



Solutions for net
positive impact

TechKnow Investment Conference

NOVEMBER 7 & 9, 2022

ASX: K2F

Nic Pollock, Chief Executive Officer

Leading Resource Governance Solution Providers

- ESG, Compliance and Disclosure
- Technical Assurance

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Agenda



K2fly Overview



Results - Q1 FY2023



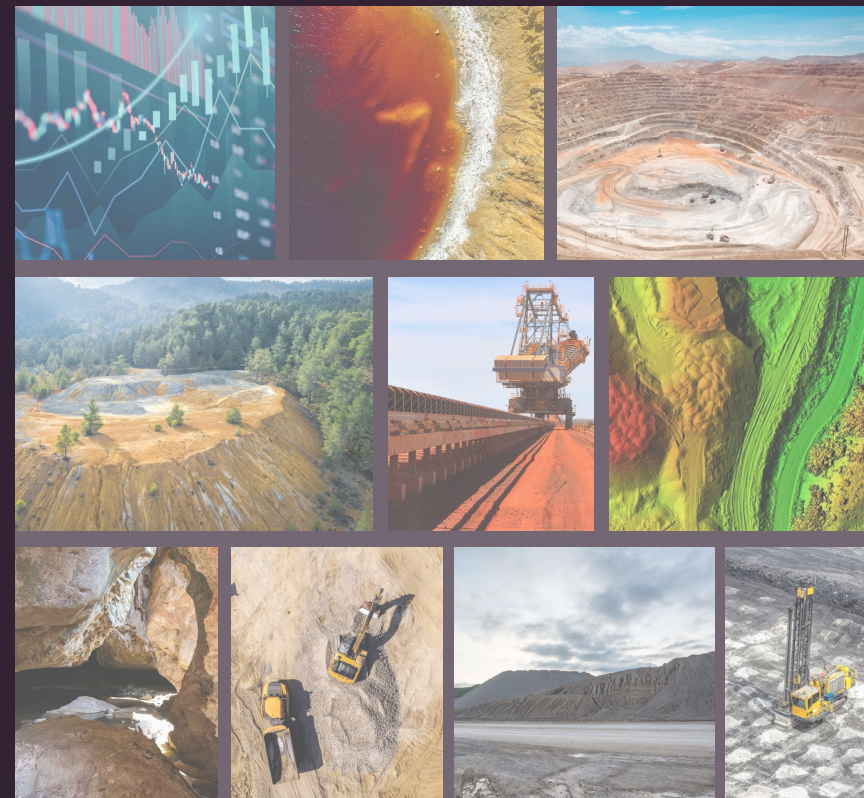
Industry Update



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

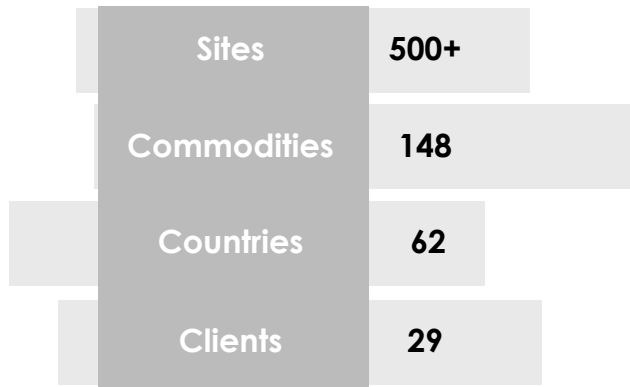
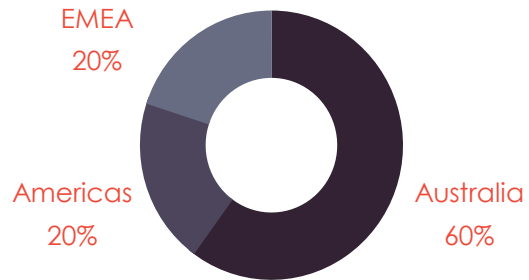
We deliver enterprise software solutions in Resource Governance (RG) to major mining and land-intensive clients.

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



ATKINS

Member of the SNC-Lavalin Group



K2fly Resource Governance Solutions



Land Access



Heritage Management



Ground Disturbance



Tailings Management



Mine Rehabilitation



Resource Disclosure



Mine Reconciliation



Model Manager



Ore Blocker



Mine Geology

Corporate Overview

Annual Recurring Revenue (ARR) end Q1 FY2023

AU\$6.5m, +59% on end Q1 FY2022*

Ordinary Shares on Issue

173,895,115

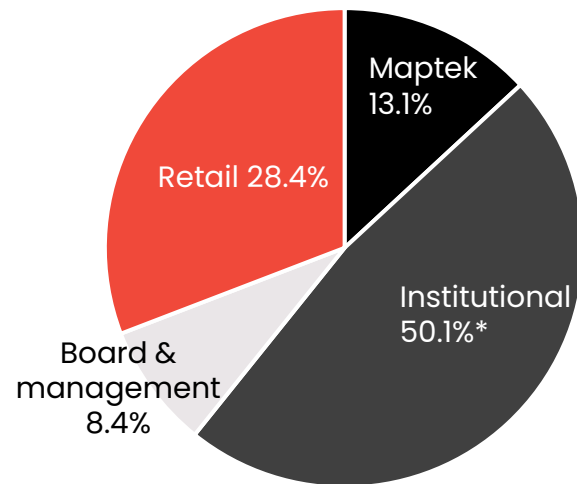
Market Capitalisation

\$32.2m @ \$0.185
1 November 2022

Cash at 30 September 2022

\$6.2m
No debt

Shareholder Distribution



Share Price \$



* Unaudited | ** Institutional includes substantial holders: Tribeca, First Sentier, Regal and CSBP/Wesfarmers

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

Top Risks for the Mining Industry



Deloitte.

1	ESG <i>k2fy</i>	Environmental risks, including new regulations <i>k2fy</i>	Aligning capital allocation to ESG <i>k2fy</i>
2	Geopolitics	Commodity price risk	Reshaping traditional value chains <i>k2fy</i>
3	Climate change	Community relations and social license to operate <i>k2fy</i>	Operating in the new super-cycle
4	License to operate <i>k2fy</i>	Political Instability/Nationalisation	Embedding ESG into organisations <i>k2fy</i>
5	Productivity and costs <i>k2fy</i>	Global trade conflict	Evolving mining's world of work
6	Supply chain	Ability to access and replace reserves <i>k2fy</i>	Establishing a new paradigm for Indigenous relations
7	Workforce	Permitting risk <i>k2fy</i>	Continuing the journey toward innovation-led organisations
8	Capital <i>k2fy</i>	Supply chain risks	Unlocking value through integrated operations <i>k2fy</i>
9	Digital innovation <i>k2fy</i>	Talent crisis	Closing the IT-OT vulnerability
10	New business models	Regulatory and compliance changes/burdens <i>k2fy</i>	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.

How does K2fly Resource Governance address these challenges?

Resource company value creation & impact from value destruction



TRADITIONAL VALUATION

Valuation & investment decisions focussed on commodity price Vs tons, ounces & grade reported. New NYSE (SK-1300) and ASX (JORC) code driving significant changes to reconciliation and ESG Reporting requirements

ESG Factor Evaluation

Mining projects and companies value is being increasingly affected by their governance and disclosure of ESG risks

Drives of Change

Stock exchanges

Stakeholders & investors

Regulatory bodies

Government (project approvals)

Sustainability targets

Community standards

Insurers

Lenders (preferences & cost of capital)

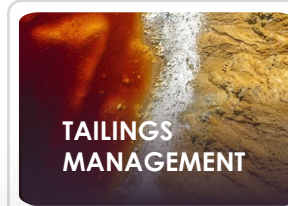
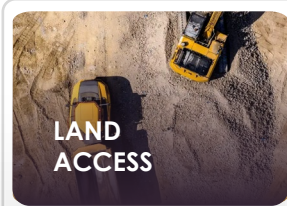
Director personal liability

Employees

Standard setting bodies & scoring (e.g. Fitch, SASB)

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



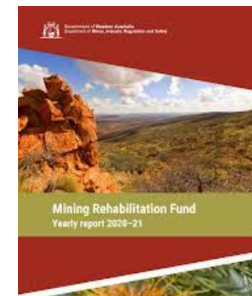
Regional Reporting Standards



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 in response to rapidly changing ESG demands

Speed up mining approval processes

Reduce potential for “greenwashing” - Disclose with confidence; 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.

- Decipher
- SATEVA
- RCubed
- Infoscope



RESULTS Q1 FY2023

Q1 FY2023 Quarterly Results - Highlights

Continued major tier-1 contract wins and ARR/TCV growth in first quarter of the new financial year

ARR / TCV

- ARR - \$6.5m at end of Q1 FY2023
+59% v Q1 FY2022
+8% v Q4 FY2022
- TCV - \$18.8m at end of Q1 FY2023
+34% v Q1 FY2022
+6% v Q4 FY2022

Contracts

- Imerys (TCV \$860k / ARR \$123k) 3-year contract. First contract signed with Imerys and deemed material to K2fly (ASX announcement 30 September 2022).
- Fortescue Metals Group (TCV \$1.2m) contract for software development services to be provided on a time and materials basis over an expected 6-month period. Deemed material to K2fly (ASX announcement 28 September 2022).

Board Changes

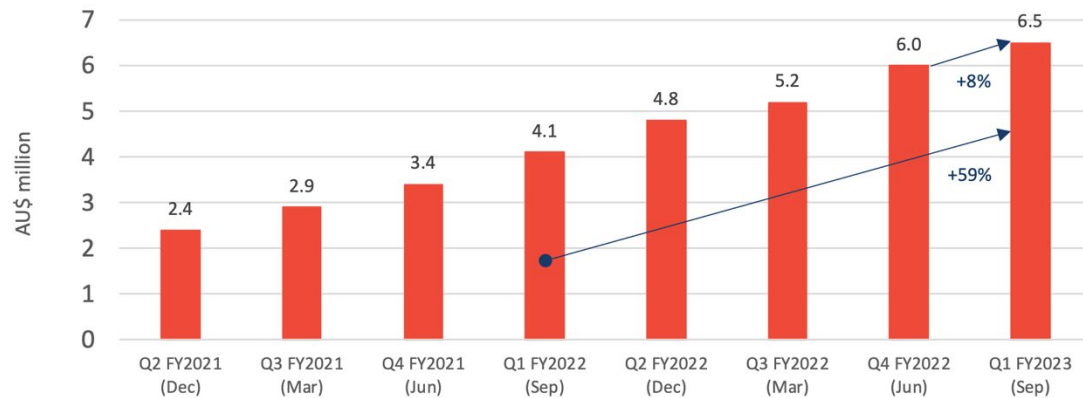
- Pauline Vamos joined K2fly Board (proposed incoming chair), an experienced director who also brings ESG expertise (ASX announcement 3 October 2022)
- Directors Jenny Cutri (Chair) and James Deacon to retire after the November AGM following five year's valued service

Platform Solution

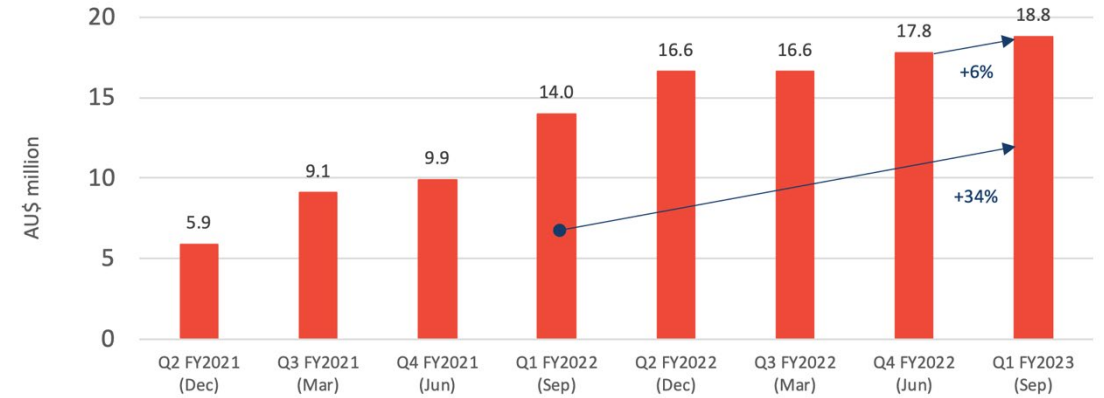
- K2fly to launch new Resource Governance Platform including upgraded Mineral Resource Reporting solution(RCubed), integrated with Maptek Vulcan, to be launched in December

Quarterly Results

Key Metrics Q1 FY2023 (September)



ARR \$m

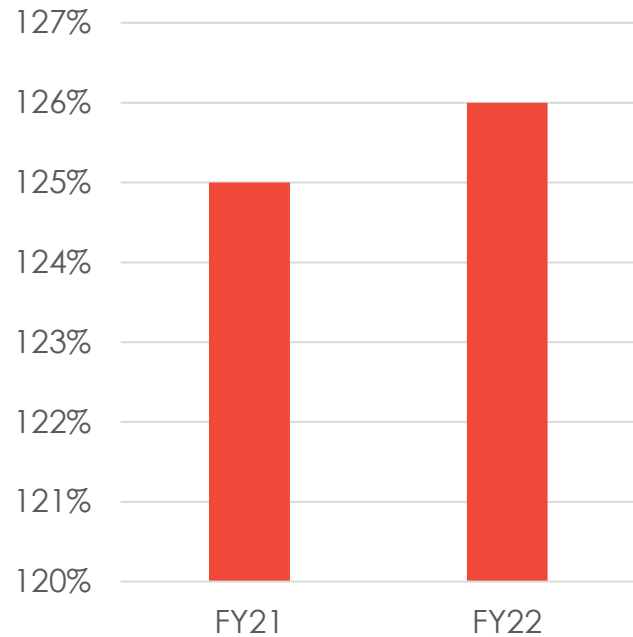


TCV \$m

- ARR growth of 59% and TCV of 34% at the end of the September quarter, Q1 FY2023 compared to end of Q1 FY2022
- Two major contracts were signed during the September quarter:
 - Imerys (TCV \$860k / ARR \$123k) 3-year contract; first contract signed with Imerys (this contract was deemed material to K2fly; see ASX announcement 30 September 2022)
 - Fortescue Metals Group (TCV \$1.2m) contract for software development services to be provided on a time and materials basis over an expected 6-month period (this contract was deemed material to K2fly; see ASX announcement 28 September)

Growth Metrics

Net Retention Rate (NRR)



NRR Formula

Recurring revenue (ARR) at the beginning of the period + expansion ARR during the period - downgraded ARR during the period - cancelled ARR during the period

ARR at the beginning of the period

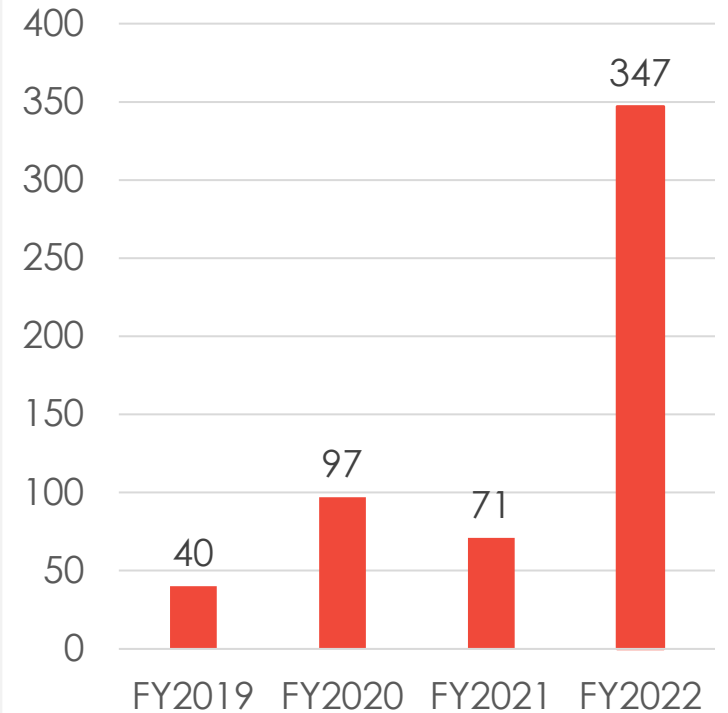
NRR:

"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

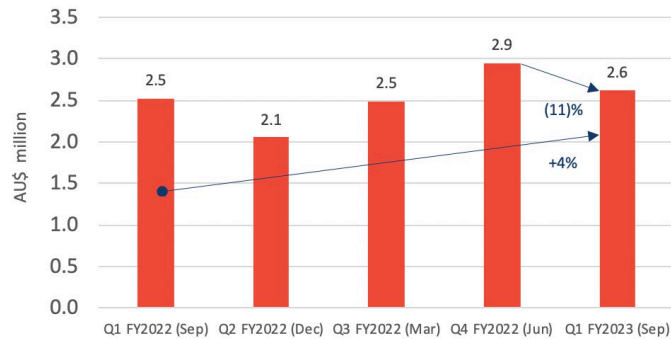
Average ARR Deal Growth



ARR Average Contract Size, \$000

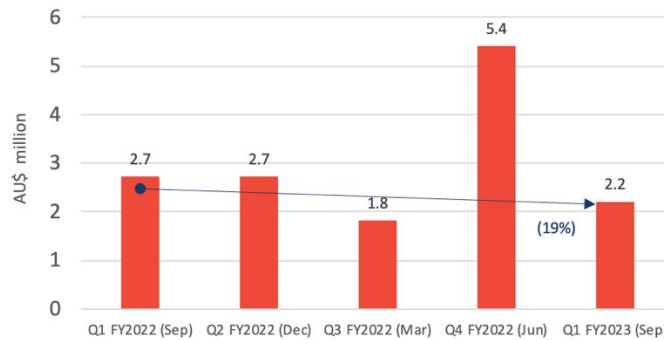
Quarterly Results

Q1 FY2023 (September)



Revenue Quarterly - \$m

- Down 11% compared to Q4 FY2022
 - due to one-off implementation revenue, which was higher in the prior periods
 - up 4% on Q1 FY2022



Cash Receipts from Customers Quarterly - \$m

- Down 19% compared to Q1 FY2022
 - due to the high rate of in-quarter collections during Q4 FY2022 (invoices raised and collected in the same quarter)
 - which contributed to record collections in the prior period, and the timing of the billing of one-off implementation fees

CEO Nic Pollock said,

“In this, the first quarter of FY23 we have introduced a new metric, ‘Revenue’ which provides investors with a more consistent measure of performance from quarter to quarter. Operating cash is highly variable and heavily influenced by our annual client billing and cash collection cycle linked to anniversary dates of contracts. Despite Operating cash being lower this quarter on the back of an exceptionally high prior quarter (collection timing), our commitment financial sustainability in FY 23 has not changed and our core metrics of ARR and TCV continue to grow strongly ahead of revenue recognition with continued expansions into our global customer base.

Notwithstanding, we continue to be vigilant about our revenue and cost assumptions, given changes in our market dynamics in an increasingly uncertain global environment”*

* See Q1 FY2023 Quarterly Report for full quote.



SUMMARY



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.



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
										
										
										
										
										
										
										
										
										

About K2fly

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NATURAL RESOURCE GOVERNANCE

[Heritage Management](#)

[Land Access](#)

[Ground Disturbance](#)

[Tailings Management](#)

[Mine Rehabilitation](#)

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