

## ASX / Media Release

11 December 2017

ASX code: **K2F**

# Operational Update

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### Highlights:

- Revenue continues to grow with the outlook for the financial year very positive
- Current quarter revenue up approximately 100% from previous quarter
- Revenue growth balanced with prudent cost and cash management
- Infoscope continues to gain significant traction with the global giant SAP company:
  - Land and Tenement Management product is being ported to SAP Cloud Platform and its S4 HANA environment on track for completion in February 2018
  - K2F to showcase Infoscope with SAP at several national and international conferences and exhibitions in 2018
- Mobility division continues to perform:
  - Fieldreach solution enabled the launch of Mobile Inspection and Works Management within ARC Infrastructure
  - Kony –Mobile Application and Development Platform several sizable bids currently live with Utility, Rail and Oil and Gas clients
- Good progress with Affinity Suite Marketflow and Meterflow products
- K2F currently investing in capability for Internet of Things
- Continued wins in consulting and advisory contracts, including Tier 1 clients
- K2F has recently exhibited at a number of industry specific conferences and exhibitions which will lead to further significant opportunities for the company

K2Fly Limited (**ASX: K2F**) continues to develop in line with our strategic expectations, and management is extremely pleased to report that significant progress is being made on a number of fronts.

### REVENUES AND COST MANAGEMENT

Revenues for October and November were \$178k and \$158k respectively. December revenue is expected to be approximately \$300k. Accordingly, the anticipated revenue for the quarter will be in the range of \$630-640k. Revenue for the equivalent quarter in 2016 was \$144k, and the September 2017 Quarter, was \$319k.

The sales pipeline for 2018 is larger than it has ever been, and K2F is confident of achieving further sales growth across a number of clients and different product offerings. As of 8 December 2017, K2F has 7 proposals and tenders submitted and under evaluation in the marketplace, some of which are for multi-year provision of software and services.

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K2F is also mindful of balancing the need for revenue growth with cost control and cash management. Hence, we are pleased to report that revenue growth has not been at the expense of margin, with healthy gross margins being made.

### **OWNED SOFTWARE**

The acquisition of Infoscope in July 2017 has led to some significant traction with the global giant SAP company and its mining clients. SAP is a ~A\$33 billion company.

The Infoscope product for Land and Tenement Management is currently being ported to the SAP Cloud Platform and its S4 HANA environment, and K2F has a number of opportunities which will be pursued in 2018 and beyond. As a result of this development with SAP, K2F will be presenting at several national and international conferences and exhibitions in 2018, including the SAP Global International Mining conference in Prague.

The current version of Infoscope continues to deliver revenues from Fortescue Metals Group (**FMG**) as well as The Keeping Place project which is jointly sponsored by BHP, Rio and FMG. In addition, clients such as API and Westgold Resources continue to use our software to develop their growing businesses and efficiently manage their tenements.

### **3<sup>RD</sup> PARTY SOFTWARE**

Our Mobility division is also performing well. K2F has just launched the Mobile Inspection and Works Management project within Arc Infrastructure, based upon the Fieldreach solution which K2F re-sells on behalf of Capita (UK). This project will see K2F delivering a turn-key solution including software licensing, software support & maintenance, integration services, consultancy, training and project management. This project will run for several months in 2018 and will have significant impact on K2F's revenues this financial year.

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 all of the industry analysts. K2F is a reseller of the Kony product in the Australian marketplace and currently has live bids in with Electricity, Water, Rail and Oil & Gas prospective clients. In addition, K2F has built a Kony-based prototype Health & Safety solution for Programmed Facility Management which is currently being tested in the workplace.

K2F is making good progress with the Affinity Suite Marketflow and Meterflow products from AMT-Sybox in the UK. These solutions have been sold to more than 80% of the major energy retailers in the UK including E.On, RWE Npower, EDF Energy and British Gas Centrica. As full market contestability for domestic energy develops in Australia, with these market-tested solutions K2F will be well placed to generate significant revenues and margins from any contract wins.

K2F continues to invest in the growing area of the Internet of Things and has built good capability with our specialist consultants. K2F has an Augmented Reality opportunity with an existing client which could lead to a software and services contract in mid-2018.

### **CONSULTING**

K2F continues to win consulting/advisory contracts, and contract extensions with Tier 1 clients such as Western Power. Our staff are subject matter experts who bring leading edge advice to our clients. We have been awarded contract extensions with more than one client which will run until the middle of 2018.

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## MARKETING

As a company we have been very active at a number of industry-specific conferences and exhibitions held recently, including the International Mining and Resources Conference in Melbourne in October, the AusRail PLUS event in Brisbane last month and the Utility Week Conference in Melbourne last week. In 2018, K2F will continue to promote its products and brand at such events.

K2F is pleased that the market sentiment has improved in the last few months and anticipates that 2018 and 2019 will see significant growth in the IT and services sector in general.

## ENDS

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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 the following technologies for use in Tier 1 companies:

**Infoscope** : A Data Collaboration solution  
**ADAM**: Asset Data Analysis Management  
**NovIn**: Real Time Asset Inspection Management App  
**DocMan**: Mobility Solution: Task Management App  
**TagMan**: Mobility Solution: Asset Verification App

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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