

K2fly Ltd

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K2fly lifts half-year revenue 45%, looks forward to continued growth in 2020

K2fly Ltd (ASX:K2F) enjoyed a productive six months in the second half of 2019, with revenue increasing 45% from the previous period to \$2.653 million.

During the half-year ending December 31, the company invoiced a total of \$3.083 million, which represents a 69% increase on the same period of 2018.

K2fly said: "The increase in revenue from ordinary activities is due to the continued growth of the company, new contract wins and sales to Tier-1 clients."

Contracts won during the period

The company's RCubed Resources and Reserves Software solution focuses on mineral resource and reserves reporting across JORC, SAMREC and NI 43-101.

Existing major clients include Teck Resources Ltd (TSE:TECK) and Anglo Gold Ashanti Ltd (ASX:AGG).

New agreements were made over the period with Imerys SA (EPA:NK), Newcrest Mining Limited (ASX:NCM), Glencore PLC (LON:GLEN) Canada Corporation, Nexa Resources SA (NYSE:NEXA) and Rio Tinto Limited (ASX:RIO).

New and existing clients also entered multi-year contracts for either the Infoscope or RCubed software solutions, including a three-year contract for Newcrest, a five-year contract for Rio Tinto, a three-year contract for Teck Resources and a five-year contract for Westgold Resources Ltd (ASX:WGX).

Additionally, Gold Fields Australia, a subsidiary of Gold Fields Limited (JSE:GFI) (NYSE:GFI), signed on to the solution in January 2020 for a five-year contract.

Financial position

At December 31, 2019, the company had cash reserves of \$1.14 million and \$1.12 million in aged receivables largely from Tier-1 clients.

K2fly incurred a net loss after income tax during the half-year of \$1,919,985 which included non-cash share-based payment expenses for options issued to employees under an employee incentive option plan and to directors, as approved by shareholders at K2fly's annual general meeting, and securities issued to investor corporate advisors of \$308,870.

This also included a milestone incentive payment expense of \$600,000 for deferred consideration to be paid to the vendors for the RCubed acquisition, which is payable in May and November 2020.

Placement completed and unlisted options issued

Price: 0.215

Market Cap: \$17.9 m

1 Year Share Price Graph



Share Information

Code: K2F

Listing: ASX

52 week	High	Low
	0.29	0.11

Sector: Investments and investor services

Website: www.k2fly.com

Company Synopsis:

K2fly Ltd (ASX:K2F) targets asset intensive industries and supplies people, products and strategic alliances focussed on solving problems for clients.

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On September 26, 2019, the company completed a placement of 6.25 million fully paid ordinary shares at 16 cents per share to raise cash funds of \$1 million.

Funds will be used to implement the recently announced RCubed contracts, anticipated new contract wins and to deliver further sales growth for the company.

On October 11, 2019, the company issued 750,000 unlisted options which are exercisable at 35 cents each on or before October 11, 2022, to Canary Capital Pty Ltd - pursuant to an investor marketing mandate.

Outlook for 2020

K2fly's revenue continues to grow and the company is confident the outlook for the 2020 financial year remains positive.

As at the end of January 2020, K2fly's RCubed and Infoscope software has been deployed (or are in the process of being deployed) in 45 countries and across more than 250 sites with subscription revenue growing to more than \$1.4 million or 175% compound annual growth rate as at the end of December 2019.

The total contract value for the software at the end of December sat at \$3.5 million with the company in negotiations with several other major mining companies, and while there are no guarantees of success, K2fly believes it is well placed to win these contracts.

K2fly also expects a high level of interest in its software from NYSE-listed companies to continue as US Securities and Exchange Commission regulation changes come into effect in 2021.

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