latest funding round implies a 20x P/Sales multiple, based on estimated revenues of US\$ 4.5M in 2016 and roughly a 30% equity share for Series C investors.

### Yelp acquired Turnstyle Analytics for 11x sales

In early April 2017, Yelp acquired SKF's peer Turnstyle Analytics for US\$ 20M. Turnstyle has a product offering that is very similar to SKF's, albeit with fewer feature sets on its Platform. Furthermore, Turnstyle does not offer Data Consulting Services.

With an estimated US\$ 1.8M in revenues, the Turnstyle acquisition price implies a P/Sales multiple of 11x.

In March 2017, Finnish company Visit Intelligence acquired Innorange. Without disclosing financial details, Visit Intelligence cited high demand for advanced visitor analytics in retail markets as the key reason for this acquisition.

*At a current P/S multiple for SKF of ~2.8x for FY18 and ~1.7x for FY19, recent M&A and VC funding activity seems to suggest a substantially higher value for SKF in a potential, future, M&A scenario.*

## Conclusion: Price target of A\$ 0.14 and BUY recommendation

Given the substantial upside potential for SKF in our valuation models, we start our research coverage of SKF with a BUY recommendation and a price target of A\$ 0.14 per share, which implies substantial upside to the current share price.

### Near term share price catalysts / Key Performance Indicators

- Expansion of SKF's IO Platform to new consulting services venues and further penetration of existing venues through cross sell of the various IO Platform solutions, such as IO Insights and IO Engage.
- Ramp up of recently launched Data Consulting Services, both for the direct revenue contribution and the feed-in of prospective customers into the IO Platform sales funnel.
- Completion of piloting and full introduction of Marketing Services, enabling SKF to significantly ramp up this very substantial complementary revenue opportunity.
- Further M&A activity in the Retail Analytics sector.

## SWOT Analysis

### Strengths

- SKF is a fully integrated provider of Venue Analytics solutions, i.e. from connecting its IO Platform to venues' Wi-Fi networks and other data sources, to collecting customer locations and behaviours, through to Data Consulting Services (DCS) and Marketing Services (MS) that is driven by the insights generated from these data sources.
- The IO Platform and Data Consulting Services provide strong feed-in for SKF's Marketing Services unit.
- SKF is vendor-agnostic with respect to Wi-Fi access points and networking equipment, which provides the company with the highest possible flexibility when provisioning its IO SaaS Platform at venues, using existing Wi-Fi infrastructure.

### Weaknesses

- Compared to several industry peers, SKF is a relatively young and small company, which may put SKF at a relative disadvantage when pitching for new deals.
- Compared to digital advertising heavyweights Google and Facebook, SKF is at a significant disadvantage where overall consumer insights are concerned, which can potentially limit the uptake of SKF's Marketing Services solutions. However, we also see the possibility for complementary datasets and the possibility for partnerships.

### Opportunities

- A substantial number of venues do not yet have free guest Wi-Fi installed. E.g. just in Australia there are 1,500 shopping malls, but only 500 have free guest Wi-Fi infrastructure capabilities, though more recently this has been changing at a rapid pace. This presents a substantial growth opportunity for the Venue Analytics sector.
- Only 8% to 25% of shopping malls' marketing budget is currently spent on digital advertising channels. This percentage is expected to rise substantially due to further proliferation and refinement of digital marketing tools, such as SKF's IO Engage, whereby marketing campaigns can be self-run by subscribing clients from within the IO platform and for SKF's bespoke Data Consulting Services and Marketing Services to take marketing and analytics to a much higher client specific level, i.e. projects.
- Venue Analytics is only in the early stages of development, providing many years of runway for revenue growth to the relevant players, driven amongst other things by further development of analytical features, analytical refinement and additional digital marketing channels.

### Threats

- Commoditization of free guest Wi-Fi may inhibit SKF's growth in IO Connect and hence in other business areas, such as IO Insights and Marketing Services.
- Well-funded competitors, especially VC-funded players in the United States, may potentially be able to grow faster and secure more Greenfield Wi-Fi opportunities.

## Appendices

### Board of Directors

Wayne Arthur (Executive Director and CEO): Mr. Arthur is the current CEO and co-founder of Skyfii. He has built a long-standing career in the outdoor media sector in senior managerial roles for companies such as Titan Media Group and EYE Corp. His experience in these roles has spanned three international markets. He has been responsible for the delivery of key contracts and partnerships to the Skyfii business to date, including the set-up of Skyfii's key international partnerships in Indonesia, South Africa and Brazil. Mr. Arthur holds a B Comm degree in Marketing and Economics from the University of KZN, South Africa.

Andrew Johnson (Non-Executive Director): Mr. Johnson is a highly-experienced telecommunications industry executive. He is currently Chairman of Vodafone Bmobile, a mobile service provider for Papua New Guinea and the Solomon Islands, Director of Dataco, the PNG national transmission company and Managing Partner of Delta Systems International, a designer and builder/operator of telecommunications and defence systems. His prior roles include Divisional Manager for Computer Science Corporation's Australian and New Zealand Communications and Defence Division, CEO of Tenix (formerly Transfield) Defence Systems, which grew to become Australia's largest Defence company during his tenure and Managing Director of Telstra's Data and Online Division, amongst other roles. Mr. Johnson has a Bachelor of Commerce from the University of Western Australia and a Masters in Computer Science from the University of Technology Sydney.

James Scott (Non-Executive Director): Mr. Scott is the Group Executive Director Performance at Seven Group Holdings and has responsibility for the strategies and execution of technology, processes and systems across its operating companies including WesTrac. He has 20 years' experience in digital technology, network and IT business, including network computing, server virtualization, digital enablement and mobility solutions. Prior to Seven Group Holdings Mr. Scott was a Partner in KPMG's Business Performance and Technology division and has also held the position of Partner and Managing Director APAC in Accenture where he worked for 14 years. Prior to his time at Accenture, Mr. Scott was a Founder Member and the Technical Director for Imagine broadband. Mr. Scott holds a BEng Honours degree in Electronic and Electrical Engineering from Loughborough University, UK.

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