

ASX Release

ASX code: K2F

13 December 2023

2023 Annual General Meeting – Chair’s Address

K2fly Limited (K2F, K2fly or the Company) (ASX: K2F), is a leading provider of Resource Governance solutions for ‘net positive impact’ in Environmental, Social and Governance (ESG) compliance, disclosure, and technical assurance. We focus on the operations of mining and asset intensive industries through our platform-based SaaS cloud solutions.

This is my first address as Chair, and I am thrilled to be here. It has been a significant year for K2fly. We have firmly established a new area in ‘resource governance’ and have demonstrated through our customer base of leading names, that we are a trusted partner of choice to enterprise customers in the asset-intensive and extractive industries. Our clients come to us to standardise and embed within their operational processes the business rules which support their desired ESG outcomes, a growing and increasingly important area for companies operating in the mining sector.

We can boast continued growth through multiyear contracts with tier 1 global clients, providing contracted recurring revenues and showcasing that our business model of resource governance ‘enterprise software’ for natural and mineral resources, can deliver high growth. We now provide solutions and have penetrated, global top 50 mining companies with 7 of the 10 top global resource leaders using our solutions. There were also 7 material multi-year client contracts signed with K2fly in FY2023.

We have achieved annual recurring revenue (ARR) at a compound annual growth rate (CAGR) of 48% FY2020 to FY2023 and 25% FY2023 compared to the prior year, FY2022 (growing each quarter over the last 13 quarters, including the September quarter, Q1 FY2024). Our revenue CAGR has been 36% p.a. over FY2020 to FY2023 and 28% FY2023 compared to the prior year. It is worth noting that these figures exclude material developments announced post year end with the signing of Roy Hill (for ground disturbance, our 2nd solution to them demonstrating our ability to land and expand), boosting growth rates slightly higher than reported per year end 30 June 2023, further growing ARR from \$7.5m to \$7.9m at the end of September, in addition we signed a further software development services contract with Fortescue Metals Group.

We are continuing our pathway to operating cash breakeven, noting, billings are annual in advance and generally weighted towards the 2nd half of the financial year (January to June). Costs have been managed in a challenging environment and the Board is mindful that continued investment in the organisation is necessary. Our recent capital raise was supported by our largest shareholder and industry player, Maptek and will provide the necessary working capital for the immediate future.

We have invested in our product leadership, sales execution and customer success. We have a strong leadership team and believe we can continue to create a strong pipeline supported in part by the mining sector’s new JORC code which comes into effect in mid calendar 2024.

Noting the challenging equity market backdrop, the Board announced in November that it has taken the prudent step and commenced a strategic review. The Board is looking at all options to support further growth and provide optimal value to our shareholders. We expect to provide an update in the New Year during the first calendar quarter.

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I would like to close by thanking my director colleagues, K2fly management and team for their hard work and dedication and you, our shareholders for your continued support.

Pauline Vamos

Chair – K2F

Announcement released with authority of K2fly Chair.

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About K2fly

K2fly Limited (ASX: K2F) is an ASX listed technology provider of enterprise-level Resource Governance solutions for **'net positive impact'** in Environmental, Social and Governance (ESG) compliance, disclosure and technical assurance, to operations of mining and asset intensive industries through its platform-based SaaS cloud solutions.

Our solutions address many industry challenges and help manage risk around clients' social license to operate concerning reporting & governance, reputation and disclosure demands.

Product & service offering: We deliver a suite of solutions across three key areas on a single platform:

- Natural Resource Governance
- Mineral Resource Governance
- Technical Assurance

Customers: Spanning all continents, our customer base includes multinational Tier-1 and Tier-2 mining clients operating in 54 countries.

Strategy: Through acquisition, development, and partnerships, K2fly have assembled a unique platform that generates high margin SaaS recurring revenues, being rolled out globally. Our strategy is to 'land and expand' our offering with clients over time whereby additional solutions are rolled out to support central operational management and efficiency gains.

K2fly works closely with peak industry bodies, regulators, and our own industry advisory groups on ESG topics that are driven by rapidly changing regulations, community and investor expectations to build fit for purpose industry solutions that adhere to recognised codes and standards.

Strategic alliances: K2fly has strategic alliances with global technology companies such as Esri (USA), SAP (Germany), Hitachi-ABB (Japan) and Descartes Labs (USA).

Platform [overview](#)

| Area | Solution | Related Acquisition |
|------------------------------------|--|---|
| Natural Resource Governance | Heritage Management Land Access Ground Disturbance Tailings Management Mine Rehabilitation | Infoscope Infoscope Infoscope Decipher Decipher |
| Mineral Resource Governance | Resource Disclosure Model Manager Mine Reconciliation | RCubed RCubed, Sateva RCubed |
| Technical Assurance | Ore Blocker Mine Geology | Sateva Sateva |