

ASX:K2F

# FY 23 AGM CEO Presentation

---

December 13, 2023

## Leading Resource Governance Solution Providers

- ESG, Compliance and Disclosure
- Technical Assurance



# Disclaimer - important information

This presentation has been prepared by K2fly Limited 'K2fly' or 'K2F'. By receiving this presentation, you acknowledge and represent to K2F that you have read, understood and accepted the terms of this disclaimer. It is the responsibility of all recipients of this presentation to obtain all necessary approvals to receive this presentation and receipt of this presentation will be taken by K2F to constitute a representation and warranty that all relevant approvals have been obtained.

This presentation contains summary information about K2fly and its activities which is current as at the date of this presentation. The information in this presentation is of a general nature and does not purport to be complete, nor does it contain all the information which a prospective investor may require in evaluating a possible investment in K2fly or that would be required in a prospectus, product disclosure statement or other offering document prepared in accordance with the requirements of Australian law or the laws of any other jurisdiction. This presentation also does not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied upon in connection therewith or act as any inducement to enter into any contract or commitment with respect to securities. In particular, this presentation does not constitute an offer to sell, or a solicitation to buy, securities in the United States of America.

K2fly does not undertake to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

This presentation may contain statements, opinions, projections, forecasts and other material forward looking statements, based on various assumptions. Those assumptions may or may not prove to be correct. None of K2fly, its respective officers, employees, agents, advisers or any other person named in this presentation makes any representation or warranty as to the accuracy or likelihood of fulfilment of any forward-looking statements or any of the assumptions upon which they are based. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein. K2fly disclaims any intent or obligation to publicly update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

This presentation is not intended to be used for the basis of making an investment decision. The information contained in this presentation does not take into account the investment objectives, financial situation or particular needs of any recipient and is not investment or financial product advice. Before making an investment decision, recipients of this presentation should consider their own needs and situation and, if necessary, seek independent professional advice.

K2fly, its related bodies corporate (as that term is defined in the Corporations Act 2001 (Cth)) and the respective officers, employees, agents and advisers of those entities give no warranty, representation or guarantee, express or implied, as to the accuracy, completeness or reliability of the information, opinions and conclusions contained in this presentation.

To the maximum extent permitted by law, none of K2fly, its related bodies corporate and the respective officers, employees, agents and advisers of those entities accept any responsibility or liability, including, without limitation, for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this presentation. Any recipient of this presentation should independently satisfy themselves as to the accuracy of all information contained herein.

# Agenda



K2fly Snapshot



FY 23 Results



Defining Leadership in Resource  
Governance Solutions



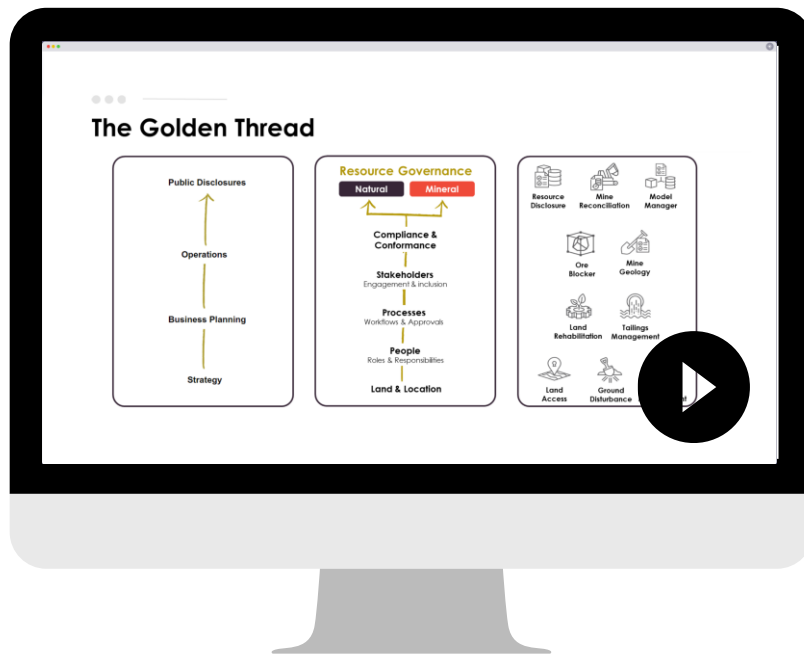
How K2fly Solutions Address Global  
Challenges



Looking ahead



# 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 are a first mover in Resource Governance (RG) to major mining and land-intensive clients.

## WHY WE MATTER

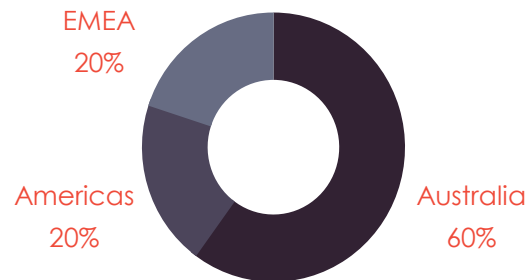
Our software and our people contribute to a more sustainable and transparent world.

## WHAT IS RESOURCE GOVERNANCE

We define Resource Governance as the conjunction of environmental, social and mineral governance. A modern systems approach to Resource Governance, which combines mineral and ESG information, would provide not only reporting and governance capability, but also has the potential to sense/respond, predict, and prevent ESG incidents.

# Business Snapshot

Global Business Distribution by ARR



|                         |      |
|-------------------------|------|
| Sites                   | 850+ |
| Materials / Commodities | 63   |
| Countries               | 62   |
| Clients                 | 31   |

## Global Resource Leaders Contracted 7 from Top 10



## Clients by Commodity



### Licencing Model – recurring revenue

3- 5-year contracts (average 43 months) with annual payments in advance.





# K2fly Key Financial Metrics FY23

**\$12.8m**

**Revenue**

Up 28% on FY2022

**\$0.6m**

**Net Operating Cash  
Outflow**

31% improvement from \$0.8m in  
FY2022

**\$7.5m**

**ARR\*\***

Up 25% on end FY2022

## 7 New material multi-year client contracts signed in FY23

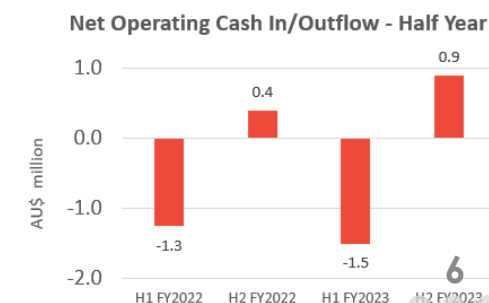
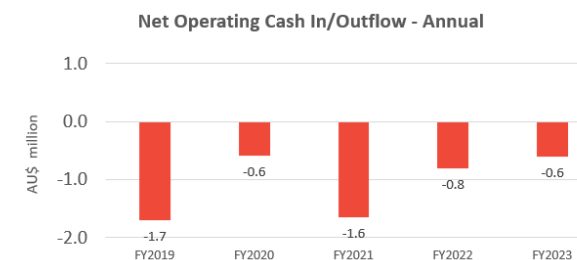
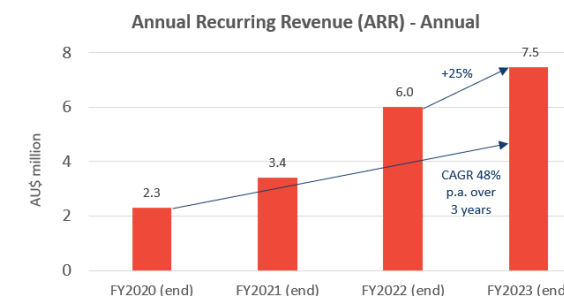
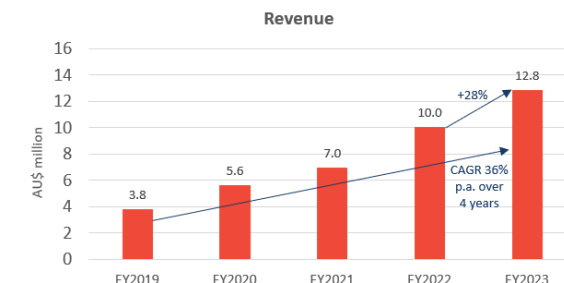
Imerys (Land Access), Anglo American (Resource Disclosure) Mineral Resources (Model Manager), Eramet (Resource Disclosure) BHP WAIO (Ground Disturbance)

## Path to Breakeven

- **Revenue growth:** Since recording the ARR metric, our 3-year ARR compound annual growth rate (CAGR) has been a very healthy 48% and 4-year revenue CAGR has been 36%.
- **Net Operating Cash Outflow** Our net operating cash outflow for the full year was \$0.6m, a 31% improvement on the prior year. The Company generally bills licence fees annually in advance and billings are weighted towards the second half of the financial year. The net operating cash for the 6 months to 30 June 2023 was an inflow of \$0.9m, 125% higher than H2 FY2022 (inflow of \$0.4m).
- **Costs:** K2fly has an ongoing focus on prudent cost management which, in conjunction with scale economies delivered through revenue growth, contributed to a 65% improvement in earnings before interest depreciation, amortisation and tax (EBITDA) during FY23 to (\$1.7m), from (\$5.0m). \*
- **Investment in solutions:** FY23 K2fly continued to invest into our technology solutions and platforms. In FY23 we invested \$2.7m which was consistent with the prior year (FY22: \$2.7m). Key areas of investment included developing the new Resource Governance platform that includes our new Resource Disclosure solution, Model Manager, and the technical assurance solutions (Ore Blocker and Mine Geology), and the cost of enhancing the functionality of the Natural Resource Governance offerings.

\*Stated before the benefit of the revaluation of provisions for contingent consideration (\$1.3m in FY23 and \$0.9m in FY22).

\*\* ARR – Annual Recurring Revenue



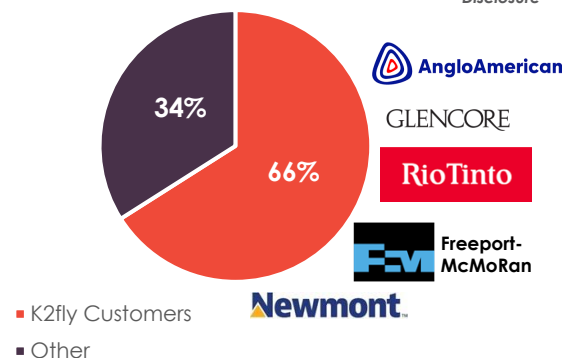
# K2fly First Mover in Resource Governance

## Mineral Resource Governance (MRG) to Natural Resource Governance (NRG)

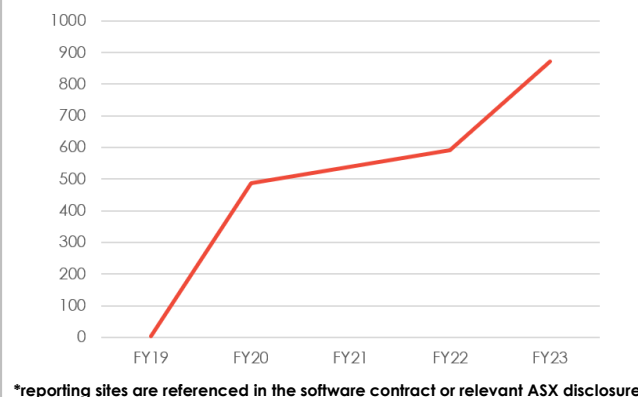
**Without G there is no E or S**

- K2fly is defining the Resource Governance Enterprise SaaS space globally.
- K2fly grew our Mineral Resource Governance footprint globally from a minimal base rapidly establishing access to the world's biggest mining houses
- Global Tier 1 and Tier 2 disclosure customers leads to more corporate ESG opportunities (products and projects) across multiple regions and reporting sites.
- 5 of the top 10 miners use K2fly for Resource Disclosure solution at corporate – that is 66%(by market cap) using K2fly solutions to prepare Resource and Reserve disclosures. We are now adding additional modules (Model Manager and Reconciliation) to expand the solution
- Our Natural Resource Governance Solutions have grown rapidly since FY22. K2fly has delivered the first COTS Heritage and ground disturbance systems to FMG, Rio Tinto, BHP and Traditional Owner Groups in the Pilbara of Western Australia
- We are now witnessing a rapid convergence of MRG and NRG globally driven by updated reporting and regulatory codes and customer demands. K2fly is uniquely placed to address this market.

### Global Top 10 Miners Using K2fly for Resource Disclosure



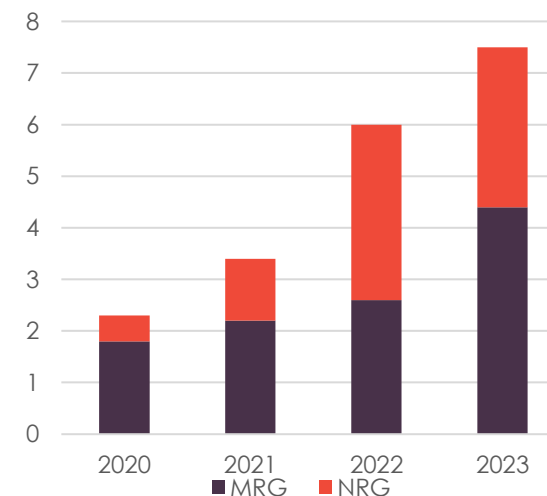
### Growth in Contracted K2fly Reporting Sites\*



"The largest global mining companies constitute a very large proportion of total sales revenue for mining technology companies. K2fly have done an impressive job of securing many of these large global companies as customers in a short space of time and the future looks very promising as they land and expand."

- Peter Johnson, Chairman, Maptek

### Growing Opportunity for Natural Resource Governance and ESG Opportunities (ARR \$m)



MRG | Mineral Resource Governance  
NRG | Natural Resource Governance



# Industry and Global Challenges



# Global Themes Driving K2fly Growth

## A rapidly evolving commodities Supercycle - The World Needs More Mining and more mines RAPIDLY

- Electrification is 4x Chinese urbanisation demand
- More than 300 new mines alone to meet EV and Energy Storage



## Mining attracts specific ESG disclosures over tick box generic Sustainability Reporting metrics

- Precedents have been set driven by very public mining disasters
- Carbon disclosures are relatively mature compared to disclosure of Tailings, Heritage and Disturbance

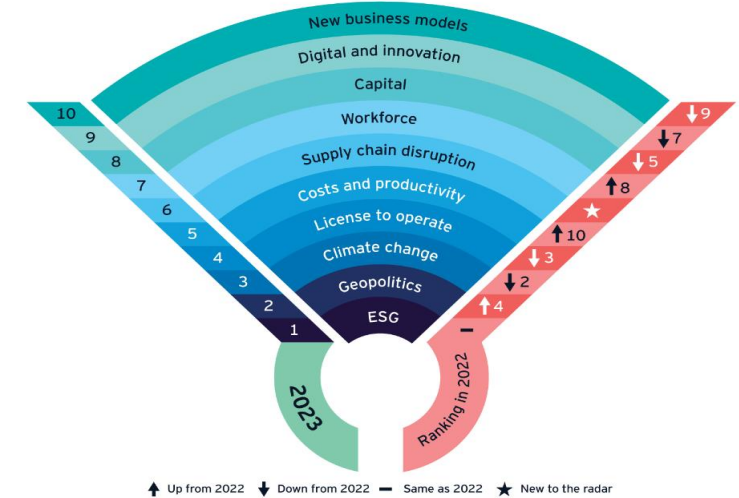
## Value add makes ESG a no brainer

- Publishing ESG reports is now a strategic imperative when seeking to attract investors.
- PwC study\*, environment, social and governance (ESG) factors are now more important than ever, with miners recognising it as a value-creation opportunity, rather than simply a compliance issue.
- ESG performance will soon receive equal prominence with financial performance, (leading to improved governance and data integrity).

## Currently there is a distinct lack of trust in Mining that requires "Radical Transparency"

- Actions and approaches that radically increase the openness of organizational processes and data.
- ESG and sustainability reporting will come under increased "Greenwashing" scrutiny from all stakeholders.
- Merging of community expectations and regulatory requirements equally important.

## ESG Risk and License to operate continues to be top10 across all mining CEO surveys outlined in EY's 2023 Report



Source: EY Top 10 Business Risks and opportunities for mining and metals in 2023 report.

## Regulatory Disclosure is growing exponentially for existing and new projects

Dramatic increases in regulatory reporting requirements (WA Heritage, Ground Disturbance, ASIC Greenwashing legislation, JORC 2022)

# Resource Governance - The Golden Thread

Resource company value creation & license to operate

We define Resource Governance as the conjunction of environmental, social and minerals governance. A modern systems approach to Resource Governance, which combines mineral and ESG information, would provide not only reporting and governance capability, but also has the potential to sense/respond, predict, and prevent ESG incidents.



# Resource Governance - The Golden Thread

Resource company value creation & license to operate

## CONFIDENTLY TRANSPARENT

The Golden Thread delivers confidence in the information companies release into the public domain. The risks of it being broken are significant and enduring

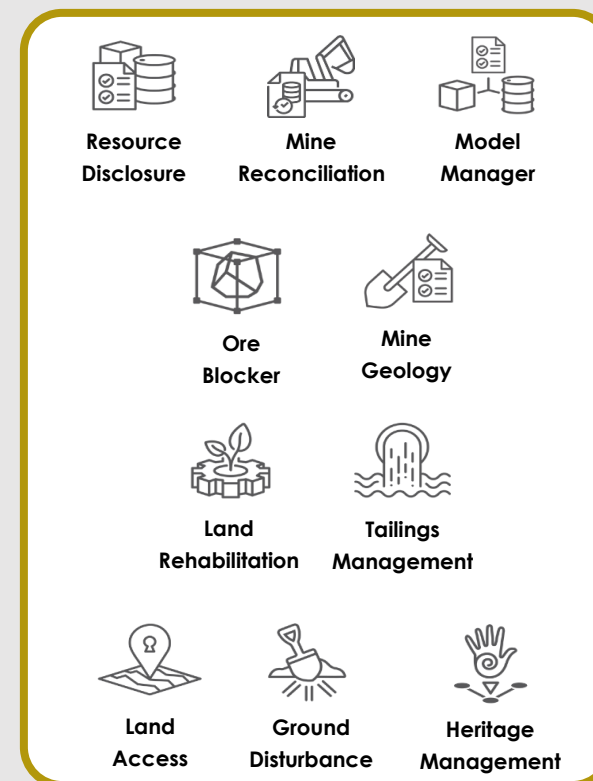


## Resource Governance



We have identified the components essential to building and maintaining the Golden Thread. Resource Governance safeguards a company's reputation and those in or around its operational activities. These are central to all our solutions

A modern systems approach to Resource Governance combines mineral and ESG information, would provide not only reporting and governance capability, but also has the potential to sense/respond, predict, and prevent ESG incidents.



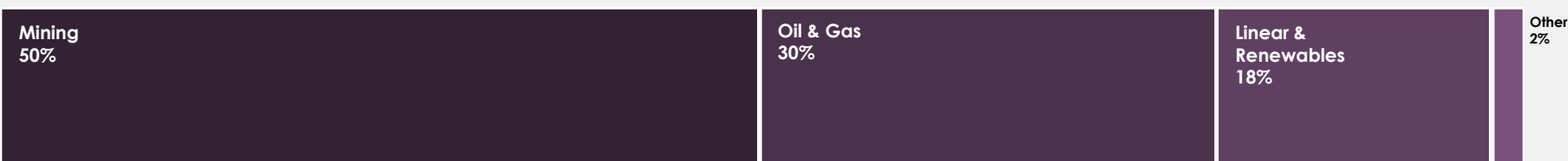
These solutions make up the K2fly offering across both Natural and Mineral Resource Governance.

# K2fly Resource Governance Addressable Market

Argonaut: “ With little to no COTS competition and product validation by many of the world's top miners, we expect K2F to demonstrate continued growth in ARR in coming periods.”\*

## Total Addressable Market

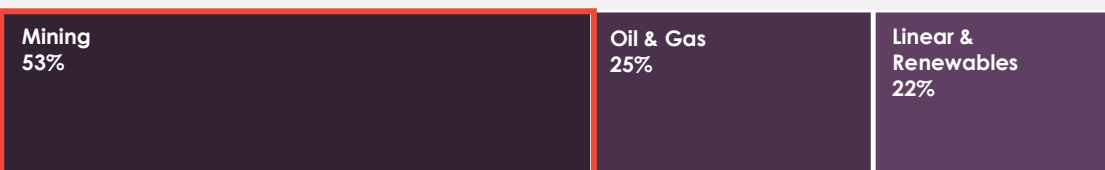
Total potential market for ESG software solutions, across sectors, defined by ARR opportunity



Market size: **A\$1.1B ARR**

## Serviceable Market

Realistically available market, across sectors, defined by ARR opportunity



Market size: **A\$610M ARR**

## Serviceable Obtainable Mining Market\*\*

Based on K2fly COTS solution suite



ARR opportunity: **A\$62M**

**OBTAINABLE** Mining Market represents **\$62M** ARR opportunity, comprising:

\$17M Mineral Resource Governance  
\$10M Mine Technical Assurance  
\$35M Natural Resource Governance

COTS | Commercial Off The Shelf

ARR | Annual Recurring Revenue

\*Argonaut equity resource report, analyst Ian Christie, 4 October 2023

\*\* These calculations are estimates prepared by K2fly





# **K2fly Resource Governance Solutions to Address Global Challenges**

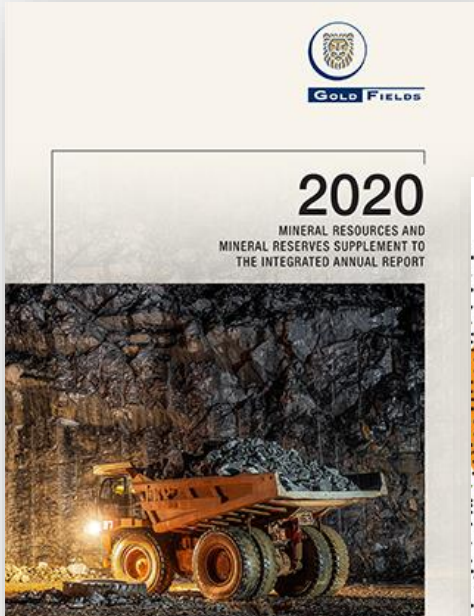
# K2fly's Contribution in Annual Reporting

Resource Governance purpose-driven ESG solutions for the Resource Industry

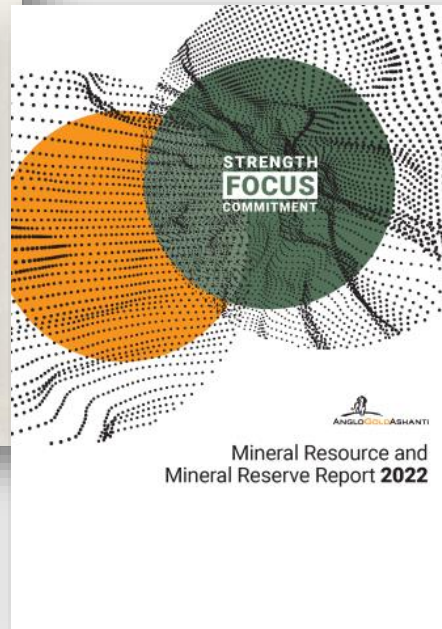
Without G there is no E or S



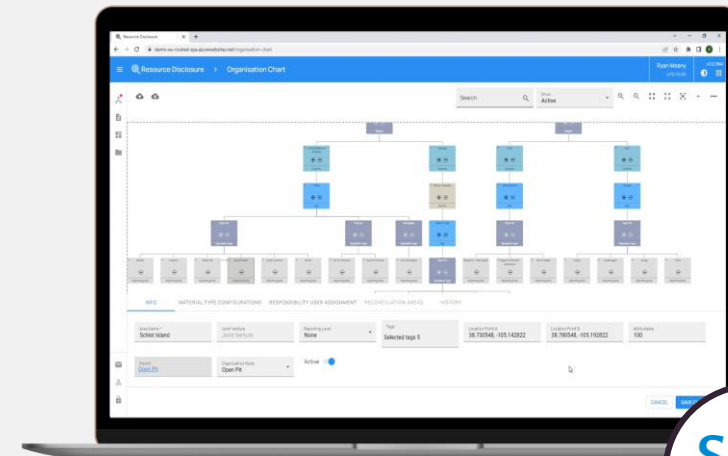
K2fly Resource Disclosure



66% of the top 10 mining companies globally use K2fly to disclose their RRR \*\*



- K2fly defining the Resource Governance Enterprise SaaS space globally. The only ground up Mining ESG technology solutions player
- 45% of the Top 10 Gold Mining companies disclose their RRR using K2fly solutions\*\*
- 16 of those contracts are HQ corporate in nature and for one solution only – ESG is a corporate risk and the engagement with corporate provides K2fly with ample expansion opportunities
- 5 of the top 10 miners use K2fly Resource Disclosure solution at corporate disclosure level



CRIRSCO

JORC

SME  
Society for Mining, Metallurgy & Exploration



Newmont

RioTinto

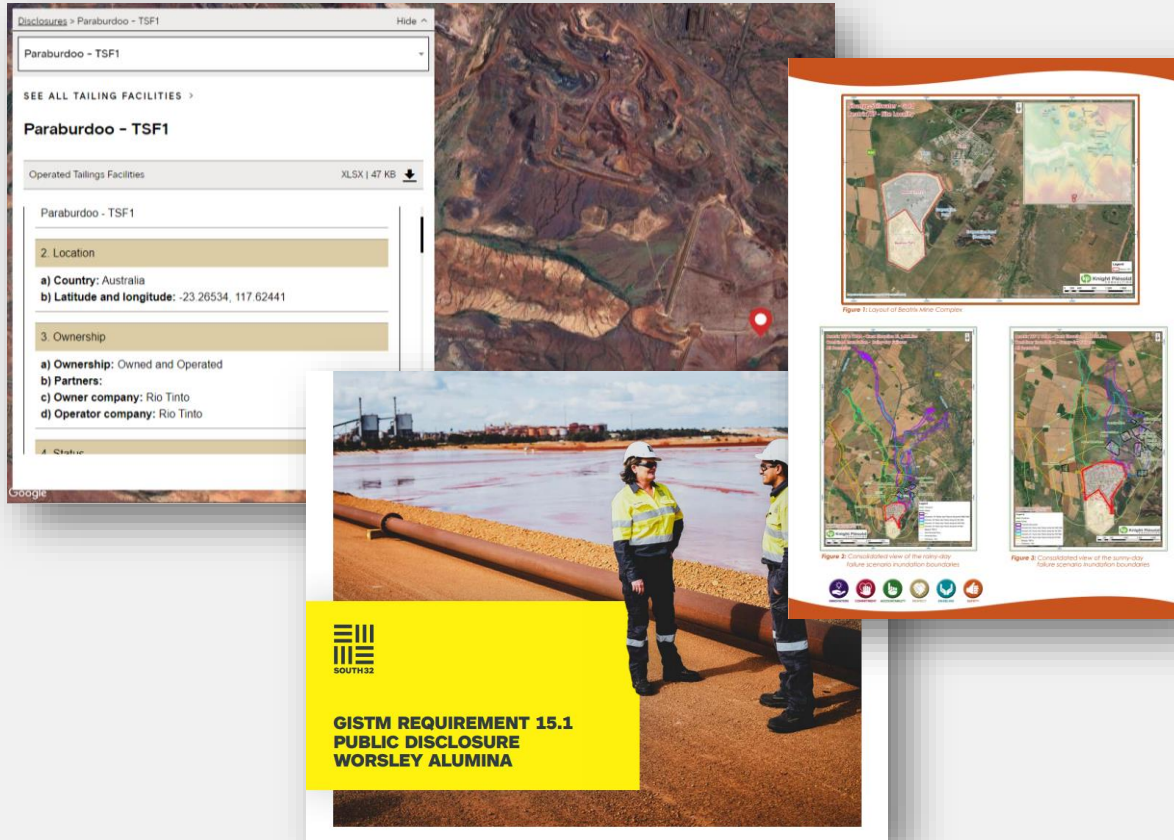




# K2fly's Contribution to Tailings Management

Resource Governance purpose-driven ESG solutions for the Resource Industry

Without G there is no E or S



- K2fly solutions contribute critical information on tailings management incorporated into recent public company disclosures
- Used by companies with assets located globally, to deliver a consistent, repeatable system to manage information related to Tailings Storage Facilities



# K2fly's Contribution to Land Management

Resource Governance purpose-driven ESG solutions for the Resource Industry

**Without G there is no E or S**



K2fly Ground  
Disturbance



K2fly Land  
Access



Government of Western Australia  
Department of Mines, Industry Regulation and Safety

## Permission for accessing land

### Get permission to access land

#### Mining tenements

If you plan to prospect on mining tenement, you must contact the tenement holder and obtain written permission.

Names and addresses of tenement holders can be found using the [Tenograph](#) ([Tenograph](#) mapping system or [Mineral Titles Online](#) ([Mineral Titles Online-MTO-1464.aspx](#)).

It can be beneficial to include, as part of the request, some kind of formal written agreement tenement holder can both sign. Many mining companies are satisfied with this approach condition a tenement holder requires is for the prospector to report the location of any gold information provides the tenement holder with spot indications of gold.

Good communication with the holder will improve and confirm relations between prospector and owners.

A [Section 40E Permit](#) ([Minerals/Permit-Section-40E-over-granted-2421.aspx](#)) can also be granted exploration licence.

#### Pastoral leases

When prospecting on a pastoral lease, you must take all reasonable and practical steps to discuss with the pastoralist about where you plan to operate and for how long.

**In the Pilbara of WA ~96% of total tonnes shipped annually (2022 measure) are supported by 1 or more K2fly Natural Resource Governance solutions (Land Access, Heritage, Ground Disturbance)**

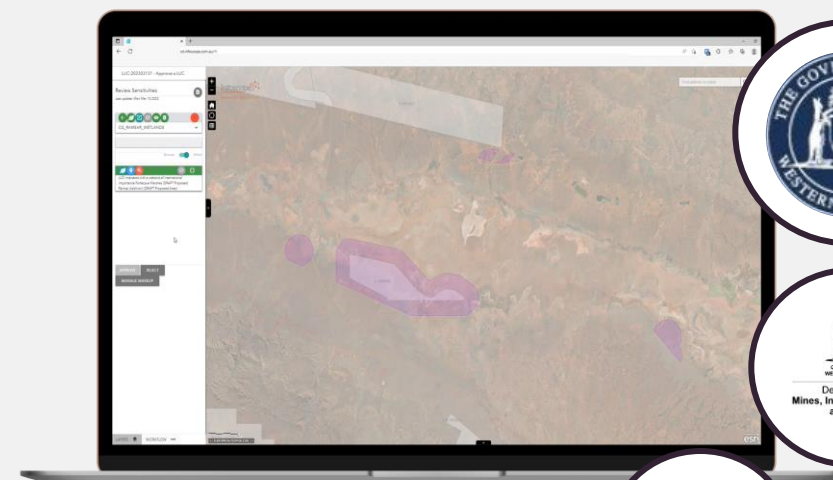
**'Nature is being destroyed. Things have to change': Plibersek flags environmental law overhaul**

Environmental groups cautiously welcomed sweeping reforms to federal environment laws that would create a new national Environmental Protection Agency which has greater oversight over development proposals and emissions.

But many criticised Environment Minister Tanya Plibersek for failing to include a so-called climate trigger law that could halt developments due to their potential climate impact.

The reforms come after a [review of federal environmental protection laws](#) in January last year

- K2fly solutions deliver an effective, transparent land management process to ensure obligations are understood, risk mitigated, and strong resource governance evident for all stakeholders



Fortescue  
The New Force in Iron Ore





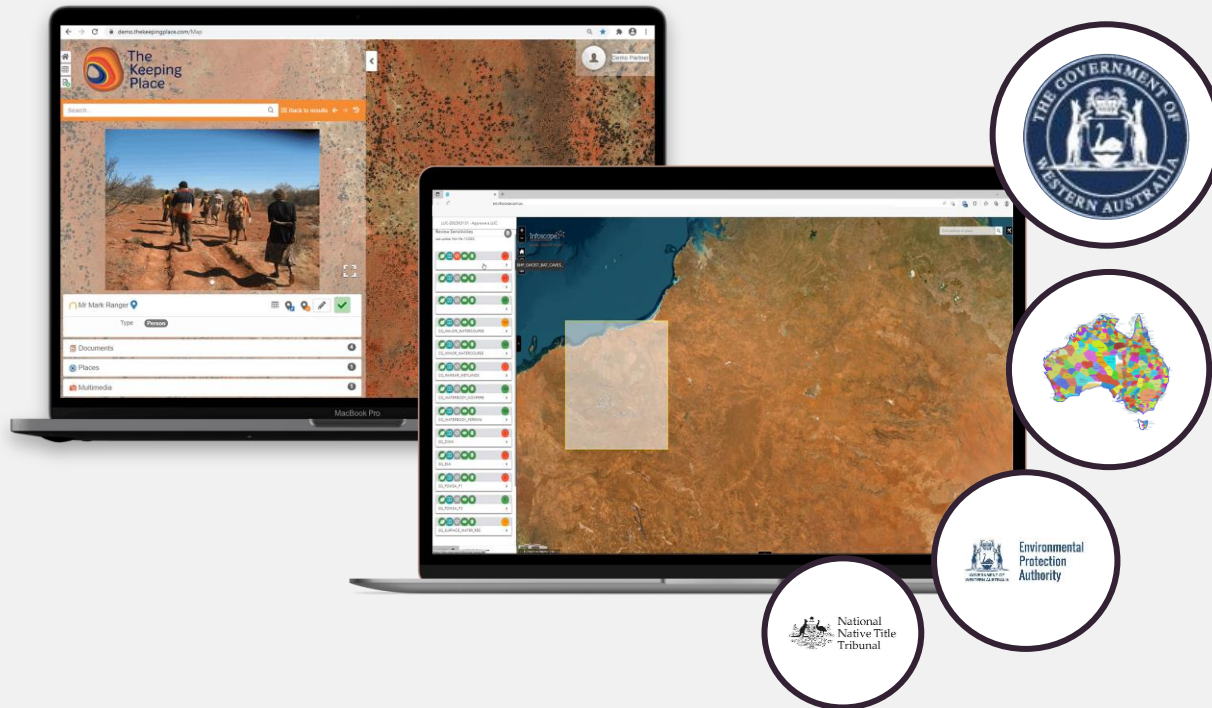
# K2fly's Contribution to Heritage Management

Resource Governance purpose-driven ESG solutions for the Resource Industry

**Without G there is no E or S**



K2fly Heritage  
Management



- In partnership, The Keeping Place delivers Heritage Management across 11 Traditional Owner groups in Western Australia
- Used to deliver a consistent, repeatable system to capture stakeholder and custodian engagement, approvals and conditions for safeguarding cultural heritage



RioTinto





# Looking Ahead

# The Next Phase – Proven to Profitable

## Continued Sales Growth

**Key Metrics (ARR)  
CAGR 48% (3 years)**

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.

- Continue to refine and personalise our marketing campaigns for improved effectiveness
- We have implemented a Business Development function to increase leverage of partnerships, and explore new paths to markets such as:
  - Reselling our products via partnerships
  - “White Labelling” our products
- We have also broadened our focus in exploring adjacent markets for our Natural Resource Governance solutions in adjacent and addressable markets such as:
  - Linear Assets – Rail, Pipeline and Cable
  - Renewable Energy Projects
  - Onshore Oil and gas

## Product Leadership

**Continue to invest in our market leadership position**

Having demonstrated a blue ocean market in Mineral Resource Governance K2fly will continue to broaden the footprint and moat of the solution.

In calendar 2023 we have invested in more robust structures, systems and processes to become product led.

Our new Product Release Process (PRP) will deliver more reliable, predictable and qualitative solutions to our clients and in turn we will:

- Launch our Expanded Mineral Resource Governance suite including integrated Resource Disclosure, Model Manager and Mine Reconciliation
- Leverage the power of our “golden thread” by linking our Mineral Resource Governance and Natural Resource Governance solutions via platform approach
- Leverage benefit of customer datasets using Advanced Analytics and AI

## Customer Success

**Retain and grow client solutions revenue, efficiencies and profitability**

K2fly's land and expand strategy has been fundamental to our success. Our recurring revenues are sticky however we will continue to invest in our customers success to enhance retention of ARR as well as provide opportunities for revenue growth and penetration across the portfolio.

- Improve product quality and predictability (see product leadership)
- Expand our Account Management function to increase penetration
- Improve our consistency, delivery efficiencies and margins across all projects
- Provide strict project governance across all projects

# Continued Growth and Scale

**K2fly has rapidly established our leadership position in Resource Governance in Global Resources, and we continue to define it.**

For the last 24 months we have simultaneously invested in:

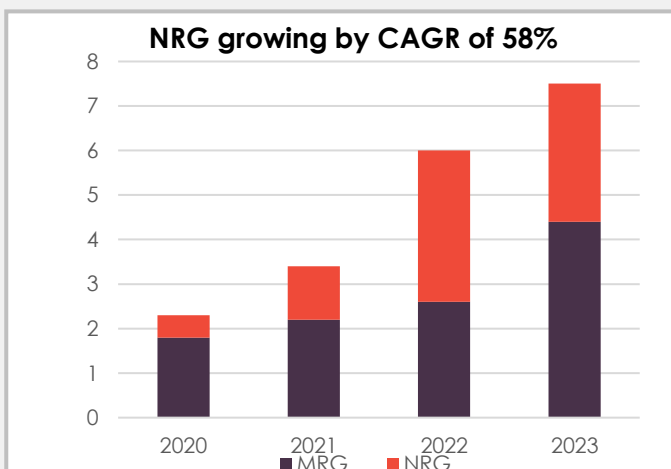
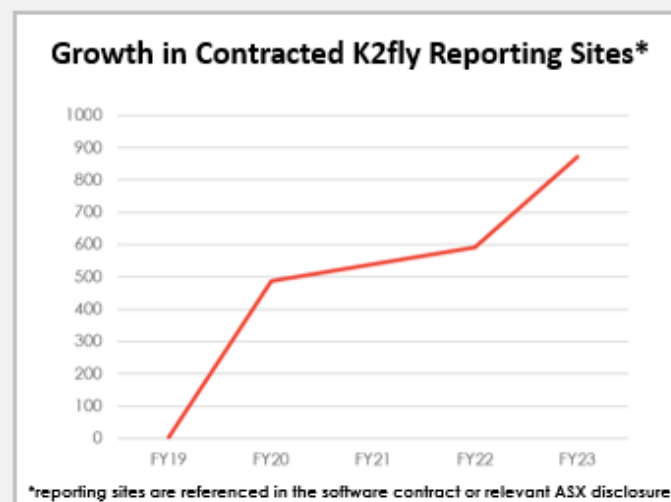
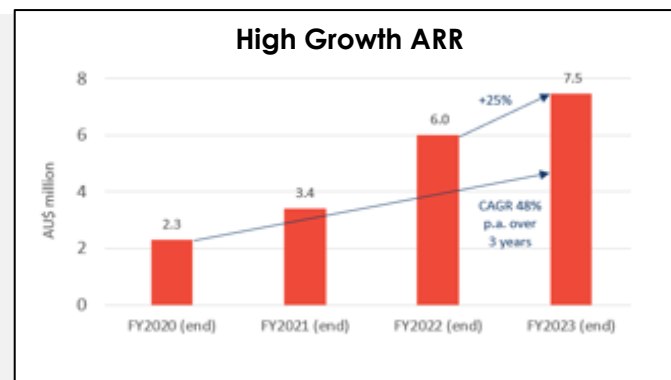
- Sales, Marketing, and Account Growth
  - Our 3-year CAGR for revenue is 48%
  - We have acquired 35 new customers (7 of top 10 global miners contracted with K2fly)
- Redevelopment of our leading Resource Disclosure solution underpinning our next generation platform
  - New Mineral Resource Governance suite incorporating Resource Disclosure, Model Manager, Reconciliation and ESG data capture

To achieve this, we have invested \$2.7m in both FY22 and FY23 in capex whilst approaching operating cashflow breakeven in FY23 (581k).

We are now poised to scale our technology platform, realise new and extended customer revenues and into adjacent markets.

We will continue to:

- Broaden our GTM into new customer segments, strategic partnerships, white label technology partnerships and implementation partners
- Build out our Resource Governance Platform in line with our customer and industry demands.
- Maintain a strict focus on costs and investment in line with revenues.





# K2fly's Opportunities in Adjacent Markets

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.

## Similar challenges

Demonstrating governance over natural resources

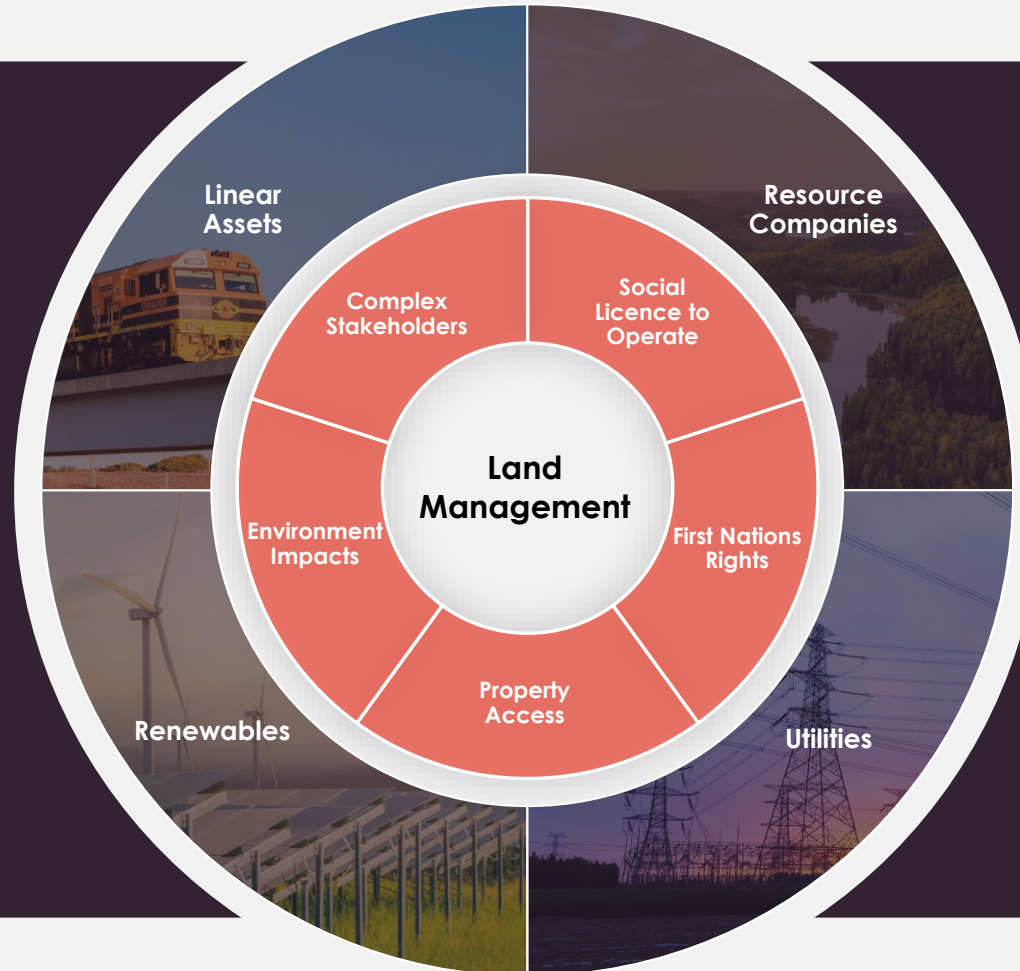
Safeguarding Cultural Heritage

Managing complex stakeholder landscape

Managing agreements, conditions and obligations

Confidence that scheduled activities aligned with all approvals are in place

Maintaining licence to operate



## Same value

Integration to existing systems (SAP, GIS, other)

Key stakeholders engagement & inclusion

Corporate Knowledge Base

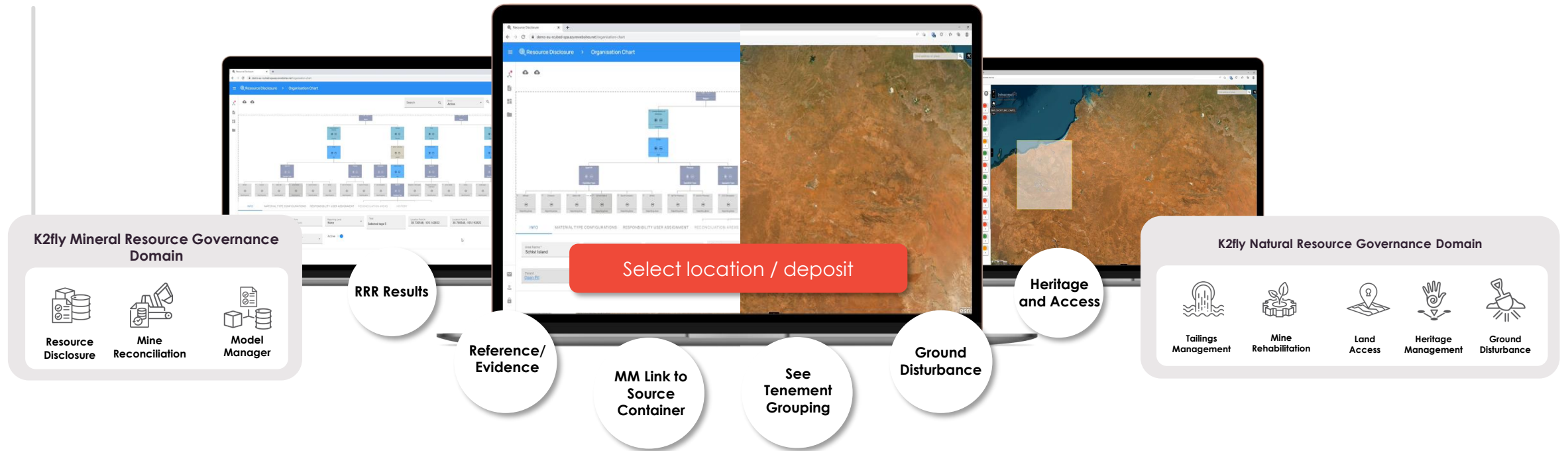
Rapid risk identification

Embeds consistent, repeatable process

Delivers effective permitting and approvals

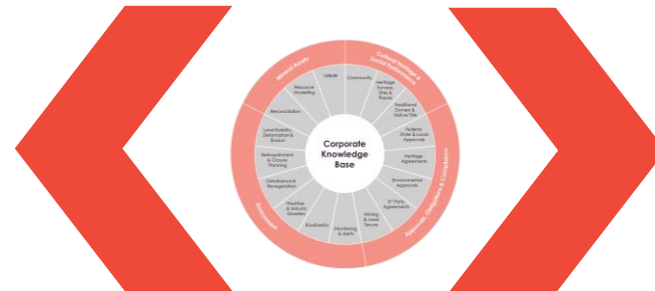
Governance to confidently manage natural resources

# Resource Governance across domains



Providing the ability to have:

- 360-degree view of land holdings
- 360-degree view of obligations
- 360-degree view of stakeholders



Providing the ability to perform:

Descriptive → Predictive → Prescriptive Analytics

# Investment Highlights

## ✓ Key Operating Metrics Growing Strongly – Revenue & ARR

K2fly has experienced rapid global sales growth with Tier 1 & 2 miners across all commodities leading to ARR growth of CAGR<sup>1</sup> of 48% over 3 years.

Our enterprise top-down global sales model is very rare and is a key differentiator.

## ✓ Achieving Scale Through Resource Governance Technology Platform

We are focussed on operating cash breakeven while sustaining strong growth.

## ✓ Inorganic Potential and Execution

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.

## ✓ Highly Favourable ESG 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.

## ✓ First Mover Opportunities Within Our 'Golden Thread'

Future opportunities to further improve our solutions; technical assurance, governance and public disclosures across environmental and sustainability reporting, mineral endowment as well as leverage of AI and advanced analytics.

## ✓ Sticky Recurring Revenues On Multi-year Contracts

With our current and near-term customer base and the nature of our enterprise systems, K2fly is already set up to be deploying systems across major miners well beyond the current 5-year terms.

Comparable deal sizes (ARR and TCV) continue to trend upwards.

<sup>1</sup> CAGR – compound annual growth rate



# 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.

## NATURAL RESOURCE GOVERNANCE

[Heritage Management](#)

[Land Access](#)

[Ground Disturbance](#)

[Tailings Management](#)

[Land Rehabilitation](#)

## MINERAL RESOURCE GOVERNANCE

[Resource Disclosure](#)

[Model Manager](#)

[Mine Reconciliation](#)

## TECHNICAL ASSURANCE

[Ore Blocker](#)

[Mine Geology](#)

**Subscribe to Investor Updates**

**Investor Centre**

**Visit Website**



# Contact Us

## Nic Pollock

*Chief Executive Officer*



[nic.p@k2fly.com](mailto:nic.p@k2fly.com)



[K2fly.com](http://K2fly.com)



Head Office - Perth, WA

Level 4, 502 Hay Street, Subiaco WA 6008

North America

South Africa