



Solutions for net
positive impact

INVESTOR UPDATE

OCTOBER 2022

ASX: K2F

Leading Resource Governance Solution Providers

- ESG, Compliance and Disclosure
- Technical Assurance

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Agenda



K2fly Overview



Results - Q4 FY2022



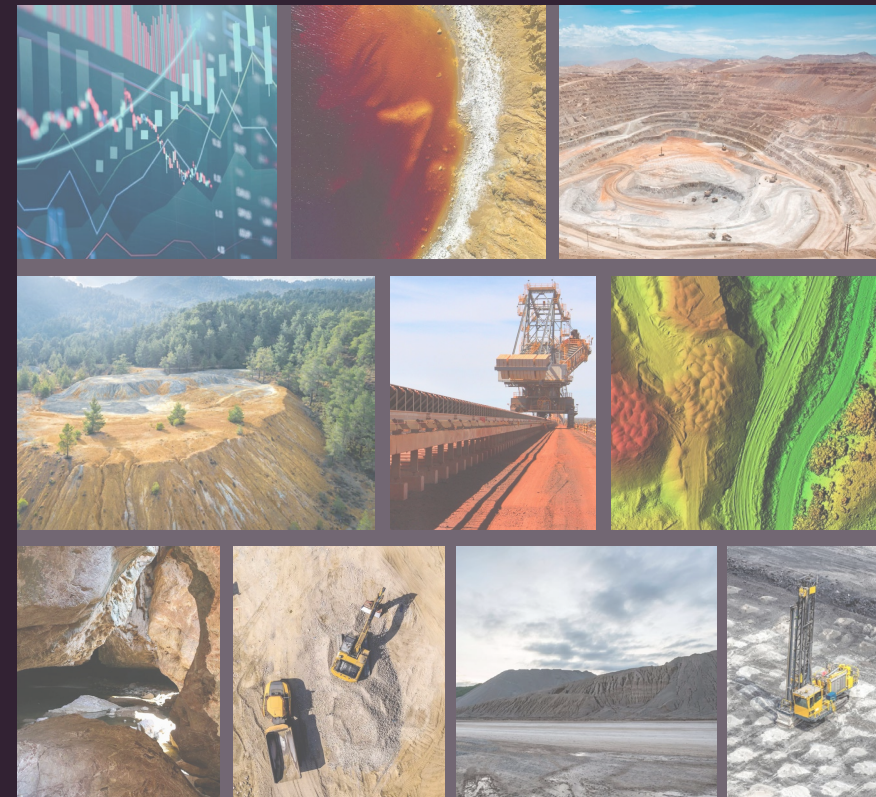
Industry Update



K2fly Strategy



Summary





K2FLY OVERVIEW



Meet K2fly



ABOUT K2FLY

K2fly Limited (ASX: K2F) is an ASX listed technology provider of enterprise-level Resource Governance solutions to asset intensive and extractive industries. Our current focus is on mining.

Our solutions drive towards 'net positive impact' in ESG compliance, disclosure and technical assurance, through platform-based SaaS cloud solutions.

WHAT WE DO

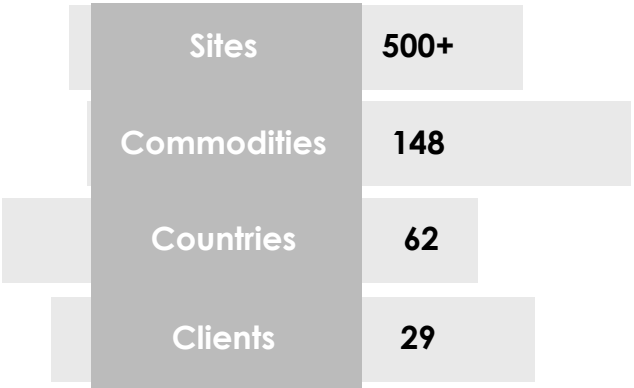
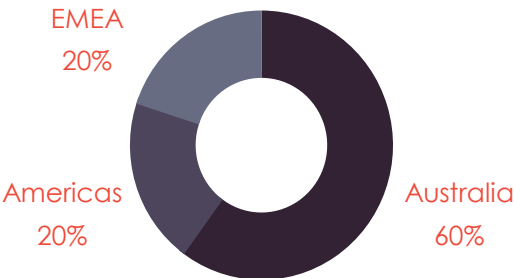
We deliver enterprise software solutions in Resource Governance (RG) to major mining and land-intensive clients.

WHY WE MATTER

Our software and our people contribute to a more sustainable and transparent world.

Business Snapshot

Global Business Distribution by ARR



Global Resource Leaders



GLENCORE

BHP



Clients by Commodity

Iron Ore



Gold



Copper, Zinc and Industrial Minerals



Utilities Clients



K2fly Resource
Governance
Solutions



Land
Access



Heritage
Management



Ground
Disturbance



Tailings
Management



Mine
Rehabilitation



Resource
Reporting



Mine
Reconciliation



Model
Manager



Ore
Blocker



Mine
Geology

The Board & Executive Team



Jenny Cutri
Non-Executive Chair

25 years Corporate Lawyer Co-sec, listed company, ASX and ASIC



Neil Canby
Non-Executive Director

25 years Chartered Accountant, IT, utilities and energy



James Deacon
Non-Executive Director

25 years IT advisory services, airlines, utilities & mining



Peter Johnson
Non-Executive Director

20+ years in development and application of technology in global mining



Brian Miller
Non-Executive Director

30 years software and services, UK and Australian utilities & elite sport



Pauline Vamos
Non-Executive Director

Experienced director and chair with ESG expertise

Retiring K2F Board after November 2022 AGM

Joining K2F Board, proposed incoming Chair



Nic Pollock
Chief Executive Officer

25 years of experience in enterprise software business and professional services



Sara Amir-Ansari
Chief Financial Officer

15 years' experience in asset intensive and service-based industries (including digital), ASX-listed, private and government owned



Mark Forster
Chief Development Officer

Experience in the design, construction and implementation of large complex systems for mining organisations



Heath Arvidson
Chief Geoscientist

30 years of experience in reconciliation, Resource and Mining Geology, Mine Value Chain Reconciliation, and Mining and Reserves reporting



Basil Lenzo
Chief Customer Success

25 years Managing Director/CEO across a broad range of markets



Value levers

Key drivers in achieving financial sustainability

ARR and TCV growth

~\$2.5m of recurring revenue from new contracts signed during FY2022 - first full year contribution in FY2023

Track record of ARR and TCV growth, in FY2022

- ARR +76%
- TCV +80%

New contract wins in FY2022

- BHP Iron Ore
- Rio Tinto – multiple contracts
- Asarco
- South32
- Freeport-McMoRan
- Alcoa USA Corp
- Sibanye Stillwater
- Seriti Power

Land and Expand Strategy – Existing Clients

Net Retention Rate (NRR) of 126% FY22 i.e., 26% of net new ARR revenue derived from existing customers.

- Across clients' global footprints; multi-commodity and multi-geography
- 29 existing clients (FY2022)
- Currently working with 30% of addressable (less Russia and China) tier-1 clients(40) globally; significant untapped growth
- 83% currently only using 1 K2fly solutions from total of 9 available solutions
- Solution suite strengthened with new Resource Governance Platform and Resource Disclosure solution
- Strong Net Retention Rates (NRR) across clients of 126%

New Clients

- Strong pipeline
- Regional business and global account focus with specific investment in the Americas
- Strong tailwinds for mining sector ESG globally
- Only provider of COTS solutions in chosen solutions

Cost Management and cash flow

- Team was scaled up during FY22 to support growth and resourcing of large-scale implementations; investment expected to stabilise
- Operating model and reach offers opportunities to source globally to optimise costs
- Focus on reducing risk by moving to variable resourcing costs where possible
- Cash used in operating activities was 48% lower in FY22 than in the prior year. There was a net outflow of \$1.25m for H1 and a net inflow of \$0.40m in H2.

Top Risks for the Mining Industry



Deloitte.

1	ESG <small>k2fly</small>	Environmental risks, including new regulations <small>k2fly</small>	Aligning capital allocation to ESG <small>k2fly</small>
2	Geopolitics	Commodity price risk	Reshaping traditional value chains <small>k2fly</small>
3	Climate change	Community relations and social license to operate <small>k2fly</small>	Operating in the new super-cycle
4	License to operate <small>k2fly</small>	Political Instability/Nationalisation	Embedding ESG into organisations <small>k2fly</small>
5	Productivity and costs <small>k2fly</small>	Global trade conflict	Evolving mining's world of work
6	Supply chain	Ability to access and replace reserves <small>k2fly</small>	Establishing a new paradigm for Indigenous relations
7	Workforce	Permitting risk <small>k2fly</small>	Continuing the journey toward innovation-led organisations
8	Capital <small>k2fly</small>	Supply chain risks	Unlocking value through integrated operations <small>k2fly</small>
9	Digital innovation <small>k2fly</small>	Talent crisis	Closing the IT-OT vulnerability
10	New business models	Regulatory and compliance changes/burdens <small>k2fly</small>	Preparing operations for climate change

According to the EY Top 10 Business Risks and opportunities for mining and metals in 2023 report.

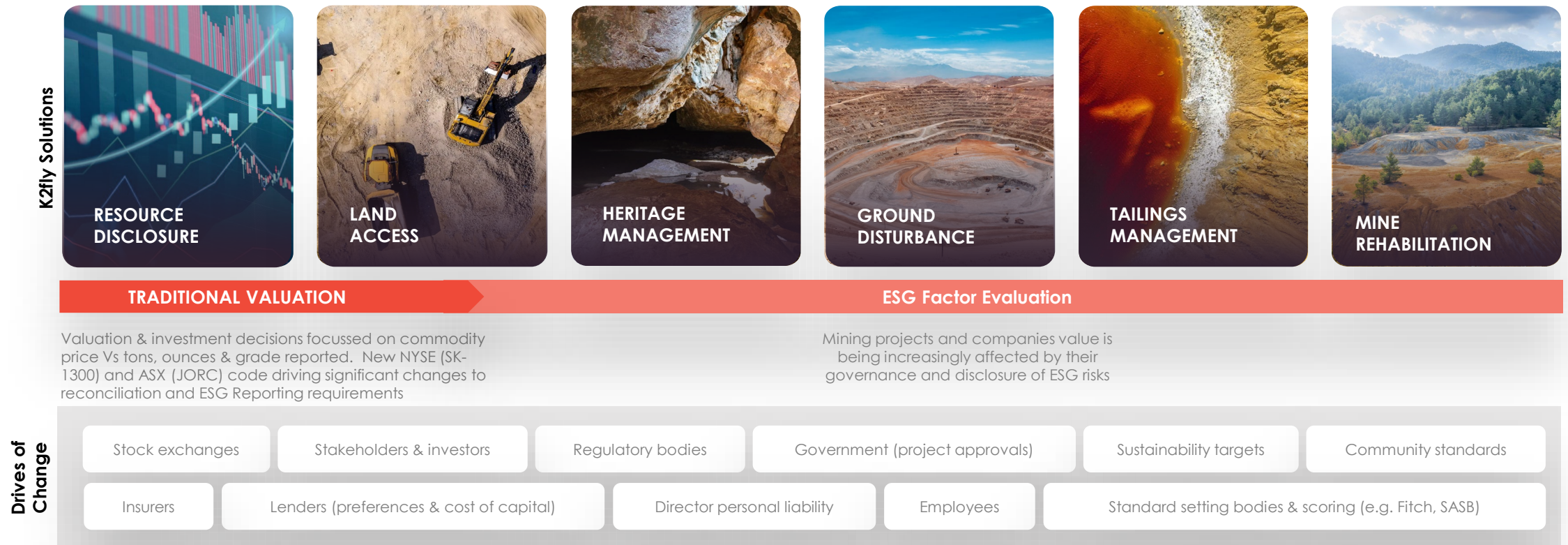
According to the KPMG Global Mining Outlook 2022 report.

According to the Deloitte Tracking the Trends 2022 report.

k2fly Denotes challenges and risks that K2fy solutions address

How does K2fly Resource Governance address these challenges?

Resource company value creation & impact from value destruction



Regulatory, Community and Industry Standards Driving ESG Demand

K2fly Solutions



Greenwashing Regulations

- Being captured by multiple laws and regulations globally
- Includes consumer protection laws on false product claims, stock exchange regulators on investment product claims, company laws on director liability and advocacy group directives
- Fast evolving space with new laws on the way including in with US, Europe and Australia



ASIC
Australian Securities &
Investments Commission



Peak Industry Bodies



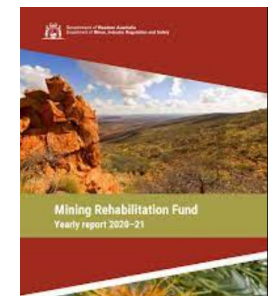
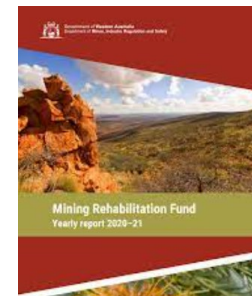
Regional Reporting Standards



S-K 1300



Aboriginal Cultural Heritage Act 2021





What makes our Resource Governance solutions invaluable to our clients?

Our solutions operationalise ESG performance from the ground up

Protect license to operate and social license

Replace and Improve outdated operational systems for rapidly changing ESG demands

Speed up mining approval processes

Reduce potential for “greenwashing” - Disclose with confidence that data is verifiable and auditable

Provide deep knowledge and capability around mining processes

Adherence of regulatory and industry standards

K2fly Current Solution Footprint

Natural
Resource
Governance

Mineral
Resource
Governance

Technical
Assurance

Heritage Management

Improve stakeholder and custodian engagement.

Land Access

Address the multifaceted challenges of accessing land.

Ground Disturbance

Apply, approve, track, report and submit closure of permits surrounding ground disturbance activities.

Tailings Management

Improve compliance and provide visibility to reduce risks and support accurate closure.

Mine Rehabilitation

Improve relinquishment, tracking of closure and achieving rehabilitation goals.

Resource Disclosure

Accurately report resources and reserves to the stock exchange.

Model Manager

Extend governance from reporting back to the source model. Enabler for automation.

Mine Reconciliation

Provide oversight of ore model reconciliation across the enterprise

Ore Blocker

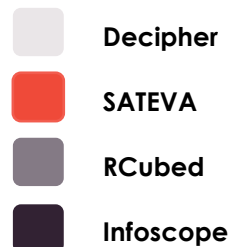
Enable unprecedented efficiencies and increase the value of ore recovery.

Mine Geology

Streamline pit block outs, spatial data, logging, sampling and assay data.

The challenge for mining companies is increasing scrutiny to disclose more information to regulators, shareholders, ratings agencies and their external stakeholders (indigenous partners) in order to maintain their social license to operate.

K2fly's solutions provide internal performance and risk management of operations and a disclosure mechanism.



Corporate Overview

Annual Recurring Revenue (ARR) FY2022

AU\$6.0m, +76% on FY2021*

Ordinary Shares on Issue

173,895,115

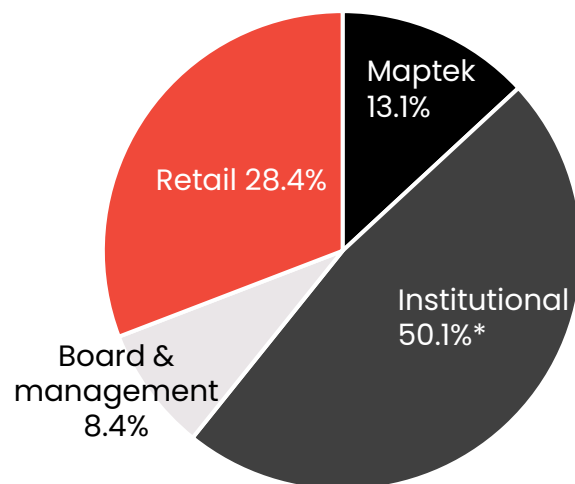
Market Capitalisation

\$32.2m @ \$0.185
12 October 2022

Cash at 30 June 2022

\$8.3m
No debt

Shareholder Distribution



Share Price \$





RESULTS Q4 FY2022

Q4 FY2022 Quarterly Results - Highlights

Record growth in Key Metrics for Q4 June Quarter and FY2022 (unaudited)

Net operating cash flow positive (+\$1.7m) in June quarter

Capital Raising and Strategic investment by Maptek raising \$6.2m (before costs)

ARR / TCV

- ARR-\$6.0m at end of Q4 FY2022
+76%vQ4FY2021
+15% v Q3 FY2022
- TCV-\$17.8m at end of Q4 FY2022
+80%vQ4FY2021
+7% v Q3 FY2022

Growth in ARR / TCV contributing to positive net operating cash flow quarter (+\$1.7m), setting pathway to achieve positive net operating cash position on an annualised basis

Contracts

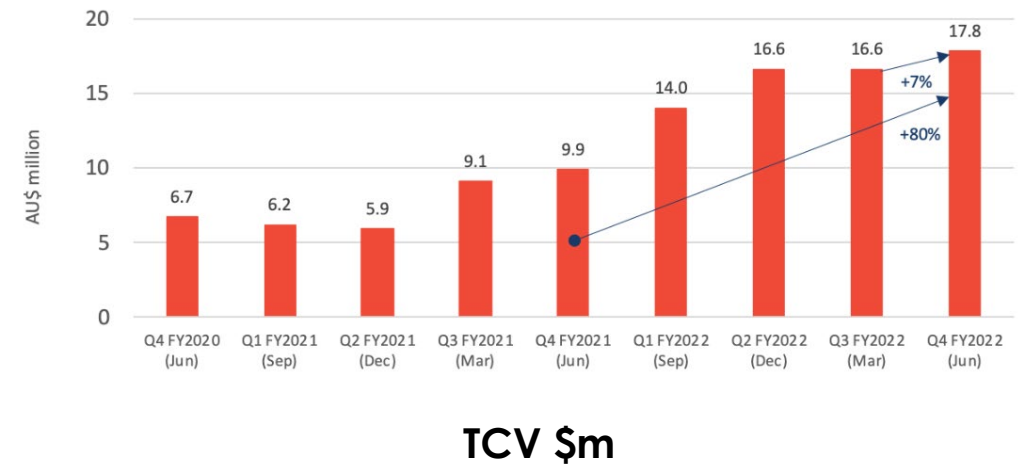
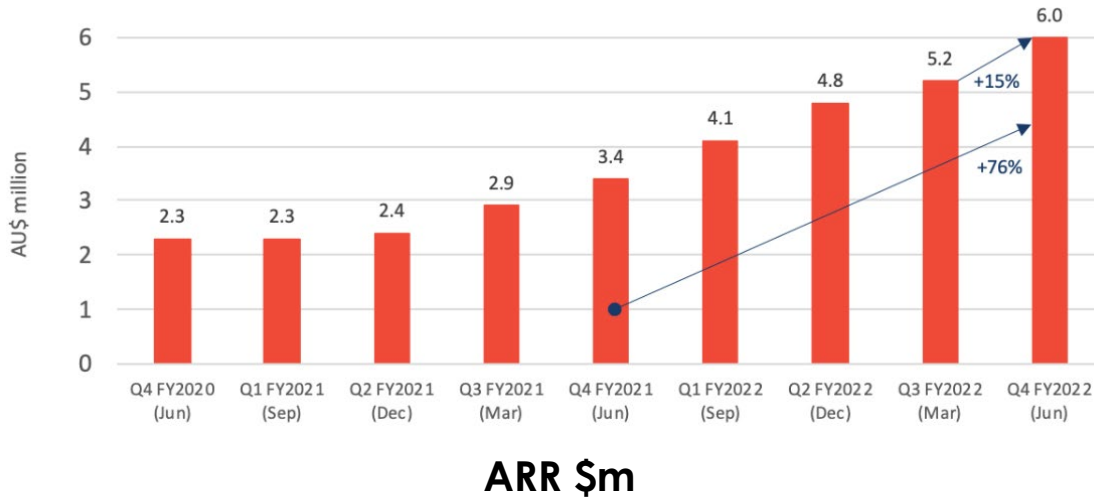
- BHP Iron Ore (TCV \$2.12m / ARR \$620k)
- First contract signed with BHP and deemed material to K2fly (ASX announcement 9 May 2022)
- Rio Tinto (purchase order) – \$423k (non-material)
- Asarco (subsidiary of Grupo Mexico) TCV (\$468k / ARR \$145k), 3-year contract (non material)

Maptek & Placement

- Capital raising (placement) of \$6.2m before costs (ASX announcement 8 April 2022)
- Maptek makes 13.2% strategic investment in K2fly (largest global private mining software group)
- Maptek's Chairman Peter Johnson appointed to K2fly's Board as Non-Executive Director

Quarterly Results

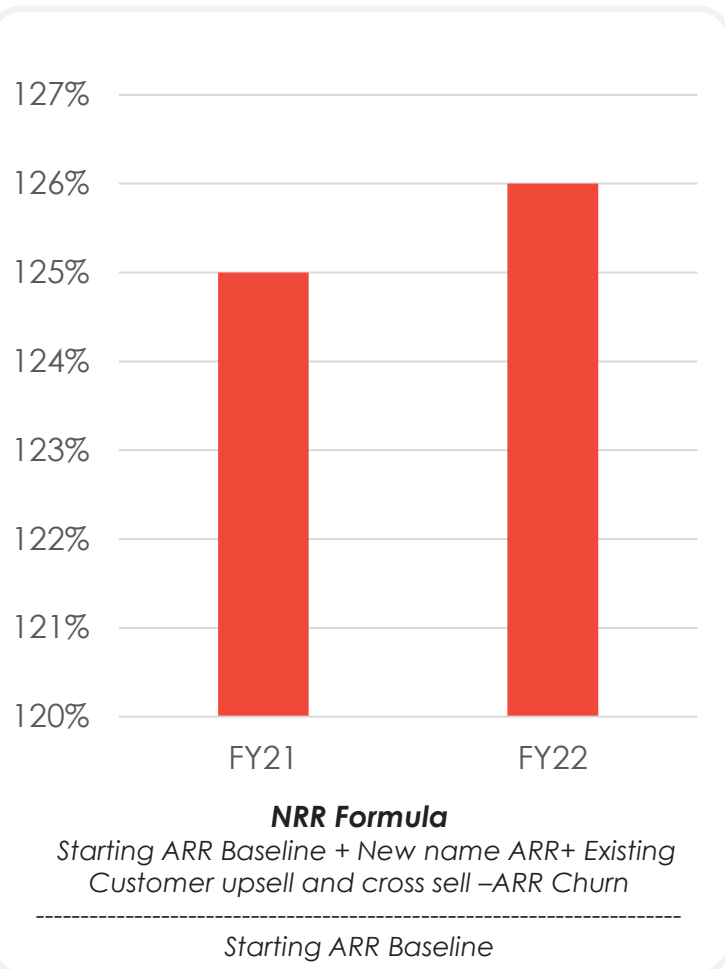
Key Metrics Q4 FY2022 (June)



- Three major contracts were signed during the June quarter:
 - BHP Iron Ore – TCV of \$2.12m and ARR \$620k (this contract was deemed material to K2fly; see ASX announcement 9 May 2022)
 - Rio Tinto (purchase order) – \$423k (non-material)
 - Asarco (subsidiary of Grupo Mexico), 3-year contract – TCV of \$468k and ARR \$145k (non-material)
 - Record growth in ARR of 76% and TCV of 80% at the end of the June quarter, Q4 FY2022 compared to end of Q4 FY2021

Growth Metrics

Net Retention Rate (NRR)



NRR:

"SaaS businesses that aim to achieve higher growth put as much attention into caring for existing customers as they do into acquiring new ones, investing in specific post sales constructs to increase cross-sell, upsell, and retention and sourcing the right talent, tools, and analytics. These efforts, combined with strong pricing and product support, result in median net retention rates (NRR) of 120 percent" the median for top-quartile SaaS companies is 130 percent; bottom quartile is 104 percent).

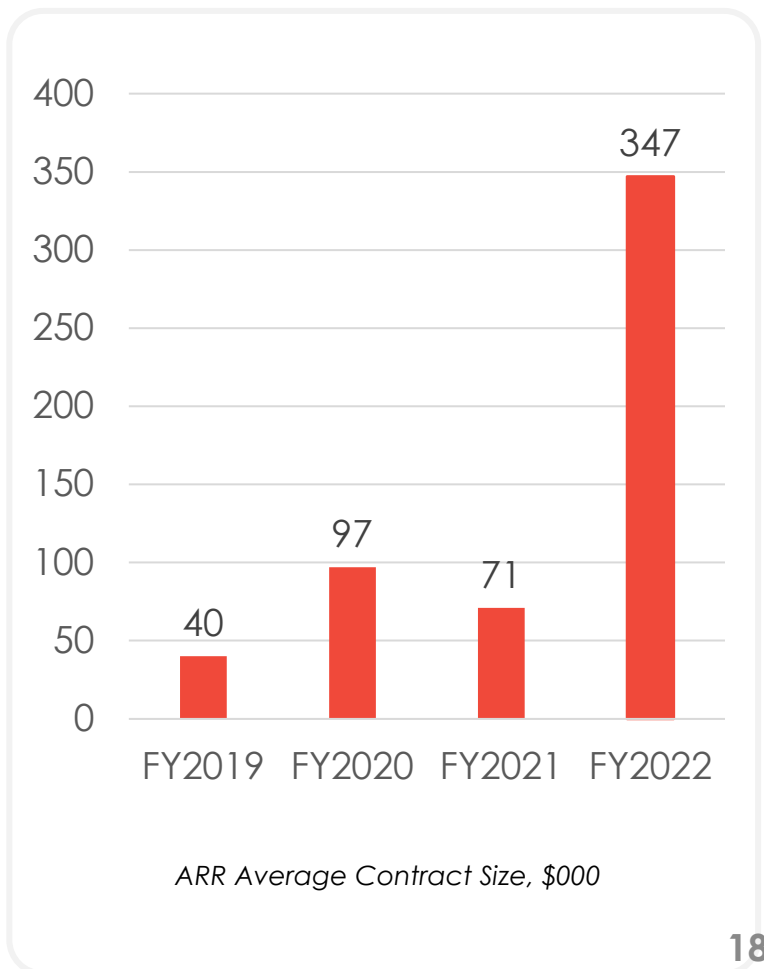
McKinsey & Company SaaS and the rule of 40 2021

ARR (Annual Recurring Revenue):

Strong growth in size of new (license) contracts signed, before adding in additional services fees.

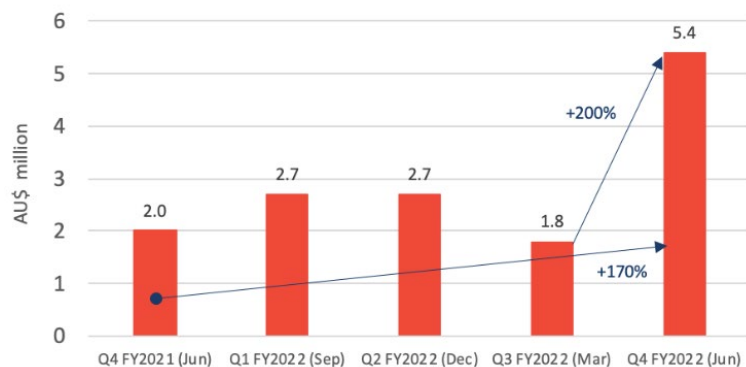
Annual average size of new license contracts signed has grown almost fivefold to \$347k

Average ARR Deal Growth

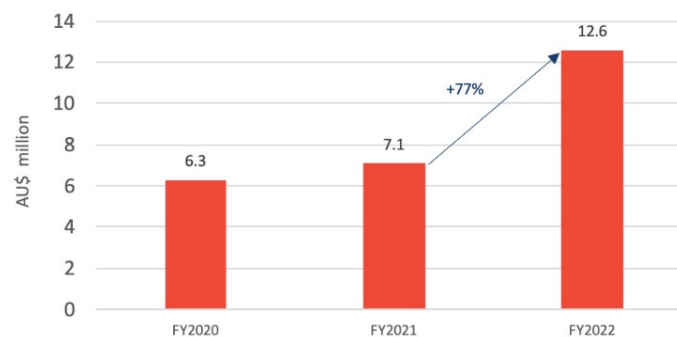


Quarterly Results

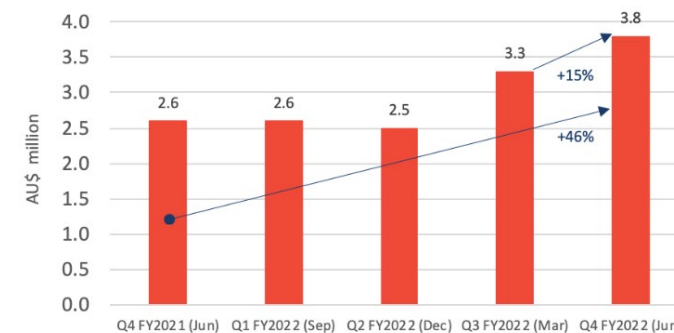
Q4 FY2022 (June)



Cash Receipts from Customers
Quarterly - \$ m



Cash Receipts from Customers
Annual - \$ m



Invoices Raised
Quarterly - \$ m

- Cash Receipts from Customers in Q4 FY2022 were \$5.4m:
 - up 200% compared to Q3 FY2022
 - up 170% on Q4 FY2021
 - up 77% full year FY2022 on FY2021

- Invoices Raised from Customers in Q4 FY2022 were \$3.8m:
 - up 15% compared to Q3 FY2022
 - up 46% on Q4 FY2021

Billings, and subsequently Cash Receipts vary by month and quarter due to the anniversary dates of client contracts (annual billing cycle), and the timing of implementation fees against project milestones.



Investment Highlights

Record Growth in Key Metrics (ARR/TCV)

K2fly has experienced rapid global sales growth with Tier 1 & 2 miners across all commodities. Our enterprise top-down global sales model is very rare and is a key differentiator.

High Calibre Team

K2fly has built a world class team of experienced executives and board members that can deliver on strong capability in fast growth technology companies in the METS sector (Mining Engineering Technology Services) of which Australia is a leading global player.

Demonstrated Acquisitions Success

K2fly's ability to identify adjacent solutions and IP that complement our suite of solutions, integrate them and grow them rapidly is a key differentiator.

Industry Dynamics

Community expectations, ESG, regulatory and technology changes are surging demand. Tailings, heritage and ground disturbance are in high demand due to ESG, corporate reputational risk and social license concerns.

Rapid Growth Opportunities

Future opportunities to further improve technical assurance, governance and public disclosures across environmental and sustainability reporting, mineral endowment as well as adjacent expansion into oil and gas.

Sticky Recurring Revenues

With our current and near-term customer base and the nature of our enterprise systems K2fly is set up already to be deploying systems across major miners well beyond the current 5-year terms. Deal sizes (ARR and TCV) are also growing at record levels



K2FLY STRATEGY

Strategy FY22-27

Purpose

What we believe

All Resources are precious. It is the responsibility of those that have tenure of those resources to manage them with appropriate levels of Resource Governance for all stakeholders.

What we do

We deliver enterprise software solutions in Resource Governance (RG) to major mining and land-intensive clients.

Why we matter

Our software and our people contribute to a more sustainable and transparent world.

Where we want to be

To be a trusted partner of choice to enterprise customers in resource and land intensive industries.

Strategic Objectives

Product Leadership

Define and thought lead the resource governance enterprise software space, globally.

Deliver customers an integrated, modular suite of solutions.

Sales Execution

Maintain Strong Top line Growth (Land).

Continued high ARR and TCV YoY growth.

Customer Success

Provide great customer experiences .

Leverage and realise global roll out opportunities with Tier 1 accounts in Land Management.

Become Financially Sustainable

No requirement for external capital other than for potential acquisitions.

Attract and Engage Stars

Continue to attract, engage and recognise the right people into our business.

One Team culture One K2fly.

Values



Customer Focused



Growth



Integrity












Collaboration



Curiosity

Land & Expand Strategy

Shading denotes the product currently contracted relative to the total solution opportunity across the client operations

K2fly Solution Penetration										
	Land Access	Heritage Management	Ground Disturbance	Tailings Management	Mine Rehabilitation	Resource Reporting	Mine Reconciliation	Model Manager	Ore Blocker	Mine Geology
										
										
										
										
										
										
										
										
										



SUMMARY

About K2fly

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NATURAL RESOURCE GOVERNANCE

[Heritage Management](#)

[Land Access](#)

[Ground Disturbance](#)

[Tailings Management](#)

[Mine Rehabilitation](#)

MINERAL RESOURCE GOVERNANCE

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