



K2FLY LIMITED

ABN 69 125 345 502

Appendix 4E

Preliminary Final Report – 30 June 2020

This report has been prepared in compliance
with ASX Listing Rule 4.3A

Pursuant to ASX Listing Rule 4.3A, the Company makes the following statement:

The financial statements contained in the Appendix 4E are based on accounts which have been audited.

K2fly Limited
ABN 69 125 345 502
Appendix 4E - Preliminary Final Report

1. Details of reporting periods:

Current reporting period Year ended 30 June 2020
 Previous corresponding period Year ended 30 June 2019

2. Results for announcement to the market

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$	Change \$	Change %
Revenues	5,601,481	3,787,826	1,813,655	48
Loss after tax	(3,330,987)	(1,938,528)	(1,392,459)	72
Loss after tax attributable to members	(3,330,987)	(1,938,528)	(1,392,459)	72

K2fly invoiced a total of \$6.63m during FY20 representing a 60% increase from the prior year (FY19: \$4.14m). K2fly's revenue reported for FY20 of \$5.60m represents at 48% increase from prior year (FY19: \$3.79m). 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. The Company's revenues have been further enhanced as a result of SaaS sales from the RCubed and Infoscope Solutions.

Revenue reported in the Annual Report is recognised and presented in accordance with International Financial Reporting Standards (IFRS) including AASB 15 *Revenue from Contracts with Customers*. At 30 June 2020, an amount of \$1.34m (30 June 2019: \$0.44m) in contract liabilities is included in the statement of financial position, representing amounts billed for sales where performance obligations from those contracts have not been fully satisfied; these amounts will be reflected in next year's reported revenue.

Included in the period FY20 net losses are:

- non-cash share-based payment expenses for options issued to employees under the Company's Employee Incentive Option Plan and to directors, as approved by shareholders, and securities issued to corporate advisors totalling \$440,162 (30 June 2019: net reversal of \$38,119) (refer to note 22 in the Annual Report); and
- milestone incentive payment expense of \$1,200,000 (30 June 2019: \$nil) for deferred consideration to be paid to the vendors for the RCubed Acquisition. An amount of \$100,000 was paid in May 2020, and the remaining balance is payable in July 2020, October 2020, November 2020, May and November 2021 and 2022 (refer note 17 in the Annual Report).

A full reconciliation between loss for the year of \$3,330,987 and net cash outflows from operating activities of \$520,399 is provided in note 7 in the attached Annual Financial Report.

3. Statement of profit or loss and comprehensive income

Refer to attached Annual Financial Report and notes for the year ended 30 June 2020.

4. Statement of financial position

Refer to attached Annual Financial Report and notes for the year ended 30 June 2020.

5. Statement of cash flows

Refer to attached Annual Financial Report and notes for the year ended 30 June 2020.

6. Statement of changes in equity

Refer to attached Annual Financial Report and notes for the year ended 30 June 2020.

7. Dividend payments

There are no dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial year ended 30 June 2020.

8. Dividend reinvestment plans

Not applicable.

9. Net tangible assets per security

Net tangible assets per security	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Net tangible assets	4,226,548	2,238,516
Number of shares on issue at reporting date	91,546,781	75,354,141
Net tangible asset per ordinary security	4.62 cents	2.97 cents

10. Gain or loss of control over entities

Not applicable.

11. Associates and joint ventures

Not applicable.

12. Other significant information

Not applicable.

13. Foreign entities

The consolidated financial statements of the Group have been prepared using International Financial Reporting Standards (IFRS).

14. Commentary on results for the period

Refer to attached Annual Financial Report for the year ended 30 June 2020, and in particular the "Financial Results" within the Director's Report.

15. Status of audit

The Annual Financial Report for the year ended 30 June 2020 has been audited and is not subject to qualification.

Brian Miller
Executive Director and CEO
28 August 2020

The information required by listing rule 4.2A is contained in this Appendix 4E. The full year reporting information should be read in conjunction with the most recent annual financial report of the Company.