

ASX / Media Release

31 July 2018

ASX code: **K2F**

Quarterly Activities Update – Period ended 30 June 2018

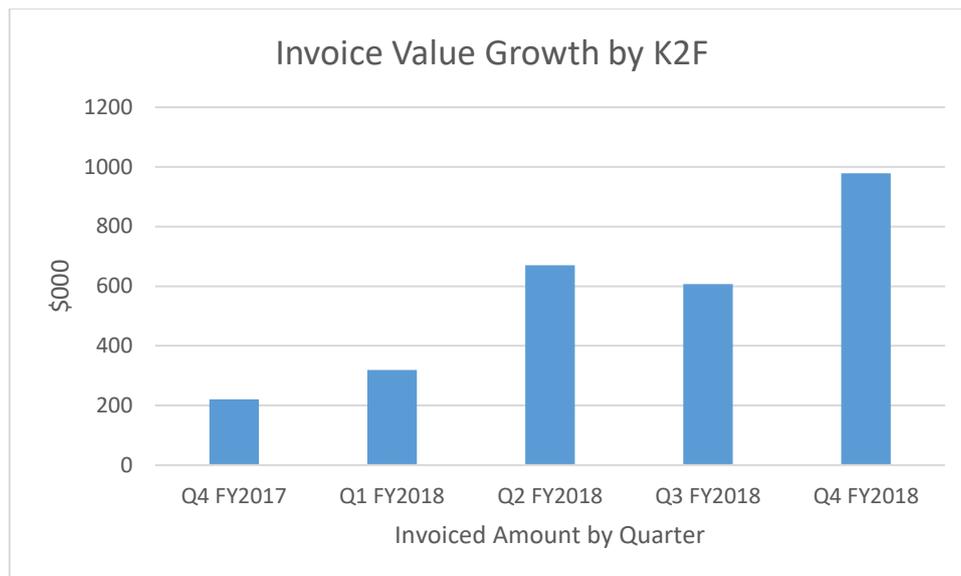
Highlights:

- Revenue continues to grow with the outlook for 2018-2019 remaining positive
- Total invoiced value for FY18 \$2.57m a growth of 311% on FY 17 revenue
- Current quarter invoiced value approximately 345% higher than the comparable quarter in 2017
- Cashflow neutral for the quarter from Operational activities
- In mid-June the Infoscope solution was added to the prestigious SAP APP Center which enables SAP Account Executives to sell Infoscope directly to end user clients
- K2F engaged with SAP in joint sales campaigns to a number of significant Tier 1 Resource Companies
- Fieldreach solution, Mobile Inspection and Works Management, implemented within ARC Infrastructure, solution went live in July
- Continued wins in consulting and advisory contracts, including Tier 1 clients
- New website launched

K2Fly Limited (**ASX: K2F**) (**K2F, K2fly or the Company**) continues to develop in line with our strategic expectations, and management is extremely pleased to report that significant progress is being made against our strategy.

REVENUES AND COST MANAGEMENT

In June 2018 K2F raised invoices to the value of \$473k which was at the top end of estimates previously given. The total for the quarter was approximately \$978k. The equivalent number for Q4 FY2017 was approximately \$220k. Q4 FY18 was approximately 345% higher than revenue for Q4 FY17. Total invoiced value for FY18 was \$2.57m a growth of 311% on FY 17 revenue of \$627k.



The sales pipeline for 2018-2019 continues to grow, and K2F is confident of achieving further sales growth across a number of clients and different product offerings. As of 25 July 2018, K2F has 12 proposals submitted and under evaluation in the marketplace, some of which are for multi-year provision of software and services. It should be noted that these proposals are still under evaluation and while K2F is optimistic we will win some of these there are no assurances or guarantees that K2F will be successful in any of these.

Prudent cost management has ensured that our expenses have remained in line with expectations and that cash-flow is appropriate to support the revenue growth. The cash at hand at the end of March 2018 was approximately \$767k. At end of June 2018 the figure was \$778k. This is K2F's first cashflow neutral quarter from operational activities, a significant internal milestone.

OWNED SOFTWARE

The Infoscope product was added to the prestigious SAP APP Center. SAP account executives are now able to sell the Infoscope solution directly, and receive sales commissions. This is an exciting development and should lead to further engagements between K2F and SAP staff. The link to the SAP App Center is listed below:

<https://www.sapappcenter.com/apps/25474/infoscope#!overview>

We are currently engaged in joint sales campaigns with SAP to a number of significant Tier 1 resources companies and are focusing our efforts on signing SAP clients who require a land management solution which resides on the S4 HANA cloud environment. SAP and K2F believe that the Infoscope solution is well placed to fulfil this requirement.

SAP is a global ~ A\$33 billion company with approximately 90,000 employees – 25,000 of which are based in the Asia-Pacific-Japan region.

3rd PARTY SOFTWARE

Our Mobility division is also performing well.

K2F continues to make good progress with the Mobile Inspection and Works Management project within Arc Infrastructure, based upon the Fieldreach solution which K2F re-sells on behalf of Capita (UK).

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This project saw K2F deliver a turn-key solution which went live in July, and includes a software licensing, software support & maintenance, integration services, consultancy, training and project management.

K2F is also on a number of short-lists where we are offering the Fieldreach solution, especially with rail companies. The Federal and State governments are investing significantly in public infrastructure, and we believe Fieldreach could play a significant role as such programs and projects are rolled out.

K2F is also on a number of short-lists with bids which are based on our Kony offering. Kony (USA) is the world leading Mobile Application Development Platform which is rated highly by some industry analysts. K2F is a reseller of the Kony product in the Australian marketplace and currently has live bids in with Electricity, Water, Rail, Mining and Oil & Gas prospective clients.

While K2F is optimistic we will win some of these proposals for the Fieldreach solution and Kony offering, there are no assurances or guarantees that K2F will be successful in any of these proposals.

CONSULTING

Our staff are subject matter experts who bring leading edge advice to our clients.

Consequently, K2F continues to win consulting/advisory contracts, and contract extensions with Tier 1 clients such as Western Power, Fortescue Metals Group (FMG) and Programmed.

K2F announced on 31 May a major contract win with Western Power for Systems Integration supporting its CRM initiative. The value of contracts or contract extensions won within Western Power in the quarter amounted to almost \$800k, and this will see K2F generating material revenues from this utility into 2018-2019. K2F is a trusted advisor to Western Power across a number of different areas of the business and we are delighted to be given the opportunity to bring high calibre industry expertise to our key clients in Western Australia.

FMG is a major user of the Infoscope solution, and they awarded K2F contract extensions for consultancy and software development for 2018/19. The additional revenues will be in excess of 300k in FY19.

MARKETING AND INDUSTRY UPDATE

K2F launched its new website in June to coincide with its presence at the Energy Networks Australia 2018 Conference in Sydney. K2F solutions received positive feedback at this well attended event.

K2F also took part in the Future Mining Conference in Sydney in May where we were a co-exhibitor with SAP.

K2F is pleased that the market sentiment continues to improve and anticipates that FY19 will see significant growth in demand for our solutions and in the IT and services sector in general.

CORPORATE

Board Restructure

On 25 June 2018, the Company announced a board restructure. Jenny Cutri, previously a Non-Executive Director of K2F, assumed the position of Independent Non-Executive Chairman. Brian Miller, previously the CEO and Executive Chairman of the Company, remained on the Board as an Executive Director as well as CEO, enabling Brian to focus on his CEO role and growing K2F's business.

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Securities

During the quarter, the Company issued the following securities:

- 920,000 shares issued on 13 April 2018 on the conversion of performance rights

ENDS

For further information, please contact:

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About K2fly

K2fly Ltd is an ASX listed Technology company which targets asset intensive industries. It supplies people and products, and has strategic alliances focussed on solving problems for clients.

K2fly owns the following technologies for use in Tier 1 companies:

Infoscope: A Data Collaboration solution

ADAM: Asset Data Analysis Management

K2fly also re-sells market leading software which has been developed by industry leaders in the USA, Australia, Europe and the UK. These solutions come from OBI Partners (USA), Kony (USA), Pointerra Limited (Aus), ABB (Switzerland) and Capita plc (UK), where they have an outstanding track record of delivering benefits to clients. K2fly has strategic alliances with global technology companies such as: GE(USA) and SAP (Germany).

In addition, K2fly provides cutting edge advice, consultancy and services when it deploys its subject matter experts who have extensive domain knowledge in such areas as Rail, Electricity, Gas, Water, Mining, Oil & Gas, Facilities Management, Aviation and Defence.

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