

ASX / Media Release

2 April 2019

ASX code: **K2F**

K2fly Operations Update

Highlights

- Invoices raised for Q3 FY19 up 38% from Q3 FY18
- Invoices raised to date for FY19 total \$2.69M – which exceeds total revenue for FY18
- As at 31 March – cash at hand was \$705K with \$821K in receivables (of which \$190K has been received in the 36 hours since the end of the March quarter)
- Another new contract has been signed for the Infoscope solution
- New opportunities arising for the Infoscope solution with The Keeping Place
- K2F is continuing to work with partners SAP and ESRI to generate further Infoscope sales
- In Q3 FY19 K2F becomes involved in its first Totalmobile implementation with EDF Energy, one of the world's largest power companies
- EDF Energy is K2F's first overseas project
- K2F has been successful in winning contract extensions (material when combined) with existing clients

Billing and Cash Flow

K2fly Limited (ASX: K2F) (**K2fly** or **the Company**) is pleased to announce that it has raised invoices for approximately \$838k in the Q3 FY19 quarter, which is an improvement of about 38% over the equivalent quarter in FY18. This means that invoices raised to date in FY19 is around \$2,692k which already exceeds the total invoices raised in the entire FY18.

As at 31 March 2019, the available cash at hand was approximately \$705k. In addition, there was \$821k in aged receivables from Tier 1 clients (of which \$190k has now been received from clients in the last 36 hours). In addition, there is another \$100k in Work In Progress with existing clients which will be invoiced only on delivery. These numbers reflect the fact that K2F's current operations are steadily moving towards achieving its strategic goal, which is to grow revenue and move to net positive cashflows.

Infoscope

K2F is also pleased to announce that last week, WA based Panoramic Resources Limited (**Panoramic Resources**) (a base metal mining and exploration company), signed a contract to use Infoscope. Implementation will start immediately. K2F is also in contract negotiations with a Tier 1 global mining company who have selected the Infoscope product for a project implementation starting in Q4

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2018/2019. Although the revenue from the Panoramic Resource contract is not material on its own, the recently announced Mineral Resources Limited (**Mineral Resources**) contract (refer ASX announcement dated 13 February 2019), and potential new contracts for Infoscope licenses and implementations demonstrate growing market acceptance for the solution.

K2F continues to work with partners and clients across a number of business areas. This includes, for example, The Keeping Place which houses our indigenous heritage repatriation program sponsored by BHP, Rio Tinto and FMG, which had slowed somewhat in 2018 and 2019. A new fit-for-purpose entity is due to be formed and there is a backlog of more than 20 Indigenous communities who are waiting to join The Keeping Place. As each community comes on board, there is both a licensing set-up fee to be paid to K2F, as well as an implementation effort.

The Company is also continuing to work with both SAP and Esri in a more targeted approach to acquiring “new name” accounts in Australia and overseas. In the last 2 weeks, K2F executives have met with senior figures from both SAP and Esri to establish new ways of working together and new sales plans are now being developed.

3rd Party Software Solutions and Consulting

The March quarter also saw K2F involved in its first Totalmobile implementation with EDF Energy, one of the world’s largest power companies. This assignment is in the nuclear industry and this achievement should not be under-estimated. This assignment is our first overseas’ project, our first with Totalmobile and our first in the nuclear industry. The initial scoping study is worth approximately \$100k to K2F and will be delivered before 30 June 2019.

K2F has also been successful in winning contract extensions with both Western Power and Arc Infrastructure. These contract extensions amount to more than \$250k and will also both be delivered prior to 30 June 2019.

During the March quarter, K2F recruited 5 new staff to work within the expanded Infoscope and Kony teams. These appointments were based upon winning new clients (Mineral Resources and Panoramic Resources as examples), winning project extensions within existing clients (such as Western Power, Arc Infrastructure and ABB) and winning new assignments utilising different technologies within existing clients (the deployment of Kony in FMG for instance). K2fly has now developed a backlog of work within existing clients across its Infoscope, Fieldreach and Kony practices.

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About K2fly

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

K2fly owns Infoscope, an Enterprise Land Management and Stakeholder Relations solution for the Energy and Resources market.

K2fly has strategic alliances with global technology companies such as: GE(USA), Esri (USA) and SAP (Germany).

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.

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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