



ASX:K2F

# Q2 FY2024

# Investor Update

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JANUARY 2024

## Leading Resource Governance Solution Providers

- ESG, Compliance and Disclosure
- Technical Assurance



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# Agenda



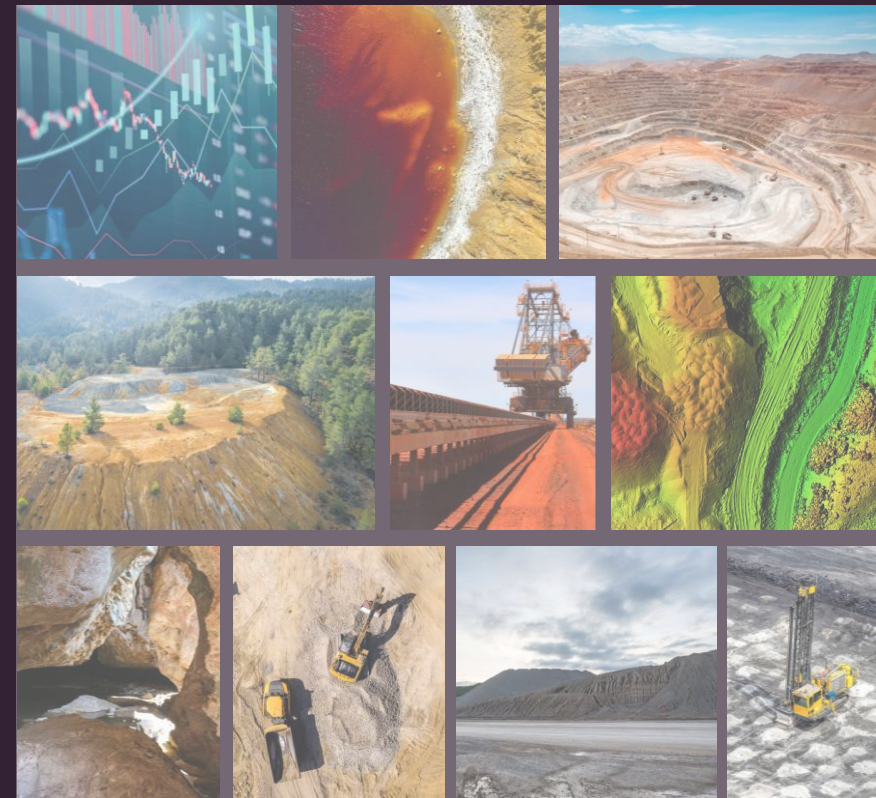
K2fly Overview



Q2 FY24 Quarterly Results



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

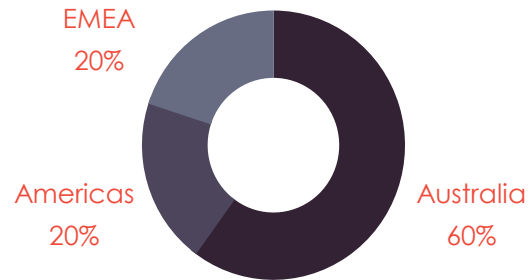
We deliver enterprise software solutions in Resource Governance (RG) to major mining and land-intensive clients.

## WHY WE MATTER

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

# Business Snapshot

## Global Business Distribution by ARR



|                         |      |
|-------------------------|------|
| Sites                   | 500+ |
| Materials / Commodities | 63   |
| Countries               | 62   |
| Clients                 | 29   |

## Global Resource Leaders Contracted 7 from Top 10



## Clients by Commodity

### Diversified/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 Disclosure



Mine Reconciliation



Model Manager



Ore Blocker



Mine Geology

# Top Risks for the Mining Industry



**Deloitte.**

|    |   |  |  |
|----|---|--|--|
| 1  | ESG <small>k2fly</small>                    | Entering a new phase                               | Valuing nature <small>k2fly</small>                    |
| 2  | Capital <small>k2fly</small>                | In search of green strategies <small>k2fly</small> | Conscious circularity <small>k2fly</small>             |
| 3  | License to operate <small>k2fly</small>     | A big opportunity <small>k2fly</small>             | Driving down embodied carbon in metals                 |
| 4  | Climate change                              | Freedom from carbon                                | Collaborate, incubate, accelerate <small>k2fly</small> |
| 5  | Digital and Innovation <small>k2fly</small> | A focus on ESG goals <small>k2fly</small>          | Building resilient supply chains <small>k2fly</small>  |
| 6  | Costs and productivity <small>k2fly</small> | Leaders needed                                     | Making change more holistic                            |
| 7  | Geopolitics                                 | The importance of technology <small>k2fly</small>  | Rethinking external talent pathways                    |
| 8  | Cyber                                       | Raising the bar <small>k2fly</small>               | Layering safety for greater sustainability             |
| 9  | New Business Models                         | Geological jigsaw                                  | Transparency equals trust <small>k2fly</small>         |
| 10 | Workforce                                   |  | The power of cloud <small>k2fly</small>                |

According to the EY Top 10 Business Risks and opportunities for mining and metals in 2024 report.

According to the KPMG Global Mining Outlook 2023 report.

According to the Deloitte Tracking the Trends 2023 report.

k2fly Denotes challenges and risks that K2fy solutions address

# How does K2fly Resource Governance address these challenges?

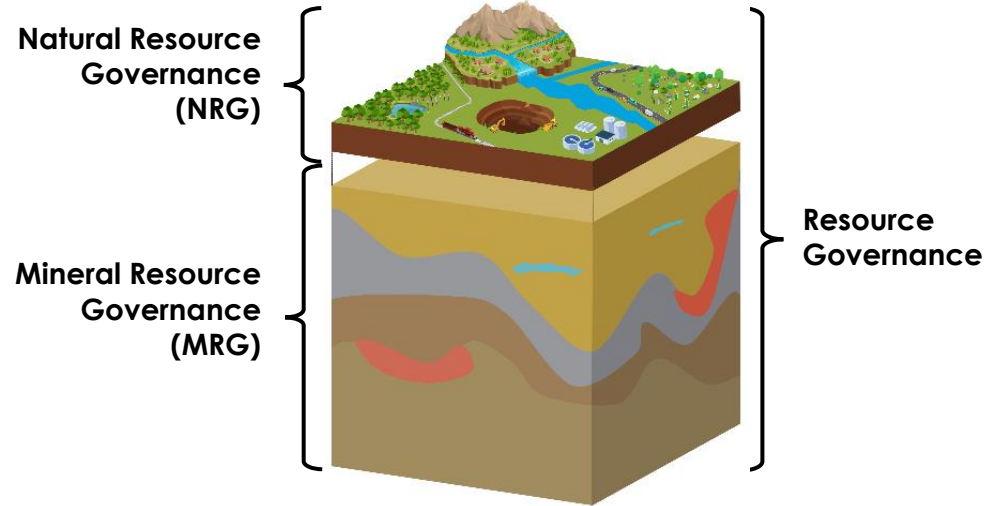
Resource company value creation & impact from value destruction





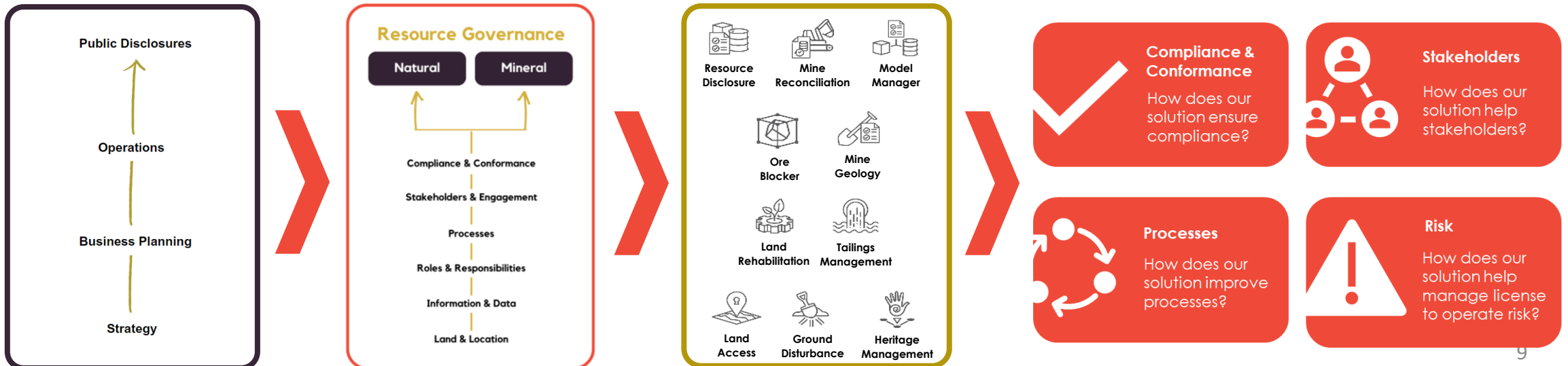
# What is Resource Governance?

K2fly believes 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. K2fly's solutions deliver confidence to companies in the transparency of their disclosures – providing clients and their stakeholders with processes that strengthen and improve governance.



Resource Governance is defined 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 – over your natural and mineral resources.

## The Golden Thread in our solutions





# 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**



# Corporate Overview

## Annual Recurring Revenue (ARR) end Q2 FY2024

AU\$8.0m\*

## Ordinary Shares on Issue

185,509,504

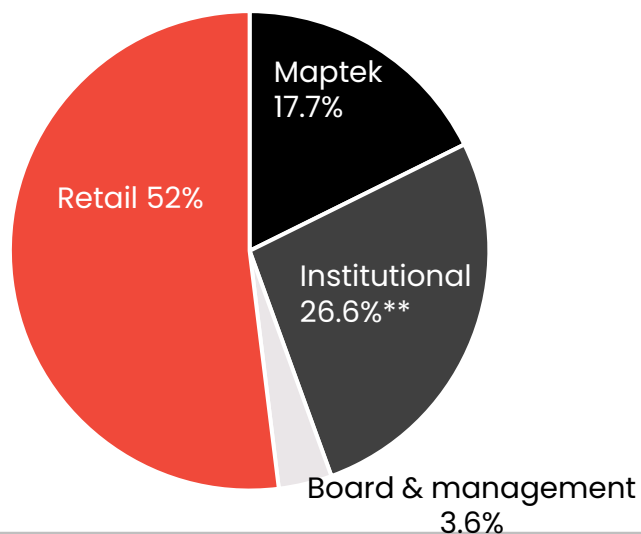
## Market Capitalisation

\$18.6m @ \$0.10  
30 January 2024

## Cash at 31 December 2023

\$2.5m  
(plus \$2.0m working capital facility - undrawn)

## Shareholder Distribution



## Share Price \$





# RESULTS

## Dec, Q2 FY2024



# Results Highlights: December Q2 FY2024

## Flat Quarter and Strong YoY ARR and Revenue Growth

**CEO Nic Pollock said,** "K2fly maintained our very strong record of 14 continuous quarters of ARR growth despite a relatively flat sales quarter in Q2 FY24. The flat quarter is a result of disruptions to our sales function in calendar 2023 and is not representative of a decline in demand. In October 2023 we appointed a new global sales leader and our pipeline and forecast for the second half of FY24 has strengthened considerably.

[...] In order to scale sales growth further we introduced a new role to accelerate our growth into adjacent markets (linear assets, energy and infrastructure) alongside partnerships. We are very encouraged by the response to both of these areas particularly in our Natural Resource Governance suite which translates seamlessly into the other industry verticals and without obvious competition.

Although our Net Cash Outflow from Operations in Q2 FY2024 was higher than the prior year, cost control remains a key focus, and on a half year comparison, 1H this year increased only modestly compared to 1H in the prior year. Capital investment in software development has reduced since the completion of the Resource Disclosure development project and a deliberate cost reduction plan has largely been executed. The timing of Cash Receipts is influenced by the anniversary dates of existing licence contracts (which are billed annually) and the timing of implementation projects. Historically, the second half of the financial year sees a positive Net Operating Cash result." | **see quarterly report for full version of the quote**

### Revenue | ARR

- **Revenue** - \$3.4m for Q2 FY2024  
+21% v Q2 FY2023
- **ARR** - \$8.0m at end of Q2 FY2024  
+16% v Q2 FY2023

### Key Developments

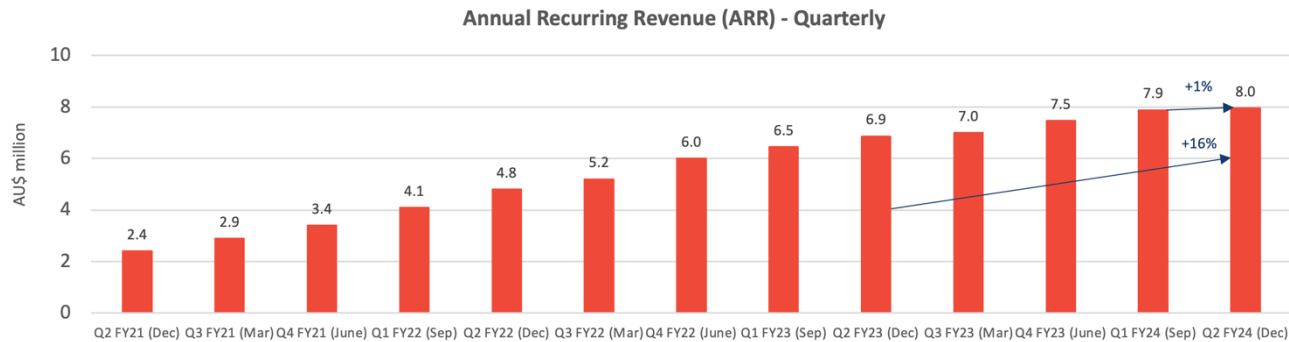
- Completion of a **cost review** and implementation of savings initiatives during Q2 FY2023
- **New Resource Disclosure platform undergoing migration** of clients creating ongoing client expansion opportunities in 16 clients; Newmont migration contracted
- **Share Placement** to existing investor Maptek raising \$1.0m at a premium to VWAP, to strengthen the Company's balance sheet; for working capital requirements to support continued growth
- **Strategic review initiated** to evaluate options to realise full business potential and shareholder value

### Pathway to Positive Operating Cash

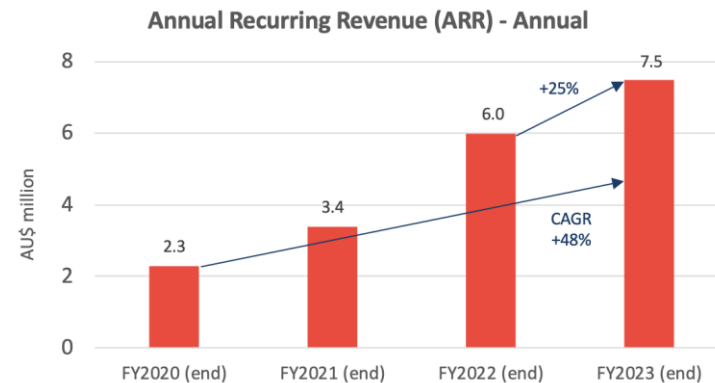
- **Net Operating Cash Outflow**  
\$1.7m 1H FY2024 v \$1.6m 1H FY2023
- 8% higher than H1 FY2023 due to diligent cost control during a period of growth and in the face of inflationary pressures
- Due to the profile of contract anniversary dates, recent historical performance has shown a positive Net Operating Cashflow in the second half of the financial year

# Q2 FY2024 Results

## Key Metrics – ARR



- Annual Recurring Revenue in Q2 FY2024, 16% higher than in Q2 FY2023
- Driven by material contract wins in recent quarters

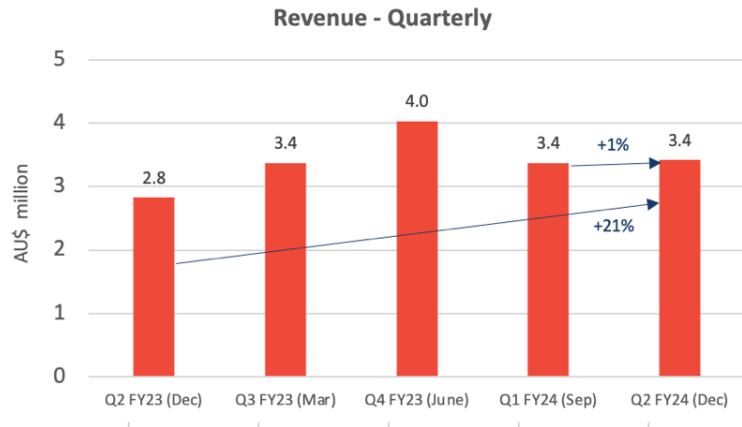


CAGR over the past 3 financial years

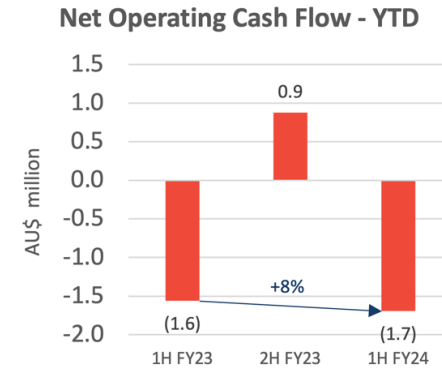
- ARR 48% p.a.

# Q2 FY2024 Results

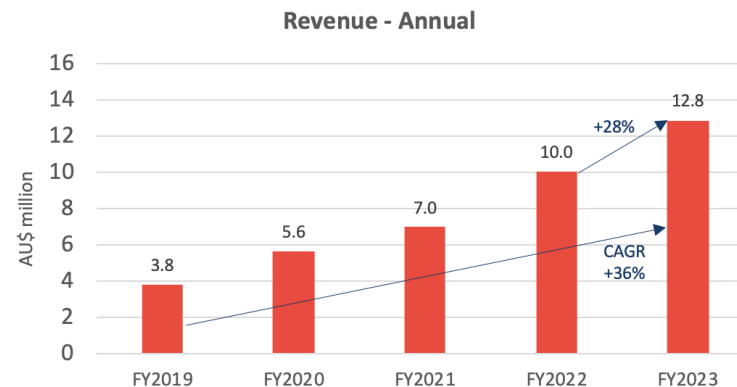
## Key Metrics – Revenue and Net Operating Cash Flow



- Year-on-year growth in revenue is a function of the growing portfolio of contracts and associated implementation fees



- Net Operating Cash Outflow increased only modestly at 8% on a year-to-date basis, 1H FY2024, compared to 1H FY2023
- Due to the profile of contract anniversary dates, recent historical performance has shown a positive Net Operating Cashflow in the second half of the financial year



- Revenue CAGR of 36% p.a. over the past 4 financial years
- Net Operating Cash Outflow for FY2023 of \$0.6m compared to \$0.8m for FY2022
- Cost management remains a strong focus of the Company as the business scales



# Investment Highlights

## Strong Growth in Key Metrics (Revenue & ARR)

K2fly has experienced continued 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 energy and infrastructure

## 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.





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## NATURAL RESOURCE GOVERNANCE

[Heritage Management](#)

[Land Access](#)

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[Tailings Management](#)

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## MINERAL RESOURCE GOVERNANCE

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