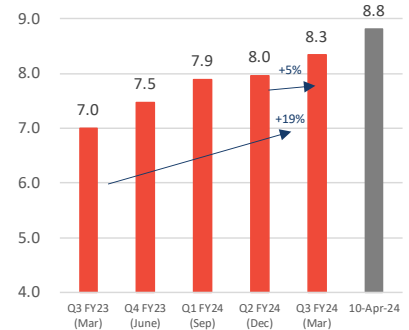


March Q3 FY2024 Quarterly Activities Report

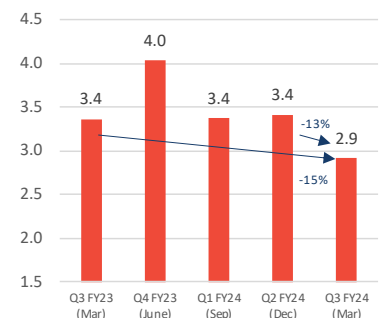
Highlights

- Annual Recurring Revenue (ARR)¹ of \$8.3m in Q3 FY2024, 19% higher than in Q3 FY2023 driven by contract renewals with two major clients
- Revenue² of \$2.9m in Q3 FY2024, down due to the completion of implementation projects in prior periods, resulting in lower implementation services revenues
- Cash receipts (\$3.6m) increased 13% over Q2 FY2024 (\$3.2m), consistent with Q3 FY2023.
- Net Operating Cash Outflow in Q3 FY2024 was \$0.7m, higher than Q3 FY2023 due to the deployment of staff on non-capital product improvements and other costs.
- Strategic review continues to proceed to evaluate options to realise full business potential and shareholder value
- Cash balance on 31 March 2024 was \$1.5m (\$2.0m working capital facility remains undrawn)
- Post quarter announcement of Vale contract win for global rollout of our new Resource Disclosure (RD) solution adding an additional \$0.5m ARR and a TCV of \$1.95m increases ARR to \$8.8m

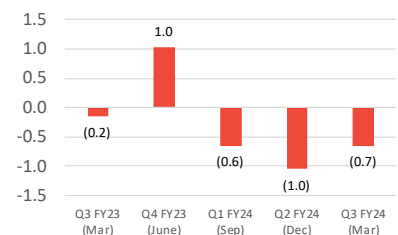
Annual Recurring Revenue (ARR), \$m



Revenue, \$m



Net Operating Cash Flow, \$m



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. K2fly is pleased to provide commentary regarding its activities for the March quarter, Q3 FY2024.

Nic Pollock CEO of K2fly said

"K2fly continues to focus on our ARR growth as a key metric coupled with our exceptional rolling 12-month gross retention rate of 98%. To that extent Q3 FY2024 was a continuation of our journey with the 15th quarter of ARR growth, by 19% YoY to \$8.3m.

The 3rd quarter and recent events demonstrate our success in "Land and Expand" with a major win in our Americas region with Vale contracting to roll out our new Resource Disclosure platform and two tier-one mining clients renewing their existing contracts and entering into new multi-year contracts at revised, higher pricing. One of those clients is now entering its 15th year of operations with our Infoscope land management solutions, which demonstrates the stickiness of our enterprise software solutions.

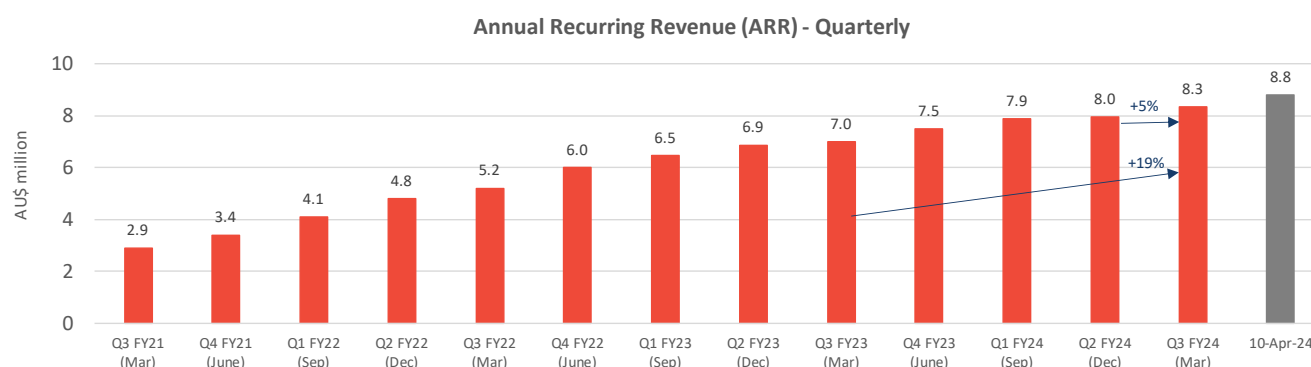
We are experiencing a softening in our legacy consulting businesses revenues as we focus less on these and more on our core strategic assets in our SaaS offerings in Resource Governance. As such we continue to review our investments and costs in those non-core areas and to redeploy our resources into development of our IP assets.

I am pleased to see that our focus on sales is again paying results in ARR and contract growth. I can see our pipeline growing again with new name opportunities as well as new name prospects globally across our range of solutions."

CONTRACTS AND FINANCIAL RESULTS²

ARR grew 5% to \$8.3m compared to the prior quarter (end of period) **up 19% compared to Q3 FY2023**. Total Contract Value (TCV) at the end of the quarter was \$17.9m. The addition of the Vale contract post quarter end takes the ARR to \$8.8m.

Note: quarter-to-quarter movements in TCV include the net impact of new contracts and the depletion of existing contracts as the remaining term reduces and implementation milestones are achieved.



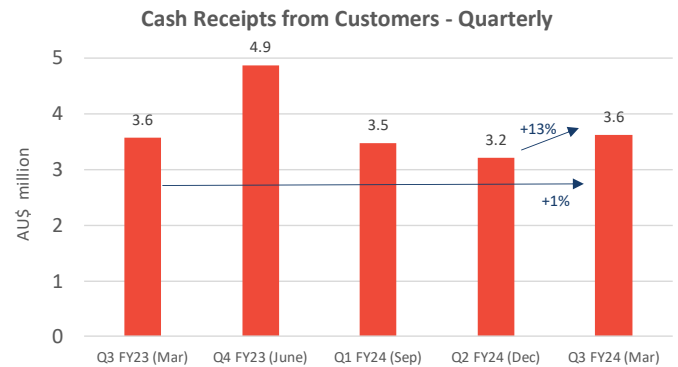
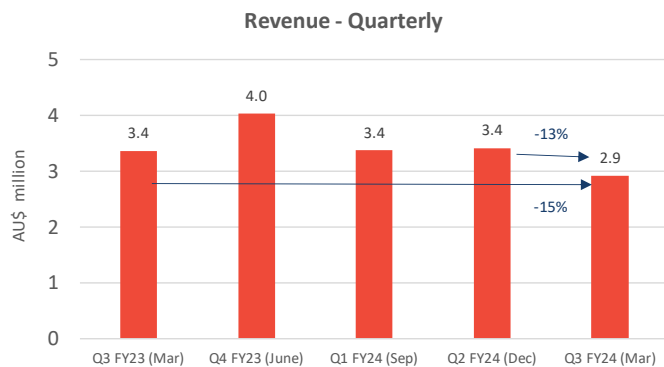
Revenue and Cash Receipts

Revenue during the quarter was down 13% over Q2 FY2024 at \$2.9m and down 15% over Q2 FY2023 due to completion of implementation projects in prior periods resulting in lower services revenues.

Cash Receipts from Customers are up 13% over Q2 FY2024 at \$3.6m and up 1% over Q2 FY2023.

Note: the timing and collection of Cash Receipts throughout the year vary by month and quarter and are historically concentrated in the June quarter due to anniversary dates of annual contracts.

Cash receipts are also influenced by timing of implementation progress against project milestones, and payment terms.

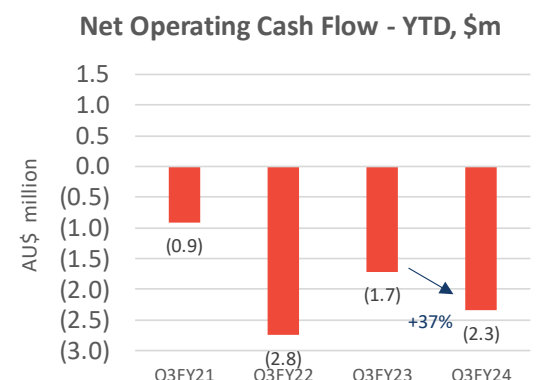
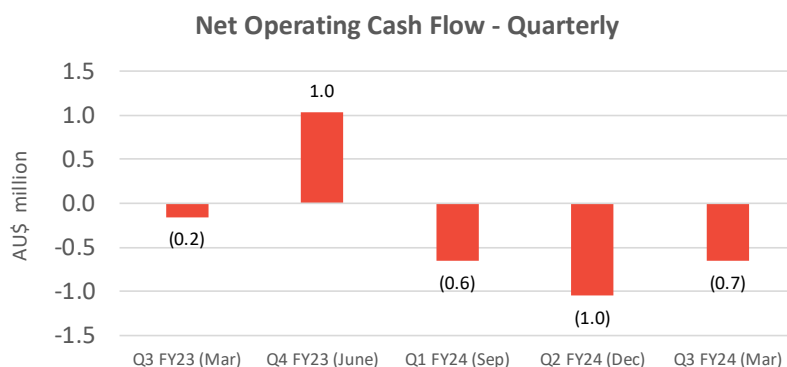


Net Operating Cashflow

The March quarter generated a Net Operating Cash Outflow of \$0.7m, an increase from Q3 FY2023 due to the cost of improvements in product development, inflation and general cost growth to support revenue growth, as well as the cost of implementing the savings plan (\$0.1m) and undertaking the strategic review (\$0.1m). On a year-to-date basis, Q3 FY2024, compared to Q3 FY2023, Net Operating Cash Outflow increased 37%.

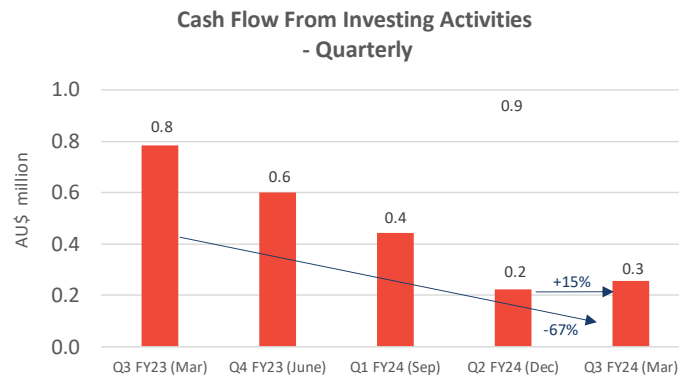
Like the variability in the timing of annual fees, the Company incurs some annual costs which have a similarly variable profile. These contribute to overall variability on a quarter-on-quarter basis.

Gross Operating Expenditure (Section 1.2, Appendix 4C) in the March quarter of \$4.2m consistent with the prior two quarters of \$4.2m, despite the inclusion of restructure costs in relation to the implementation of the savings plan and costs associated with the strategic review. Cost management remains a strong focus of the Company as the business scales.



Investing Cashflow

Investing cash outflows flows increased in the March quarter to \$0.3m from \$0.2m due the increase in acquisition payments and commencement of new development activity since the successful conclusion of the Resource Disclosure development project.



Cost saving initiatives implemented

As part of its ongoing focus on cost management and emphasis on achieving operating cash breakeven, the Company has implemented a program of cost savings. Initiatives include staff redundancies (costs of \$0.1m settled in Q3 FY2024) and restructuring to improve operating effectiveness.

OPERATIONAL UPDATE

During Q3 K2fly completed key milestones in our Roy Hill ([Roy Hill Contracts K2fly](#) 14 July 2023) Ground Disturbance project which has gone live. This project is emblematic of the evolution of K2fly as the leader in this space being on time and on budget which was also a credit to the Roy Hill project team.

We continue to work alongside a tier-one mining client who renewed their Infoscope land management contract with K2fly for a further 2 years. That client has had a 15-year continuous engagement with the Infoscope platform and we are very grateful for their ongoing support. The new contract is valued at \$650k ARR (up from \$475k ARR) and represents a 23% cumulative annual growth rate over four years.

Another tier-one global mining client is renewing their Heritage solution for a further 3 years with the price increasing from \$150k ARR to \$250k ARR.

CORPORATE

Strategic review

A strategic review was initiated in Q2 to evaluate options to realise the full business potential of K2fly and shareholder value. See ASX announcement [2 November 2023](#).

In March, K2fly updated the market that the Strategic Review was continuing. See announcement [28 March 2024](#)

The Board anticipates that it will be able to further update the market in the current quarter, Q4 FY2024.

Cash position: The Company held a cash balance on 31 March 2024 of \$1.5m (and \$2.0m in undrawn working capital facility available).

Operating expenditure: Cash outflows related to ongoing operating expenditures to run business operations and deliver K2fly's solutions to clients which include the key items of: R&D, product manufacturing and operating costs, advertising and marketing, staff costs and administration and corporate costs. Net Cash from Operating Activities was an outflow of \$0.65m (Section 1.9, Appendix 4C). Gross Operating Expenditure in the March quarter amounted to cash outflows of \$4.248m (Section 1.2, Appendix 4C). See commentary section Revenue and Cash Receipts for further insight into K2fly's billing cycle.

Net cash outflow from investing activities: Outflows relate to investment in software development to enhance the current platform of solutions (\$232k) and payments for the purchase of businesses (\$103k being consideration relating to the purchase of Sateva).

Payments to related parties and their associates: In accordance with ASX Listing Rule 4.7C.3, payments to related parties of the Company and their associates during the quarter totalled \$55k relating to Non-Executive Director fees and payments to director-related entities for consulting services. This amount is included at Item 6.1 of the Appendix 4C. Refer to the Remuneration Report in the 2023 Annual Report for further details on director remuneration.

Footnotes

¹ Exchange rate fluctuations impact ARR and TCV.

² Unaudited.

Announcement released with authority of K2fly Board.

For further information, please contact:

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Sara Amir-Ansari, Chief Financial Officer. T: +61 409 927 773. E:

More on K2fly: [Website](#) | [Investor centre](#) | [Subscribe to investor updates](#)

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	Solutions	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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

K2fly Limited

ABN

69 125 345 502

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,619	10,294
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,669)	(5,132)
(c) advertising and marketing	(51)	(189)
(d) leased assets	-	-
(e) staff costs	(1,955)	(4,791)
(f) administration and corporate costs	(573)	(2,544)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	17
1.5 Interest and other costs of finance paid	(5)	(14)
1.6 Income taxes paid	(18)	(21)
1.7 Government grants and tax incentives	-	37
1.8 Other (cash restricted to non-restricted)	(1)	(1)
1.8 Other (R&D refund)	-	-
1.9 Net cash from / (used in) operating activities	(650)	(2,344)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	(103)	(557)
(i) property, plant and equipment	(3)	(21)
(j) investments	-	-
(k) intellectual property	(232)	(846)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	2	2
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(336)	(1,422)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(20)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(38)	(111)
3.10	Net cash from / (used in) financing activities	(38)	869

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,523	4,440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(650)	(2,344)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(336)	(1,422)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(38)	869
4.5	Effect of movement in exchange rates on cash held	1	(43)
4.6	Cash and cash equivalents at end of period	1,500	1,500

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,500	2,523
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,500	2,523

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	55
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Payments included in item 6.1 relates to payment of director fees and non-executive director consulting fees (total: \$55k).

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	2,000	nil
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	2,000	nil
7.5	Unused financing facilities available at quarter end		2,000
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>\$2 million working capital facility provided by Maptek Pty Ltd. The facility is unsecured, has a 24-month term expiring on 31 May 2025 and attracts interest at a fixed rate of 6.77% per annum. (Refer ASX announcement dated 1 June 2023.)</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(650)
8.2	Other (software development) (item 2.1e)	(232)*
	Other (repayment of lease liabilities) (item 3.9)	(38)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(920)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,500
8.5	Unused finance facilities available at quarter end (item 7.5)	2,000
8.6	Total available funding (item 8.4 + item 8.5)	3,500
	<p>* The Company considers it appropriate to include cash outflows related to the development of IP activities. Whilst this is not a permanent component of the Company's cost structure, the Company is currently incurring costs in relation to its product development (refer ASX announcement dated 19 April 2021)</p>	
8.7	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p> <p><i>The cash runway calculation does not take into account the timing of cash inflows throughout the annual billing cycle from licence and SaaS fees which are billed annually in advance (aligned with contract anniversary dates).</i></p>	
8.8	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>.</p> <p>8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <p>.</p>	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2024.....

Authorised by: . By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.