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ASX / Media Release

ASX code: **K2F**

2020 ANNUAL GENERAL MEETING

CHAIR'S ADDRESS

Good morning ladies and gentlemen, welcome to the 2020 Annual General Meeting of K2fly Ltd (**K2fly, K2F** or **Company**).

Firstly, I would like to express the Company's thanks to all our shareholders for your continued support.

FY20 was an extremely positive year for the Company, despite the turbulent economic backdrop and impact of the Covid-19 pandemic. Our response to the pandemic, included rapidly moving to remote working and the implementation of prudent cost management measures and cost reductions.

K2F's highlights for FY20 and more recently include:

- Total revenue for FY20 of \$5.6M, a growth of 48% on FY19 revenue of \$3.79M.
- The Company successfully implemented most of its FY20 strategies or made considerable progress towards achievement of those strategic goals including:
 - In FY20 Q4 being \$0.7M cash flow positive from operations. This was followed up with FY21 Q1 also being cash positive from operations by \$0.38M.
 - We continued to win new name clients for either our software solutions or consultancy services. New named clients included Newcrest Mining Ltd, Glencore Canada Corporation, Nexa Resources SA, Rio Tinto Ltd, Gold Fields Australia (a subsidiary of Gold Fields Limited), South32 Ltd, Newmont Inc, SCR-Sibelco NV, Kinross Gold Corporation, Vale Australia, Orano SA, South Australian Water, Stanwell Energy and New Hope Energy.
 - New and existing clients entered into multi-year contracts for our Infoscope or RCubed software solutions. Our average contract term is now over 3 years.
 - The proportion of K2fly's revenue from software and Software as a Service (SaaS) subscriptions business increased with:
 - Annual Recurring Revenue growing to over \$2.37M¹ or a 177% Compound Annual Growth Rate.
 - Total Contract Value increasing to >\$7.47M¹.

¹ ARR and TCV values may be affected by exchange rate fluctuations.

- We added a dedicated sales resource in North America to aid in the sales of our software solutions.
- With the additional contracts entered into for K2F's RCubed software solution, this resulted in the final milestone in the three (3) year revenue acquisition performance milestones for RCubed being achieved in just thirteen (13) months from acquisition.
- In FY20 Q1 we successfully completed a \$1M placement.
- Notwithstanding the market volatility, in May we announced that we had entered into an underwriting agreement to partially underwrite 60% of K2F's listed options (K2FOA) which were exercisable at 20 cents and due to expire on 18 May. A total of \$1.719M (before costs) was raised.
- In July we announced we had entered into a memorandum of understanding with Decipher, a subsidiary of Wesfarmers. K2F and Decipher have partnered together to develop a solution to aid in the monitoring and governance of tailings storage facilities.
- We continued to explore for either complementary software solutions or businesses. In October we announced that we had acquired SATEVA, an entity that is involved in the mining technical assurance area. SATEVA is highly experienced in developing and providing innovative software solutions and IT consulting services to top tier mining, resources and rail industries including RIO Tinto Iron Ore, Fortescue Metals and Roy Hill.
- The Block Model Management (Model Manager) solution being developed by SATEVA is a particularly exciting solution. Model Manager will dramatically improve and simplify model management for multi-site global miners, as well as provide a direct line of sight and governance from the block model to the annual inventory report. Block models are aggregated to produce annual Mineral Resources and Reserves reports, and therefore Model Manager is highly complementary to our RCubed software solution.
- SATEVA was successfully integrated into K2F within one month of the acquisition announcement and Model Manager was officially launched.
- K2F solutions (Land Access, Communities and Heritage, Ground Disturbance and Rehab) achieved SAP "Endorsed Apps" Certification. K2fly is one of only 12 companies globally to achieve this certification and the first in the Mining Industry Business Unit.

FY21:

Our vision as a company is to be a trusted partner of choice to enterprise customers in asset intensive industries. We also want our people and our software to contribute to a more sustainable and transparent world.

Our FY21 strategies include:

- To grow organically by increasing our annual recurring revenue (particularly SaaS) and diversifying our revenue.
- Continuing our 'land & expand' strategy with our client base by demonstrating the increased benefits of adding our solutions together in the client's ecosystem.
- Operating in a financially sustainable manner.

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- To develop a “One K2fly” team culture.
- To grow as a thought leader in our specialist areas.
- Continue to improve and broaden our current software solutions in line with customer demand.
- Continue to grow inorganically, through complementary acquisitions.

Finally, I would like to thank our team for their hard work, focus on excellence in all areas of our business, and their high level of customer service including the desire to find innovative and practical solutions for our clients. These qualities allowed us to succeed, despite the extraordinary challenges we faced with Covid-19, and provides us with a high level of confidence that we will have another successful year ahead. With some recent additions to the K2F team, including the SATEVA team joining us, I would also like to take this opportunity to warmly welcome all new team members.

Jenny Cutri
Chair – K2F

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